

Omokoroa Residents and Ratepayers Association Inc.

Submission on AP/LTP 2024-2034

WBOPDC is tasked with achieving community outcomes that will promote the social, economic, environmental and cultural-wellbeing in the present and the future.

The unprecedented rate increases proposed in the AP/LTP 2024-34 will result in the doubling of residential rates within 8 years and the trebling of commercial and industrial rates within 10 years. In the light of historical actual rate increases always being greater than projected in previous Long Term Plans, it can be expected that both residential and commercial rates will increase at a greater rate than projected in this plan.

During the current cost of living crisis, these proposed excessive rate increases will have a detrimental effect on the economic wellbeing of many sectors of our community with adverse flow-on effects on the other well beings that council is tasked with promoting.

Rates affordability was defined in the 2007 Local Government rates Inquiry as “*the ability to pay rates without serious economic difficulty*”. Rates affordability has two aspects:

- i. *Cost relative to income, and*
- ii. *The ability of ratepayers to earn greater income from the spending of rates.*
(This assumes that rates are spent on infrastructure)

Rates affordability concerns are deemed to arise where rates exceed five percent of gross household income¹.

The Omokoroa community, and in fact all communities across the district can be divided into three groups on the basis of economic wellbeing, irrespective of race, gender or religion:

- i. Financially sound; retired people and businesses that are financially well-off for whom the proposed rate increases will not pose a financial impediment.
- ii. Financially vulnerable; retired people who are living on a limited fixed income (superannuation) and small businesses that cannot cope with proposed rate and other cost increases and are likely to suffer severe financial hardship or to fail.
- iii. Financially precarious, which includes young families who have bought houses with a low deposit and have low equity in their properties that are now faced with increased mortgage payments, rates increase and cost of living costs.

The “financially vulnerable” community will constitute a large fraction of the district population. For them, the combined effects of large rates, insurance, food, power,

¹ Funding Local Government (2007). Wellington: Department of Internal Affairs

Omokoroa Residents and Ratepayers Association Inc.
Submission on AP/LTP 2024-2034

and other living cost increases, will result in a reduced standard of living for them and their immediate and extended families. These people, irrespective of race, will be less able to afford and/or take part in social and cultural activities that would have normally been accessible to them. For this group, the proposed large rate increases will result in financial hardship and a significant reduction in their economic, social and cultural wellbeing.

Small businesses, particularly retail and hospitality, are very sensitive to cost increases as they cannot easily pass these on. In an environment of poor financial liquidity, these businesses are more likely to fail as a consequence of the combined effects of rate and other cost increases. There will not only be personal losses of economic, social and cultural wellbeing but the whole community will suffer from a reduction of services available to them.

The “Financially Precarious” are under considerable financial stress as a result of the proposed rate increases combined with the cost of living increases, increased mortgage payments when they refinance from low interest to high interest mortgages and reduced equity in their properties as property values decrease.

It is this sector of the community, typically young families with children, that will be affected the most by the proposed increases in council rates and fees and all of the other cost of living increases. They will suffer severe financial hardship and be subjected to an acute reduction in economic wellbeing that will result in lowered social, cultural and environmental wellbeing as they will not be able to access these services.

Council rates, fees and charges all have an impact on housing affordability.

The Minister of Housing, Chris Bishop, recently released a cabinet paper that said housing affordability was “*arguably the single most pressing economic, social and cultural problem facing*” the Coalition Government. Based on the Minister’s statement, improving housing affordability is the single most important community outcome that will promote the social, economic and cultural wellbeing of residents in New Zealand and the Western Bay.

The spending proposed in the AP/LTP 2024-34 not only does not focus on improving this core community outcome (housing affordability), the profligate and ill-conceived spending will make this problem worse, causing a reduction in social, economic and cultural wellbeing across the district.

Fuelling inflation through the high rates increases proposed in the plan is one way in which the council is making housing less affordable for a large sector of the community – generally the under 40’s who are unable to fund a house and children and look to Australia for a better future.

