



2015 – 2025 Long Term Plan Consultation Document

Central Hawke's Bay District Council

Table of Contents

| | |
|---|----|
| Introduction..... | 3 |
| LTP Process | 3 |
| Have your say | 3 |
| Part 1 - The plan for the next 10 years..... | 4 |
| Amalgamation | 4 |
| Ruataniwha Water Storage Scheme..... | 4 |
| Looking after our District..... | 5 |
| Looking after our Infrastructure | 6 |
| Roothing..... | 7 |
| Water Supply | 9 |
| Wastewater | 9 |
| Storm Water | 9 |
| Capital Expenditure 2015-45..... | 10 |
| Looking after our Facilities | 13 |
| Waipukurau Library | 13 |
| Waipukurau War Memorial..... | 13 |
| Russell Park..... | 13 |
| Looking after the Finances | 14 |
| Proposed Investment | 14 |
| Prudent Borrowing | 14 |
| Affordable Rates..... | 16 |
| Revenue and Expenditure Summary | 17 |
| Sample Rates 2015/16..... | 18 |
| Part 2 – We need your feedback | 19 |
| Question 1 - Traffic Priority Change – Porangahau Road and Racecourse Road, Waipukurau Intersection | 19 |
| Question 2 – Russell Park Upgrade | 20 |
| Audit Report | 22 |
| Submission Form | 23 |

Introduction

The Long Term Plan (LTP) outlines what is intended by the Council for the next 10 years and the costs to deliver this plan. It also looks 30 years out at the big infrastructure requirements and planning required for managing these assets.

While keeping you informed about our community, the Consultation Document discusses the issues our community is facing and we ask for your input. What we need now is for you to tell us what options you prefer. We would like to hear your thoughts on the issues highlighted in part two of the document.

LTP Process

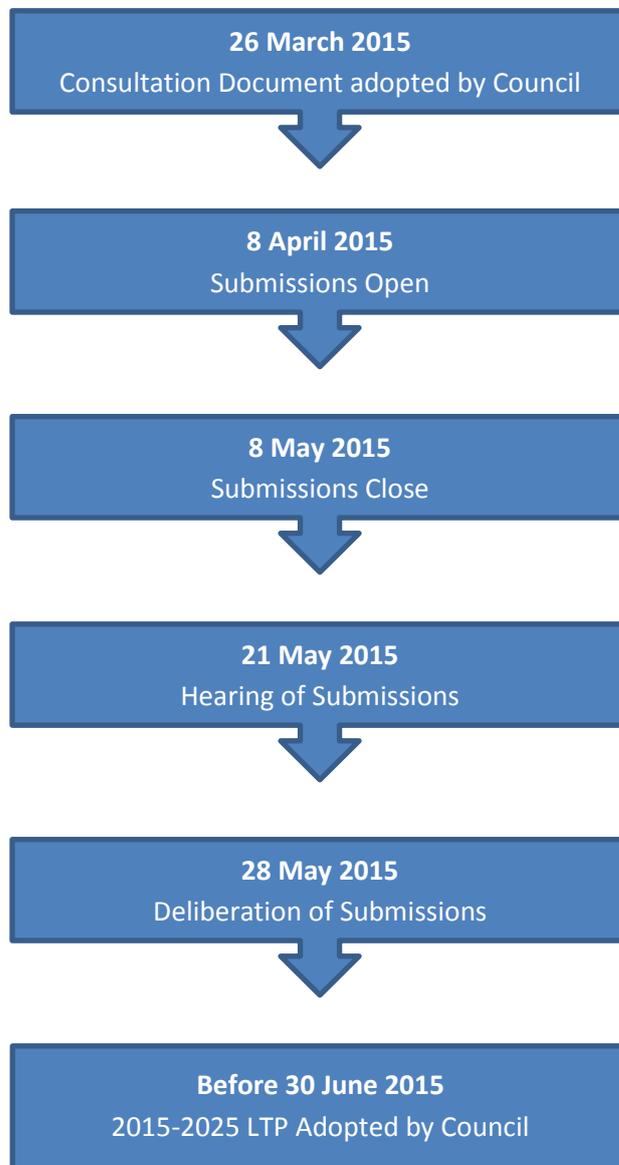
This LTP is the first to be produced under the recently amended Local Government Act (LGA) 2002. Formerly Council has produced a draft LTP and a draft Summary LTP but as a result of the amendments, Council is now required to produce a Consultation Document and Supporting Information. The Consultation Document is intended to be a more effective way of engaging with the public and it is informed and supported by a suite of documents that would have previously been included in a full LTP.