The Reserve Bank has specifically identified the large increases in Local Authority rates and charges as an impediment to reducing inflation to within the target band of

Omokoroa Residents and Ratepayers Association Inc.
Submission on AP/LTP 2024-2034

2-3%. Non-tradable inflation remains high and is only reducing slowly because of the increase in the cost of goods and services within NZ.

The Council is a public body and has a moral responsibility to support the Reserve Bank to reduce annual inflation to within the 2 to 3% band. This means that the council should control spending such that it can set a rate increase of no more than 3%. By not doing so, WBOPDC is, in combination with other local authorities, contributing to the Reserve Bank having to maintain the OCR higher for longer to bring inflation down. The proposed, historically extraordinarily high increase in rates and charges will contribute to high inflation, increase the cost of living, make housing less affordable and degrade the economic, social, and cultural wellbeing of the district's community.

Recognising that such a rate increase may be too difficult to achieve, I suggest that Council spending be reduced so that:

- i. The cumulative effect of the rate increases over the duration of the LTP (10 years) does not result in any more than a 50% increase in annual rates payable on residential land compared with rates payable during the financial year 2023-2024. This is equivalent to limiting 10-yearly increases in rates to that observed from 2010 to 2024, and
- ii. That rates will not be increased above that contained in the AP/LTP approved in 2024, during subsequent reviews of the AP/LTP.

I refer to **Figure 1** that shows the actual 10-yearly increase in rates for four residential properties in Omokoroa since 2010 and the projected 10-yearly increase in rates for these properties from 2024 should the proposed rate increases in the AP/LTP be levied. These data show that residential rates will double in 8 years at the proposed level of spending.

So the challenge now is how to both reduce spending and to target core spending so as to have the most effect on reducing the cost of housing and making housing more affordable. Based on The Minister of Housing's recent statement, this will provide the best social, economic and cultural wellbeing outcomes for our communities.

The following cost saving (rate reducing) measures are advocated:

- 1) Reduce staff numbers and associated personnel cost

I refer to **Figure 2** that shows the projected personnel cost for each year of the 2018-2028, 2021-2031 and 2024-2034 Long Term Plans. What is obvious is every three years when the LTP is reviewed, the actual personnel cost is considerably greater (by \$5M to \$7M) than that projected for year three of each of the preceding Long Term Plans. The actual increase in personnel costs over the last six years (\$14M) is considerably greater than that could be attributed to inflation. It is clear from these data that empire building is a significant issue for this Council. This empire building is not translating into improved performance by

Omokoroa Residents and Ratepayers Association Inc.
Submission on AP/LTP 2024-2034

the organisation, but is reflected in a raft of ineffective, ideological and frankly silly spending issues reflected in the extreme left wing mantra of DEI (Diversity, Equity and Inclusivity).

ORRA recommends that:

- i. Council staff numbers are reduced to achieve a 10% reduction in personnel costs. This would achieve an initial saving of \$3.6M.
- ii. The annual increase in personnel cost over the duration of the LTP will be limited to the annual rate of inflation.

2) Funding of Community Facilities

A levy of \$50 per property from year 2 (2025/26) is identified as the preferred option for funding community facilities. This levy is equivalent to about a 1.3% rate increase.

ORRA provides only conditional support for this proposal. We want certainty on how the money will be allocated to projects, how projects will be ranked for funding and the types of facilities that will be funded by this levy, so that it is not wasted on half-witted resource intensive DEI ventures.

ORRA recommends that:

- i. Such a levy not be implemented until at least year 5 of the 2024-2034 LTP; and
- ii. A list of the community facilities that will be funded by this levy is to be provided to the public for consultation before being approved by the full council; and
- iii. The procedure used to identify and rank the projects to be funded by this levy is to be provided to the public for consultation before being approved by the full council.

3) Responding to Climate Change

Council is allowing for non-capital expenditure of \$25.4M over the next ten years for planning for climate change. This is excessive and unnecessary over the duration of the LTP given that empirical sea level data do not show that sea level is rising at a rate that will result in land inundation over the next century and that NIWA has updated HIRDS to take into account projected increased storm intensity, and has recently rejected an increase in storm activity from “man-made climate change”. This is also the bailiwick of the Regional Council and not the District Council.