Have your say

You can make comments on anything in this Consultation Document.

The Supporting Information for the Consultation Document is available on the website – www.chbdc.govt.nz, council office and libraries.

There are five ways to make a submission. Complete the submission form at the back of this Consultation Document and either post, fax or deliver it to Council or you can complete the online submission form on the website – www.chbdc.govt.nz or you can email your submission to cp@chbdc.govt.nz (remember to include your contact details).



Part 1 - The plan for the next 10 years

There are a number of issues that will affect our District over the next 10 years. In this section we provide you with information about the District, the challenges we will face and discuss the key issues that we want your feedback on.

Amalgamation

The Local Government Commission (LGC) has put forward a proposal to amalgamate the current five Hawke's Bay Councils into a single Unitary Council. The Commission has yet to decide if it will issue a final proposal to change the council structures, issue a draft proposal for further consultation or leave the current local government structure for Hawke's Bay in place.

If the LGC does decide to issue a final plan to amalgamate the current five Hawke's Bay Councils into a single Unitary Council, this plan would be subject to a public referendum. If the amalgamation proposal was successful the new Council would not start until November 2016. The LGC has stated that the first three years of current LTP 2015/25 would continue in their current form under a new Council until a new LTP was created for 2018/2028.

Therefore this LTP is based on no change to the current local government structure for Hawke's Bay as the first three years of the plan will be unchanged with or without a change to the current Council structure in Hawke's Bay and if the amalgamation does not go ahead, the current LTP would remain in place for Central Hawke's Bay.

Ruataniwha Water Storage Scheme

The Ruataniwha Water Storage Scheme (RWSS) is a long-term water storage solution located in Central Hawke's Bay and will consist of a 96 million m³ storage reservoir located in the upper Makaroro River, storing water during periods of high flow and over winter.

The RWSS is being built by the Hawke's Bay Regional Investment Company (HBRIC) and the CHBDC is fully supportive of the RWSS. We see the potential growth from the scheme as a key factor in enhancing the economy of the Central Hawke's Bay District and the wider Hawke's Bay Region.

- There is a predicted increase of 4.5% in GDP (\$235m a year by full water uptake)
- The potential to create 2,250 jobs through increased farming activity and its flow-on impacts
- Improved summer flows in the Tukituki River
- Improved river health and habitat

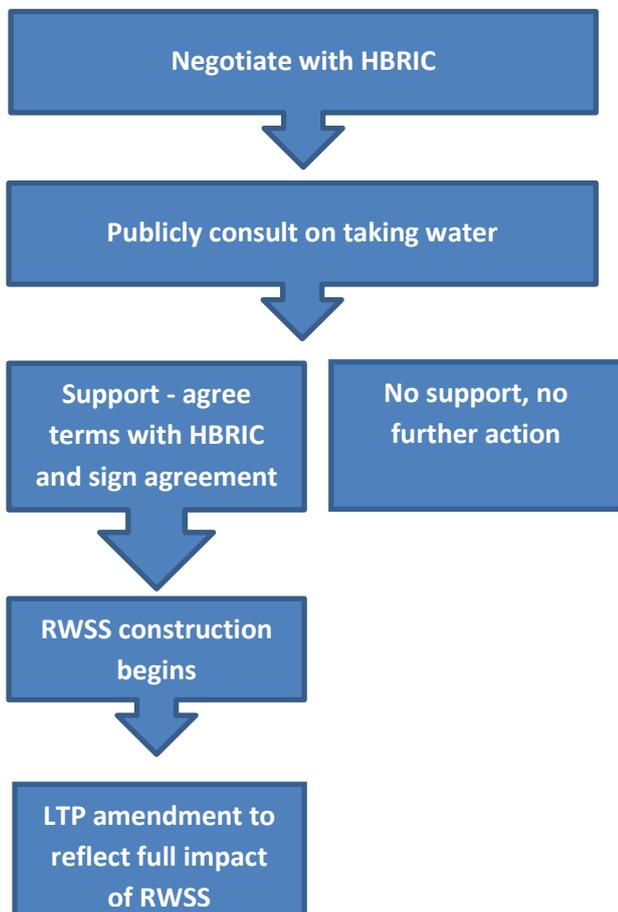
We are also looking at taking water from the dam as part of our long term strategy around water supply for the community. This would secure water supply for the increase in demand from the increase in population and look to alleviate the need for water restrictions during summer. The Council is currently talking with HBRIC and will consult with the community when the full details of the plan to take water are known. The consultation to commit to taking water would take place prior to Council reaching an agreement with HBRIC.