ORRA recommends that this expenditure be removed from the LTP.

Omokoroa Residents and Ratepayers Association Inc.
Submission on AP/LTP 2024-2034

4) Community Building

Council is proposing non-capital expenditure of \$175M on empowering communities and \$6M growing authentic Te Tiriti based relationships over the duration of the LTP.

The Housing Minister, Chris Bishop, has identified improving housing affordability as the single most important community outcome that will promote the social, economic and cultural wellbeing of residents in New Zealand and the Western Bay.

With this in mind, ORRA recommends that expenditure on projects that will make housing less affordable and will not achieve community wellbeing outcomes equivalent to the improvement in housing affordability achieved through a reduction in rates and council fees and charges should be **deleted or scaled back by greater than 50%** to reduce the projected increases in rates and fees and charges. This includes the following projects:

Project ID	Name
148805	Community –Katikati Open Air Art Grant (Murals)
148813	Community Arts – The Incubator Creative Hub
148815	Community Action Plans
148818	Community Services Contract – Age Friendly Communities
149001	Community Services Contract – Creative Bay of Plenty
149102	Community Services Contract – Sport Recreation & Disability Inclusion
326701	Arts and Culture Contract – Tauranga City Art Gallery
336101	Community Services Contract – Museum Operations
340901	Community Development – Safer Communities Programme
341001	Policy & Planning – Regional Healthy Housing Programme
341002	Housing Action Plan Implementation
347901	Community Development –COLAB & Social Link
353801	Planning - Wellbeing Plan implementation of agreed actions
355001	Community Events Support
LTP25/34-4	Service Delivery Contract – Live Well Waihi Beach
300301	Kaupapa Maori – Cultural kuapapa
323201	Kaupapa Maori – Papakainga Development
331001	Kaupapa Maori – Supporting iwi and Hapu Plan implementation
334801	Kaupapa Maori – Marae Sustainability funding
346201	Te Ara Mua Implementation
156302	Lifeline Facilities Study

Omokoroa Residents and Ratepayers Association Inc.
Submission on AP/LTP 2024-2034

5) Community Facilities Project Expenditure

ORRA recommends that:

- i. Project ID 28001-A; the proposed expenditure of \$893,589 on Elder Housing be reduced by 50% and delayed by at least 3 years with the projected surpluses being used to retire debt before any expenditure occurs on Elder Housing.
- ii. Project ID 280003; the proposed expenditure of \$2,866,278 on Elder Housing is not proceed unless this expenditure is funded by grants that will not result in a cost to ratepayers.
- iii. Project 280835; Te Puke_Hall loan for hall improvements of \$300,000. Delay improvements until after 2034. Only carry out essential maintenance over the duration of the LTP
- iv. Restrict all other expenditure on halls to essential maintenance over the duration of the LTP.

6) Recreation and Open Space

ORRA recommends the following changes to reduce rates increases:

Project	Name	Action
244113	Reserves - Maramatanga Park concept plan implementation	Delete, reconsider in 10 years
260105	The Landing - Jetty	Delete, reconsider in 10 years
260409	Minden Te Puna Neighbourhood Park	Delete, reconsider in 10 years
260507	Old Coach Rd/Pokopoko Stream	Delete, reconsider in 10 years
330701	Reserves - Tauranga Harbour Explanade funding	Delete, reconsider in 10 years
330801	Reserves - Matakana Island Panepane Point Development	Delete, reconsider in 10 years
331201	Reserves - Tauranga Harbour Margins project funding	Delete, reconsider in 10 years
345301	Reserves - Cycleways & Walkways funding	Delete, reconsider in 10 years
353701	Reserves - Dog Parks - Capital Development	Delete, transfer funds to dog services account to cover operational deficit funded by ratepayers, dog parks to be completely funded through external grants and donations, i.e. not a cost to ratepayers
354201	Reserves – Conway Road Reserve Concept Plan Implementation	Reschedule for year 7 of LTP
354301	Reserves - Waitekohekohe	Reschedule for year 6 of LTP

Omokoroa Residents and Ratepayers Association Inc.
Submission on AP/LTP 2024-2034

Project	Name	Action
	Reserve concept plan implementation	
357501	Reserves - Bell Road Kaituna River access	Delete, reconsider in 10 years
357601	Reserves - Otaiparia Kaituna River	Delete, reconsider in 10 years
326106-A	Pools – Te Puke new indoor swimming pool facility	Delete, reconsider in 10 years. Te Puke already has a public swimming pool. Omokoroa will have a larger population than Te Puke in 10 years and does not have a swimming pool.
281507	Reserves - Coastal & Marine Projects funding	Delete, reconsider in 10 years
321101	Reserves - Coastal Marine Asset Replacement Project funding	Delay programme start until year 5 and spread expenditure over 10 years
358901	Coastal & Marine - Panepane Wharf Replacement	Delete, reconsider in 10 years.
289808	Reserves - TECT All Terrain Park Public Infrastructure	Delete, reconsider in 10 years
289815	Reserves - TECT All Terrain Park Roding	Delete, reconsider in 10 years
289823	Reserves - TECT All Terrain Park Subhub & Park Signage	Delete, reconsider in 10 years
289840	Reserves - TECT All Terrain Park Asset Development	Delete, reconsider in 10 years
289858	Reserves - TECT All Terrain Park Motorsport Entrance Relocation	Delete, reconsider in 10 years
289861	Reserves – TECT All Terrain Park Ngawaro Road Crossing	Delete, reconsider in 10 years
289863	Reserves – TECT All Terrain Park Te Matai Sealed Driver Training Area – Forestry	Delete, reconsider in 10 years
289864-A	Reserves – TECT All Terrain Park Inclusive Adventure Playground	Delete, reconsider in 10 years
345701-A	Placeholder: Sub-regional Coastal Park - Council contribution	Delete, reconsider in 5 years
213404	Reserves - Asset Management Improvement Programme	Reduce annual expenditure to half that proposed
249201	Reserves – Facilities in the community fund	Reduce annual expenditure to half that proposed
326108	Pools – Te Puke New Indoor Pool Facility	Delete, reconsider in 10 years

Omokoroa Residents and Ratepayers Association Inc.
Submission on AP/LTP 2024-2034

7) Natural Environment and Sustainable Living

ORRA recommends the following changes to reduce rates increases:

Project	Name	Action
252302	Environmental Services Contract – Ecological Education	Delete, ecological education programme not council responsibility, overlap with Department of Conservation and Regional Council
252306	Environmental Services Contract – Maketu Ongatara Wetland Society Education Programme	Delete, not council responsibility
306403	Environmental Capacity Building - East	Delete, reconsider in 10 years
306405	Environmental Capacity Building - West Climate Change Responsiveness	Delete, reconsider in 10 years
354801	Climate Change Responsiveness	Delete, will not achieve anything of value to the community
244602	Reserves - Community Contract Coastcare	Delete

8) Solid Waste

Project 344401-A; Omokoroa Green waste and recycling

Omokoroa already has a green waste facility and we are not aware of any plans to establish a recycling centre. Given the current Omokoroa population, the anticipated population growth, existing roadside collection of recyclables and the availability of a recycling facility in Katikati, such a facility is not required at Omokoroa for the foreseeable future.

There is therefore no reason for what appears to be capital expenditure of \$50,000 in 2025 and \$1,057,500 in 2028 to design and construct such a facility.

The proposed expenditure should be deleted from the LTP and reconsidered in 10 years' time.

Omokoroa Residents and Ratepayers Association Inc.
Submission on AP/LTP 2024-2034

9) Roothing

ORRA recommends the following changes to reduce rates increases:

Project ID	Name	Action
354001-A	Transportation - Omokoroa Ferry Infrastructure (UFTI commitment)	Delete. Recent economic assessment has determined that a Ferry service to Tauranga is not financially viable.
357701-A	Transportation - Park and Ride Facilities Omokoroa	Delete. Ferry service not viable, parking not required.
356201	Opureora Marae Coastal Protection Works	Delete. Not related to roading
307601	Transportation - Walking and Cycling	Delete. Cycleways cater for recreational activity.
307604	District Walking - Off-road	Delete.