At present, HBRIC is still working through the resource consent and funding requirements for the RWSS. Until the RWSS has its final resource consents approved, investors confirmed and water uptake contracts signed, the project will not have “the green light” to begin construction. Until the green light is given to the RWSS, we feel it is more financially prudent to exclude the impacts of the RWSS in the LTP.

To keep the information clear within the Long Term Plan, the financial information including the capital projects is being presented without the impacts of the RWSS being included. This includes using our current water sources and resulting capital required to maintain the infrastructure

If the RWSS is given the go-head, it is likely that an amendment to the Long Term Plan will be required. The amended LTP will be updated for the increased costs and capital requirements to meet the increase in demand for services.



Looking after our District

The Council looks after our District by providing a wide range of services, facilities and infrastructure for the current and future ratepayers. During the planning process, we look at how these services are being delivered and if they meet the needs of our community. We also look at what assets are required to deliver these services and how the Council will maintain these assets, including the capital investment required.

In Council speak, this is known as “levels of service”. The levels of service area promise that the Council makes to you about providing services, whether it’s the length of time for a building consent, the number of transfer stations in our district or the quality and amount of roading in our community.

What this means to you:

- If we reduce any levels of service by removing or limiting them, we can generally reduce costs and therefore rates.
- The reverse of that is also true. More services or extensions of services generally costs us more and the extra funding needs to be raised and be affordable for our current and future communities.
- You also want to be sure that the services required by you in the future are not put in jeopardy by decisions we make today.

The feedback we have from the district is that the overall services, facilities and infrastructure are at the right level to meet our community’s needs.

So it is expected that we will maintain the current levels of service to our community and for the Council this means it’s “Business as Usual”. This is reflected in the information and costs highlighted in the Long Term Plan. We have highlighted some improvements and you will find these outlined in the following pages.

Just like you, the Council experiences rising costs through inflation. As part of the planning, the Council has built in inflation allowances into the budgets.

We think the levels of service are affordable and sustainable for our community and we welcome your feedback.

Looking after our Infrastructure

Part of how the Council looks after our community is by providing a key group of services and assets - roading, water supply, waste water and storm water. Collectively the assets that Council builds and maintains to provide these services are known as local infrastructure.

As part of the LTP process, the Council looks at the current infrastructure and reviews what needs to be done to maintain these assets and whether new assets are required.

The Council looks at:

- how it will renew and replace existing assets
- how it will respond to growth or decline in demand by increasing or decreasing population
- how it will manage the renewal or replacement of existing assets over their lifetime
- how planned increases or decreases in levels of service will be allowed for
- how public health and environmental outcomes will be maintained or improved
- how natural hazard risks will be addressed in terms of infrastructure resilience and financial planning.

Infrastructure is a big ticket item and the cost of maintaining and developing the assets needs to be affordable for our current and future ratepayers. By looking out beyond the next 10

years to what is required over the next 30 years, the Council is balancing the current ratepayers ability to pay and the future ratepayers having a well maintained and functioning infrastructure .

Over the next 30 years, Central Hawke’s Bay population is expected to decline. In 2013 the population of the district was 13,300 people. Over the period to 2025 a small increase of 1.2% is expected (13460) and then it is expected to decline to 13,020 by 2045 (3.3%).

During this period the average age of the population is expected to increase. In 2015, the average age is 42.4 years and by 2026 this is expected to be 45.3 years. The increase in numbers of people over 65 is expected to rise from 2645 to 3765, an increase of 28%.

Although the total population is set to decline in the next 30 years, the number of households is expected to increase due to the fall in the average household occupancy. This is a common trend in New Zealand due to the interaction of a range of social/community factors such