NZTA has announced that District Councils will be solely responsible for the repair of road infrastructure damaged as a result of storm events up to and including the 20 year ARI storm, up from 10 ARI storm. NZTA is proposing to only contribute to repairs of road infrastructure damaged by storm events greater than the 20 year ARI storm. This will result in almost a doubling of road spending requirements. This has not been factored into the LTP

It has now become even more important that council reduce spending on non-core activities as they do not result in housing becoming more affordable with the recognised flow on community economic, social and cultural benefits, and to avoid ratepayers being exposed to greater financial risk arising from road repairs.

Local Government Minister Simeon Brown said² “*councils needed to keep an eye on their spending.*

Like most New Zealanders, central government has to prioritise the must-haves over the nice-to-haves. For the Government this means funding essential services and critical infrastructure. I expect local councils to adopt a similar approach”.

It would be prudent to adopt and act on the Minister’s advice.

² <https://www.rnz.co.nz/news/national/519461/the-regions-hit-with-the-sharpest-rates-hike>

Omokoroa Residents and Ratepayers Association Inc.
Submission on AP/LTP 2024-2034

Figure 1:

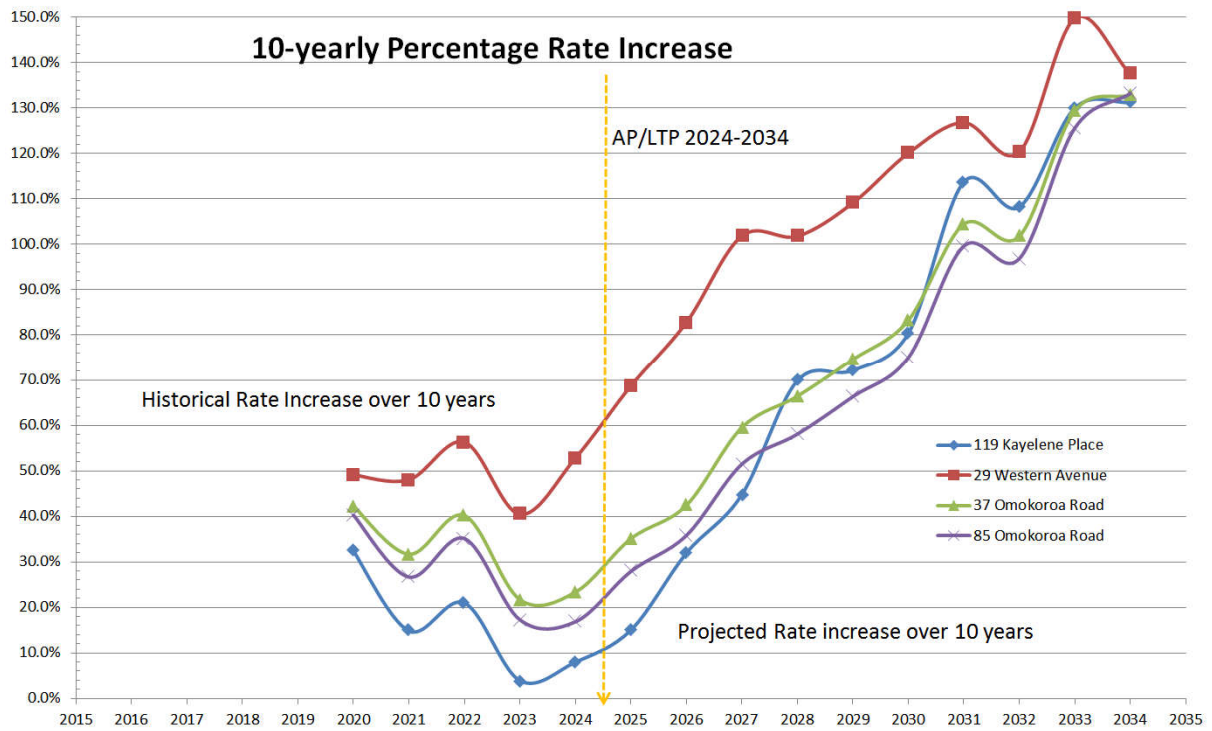


Figure 2:

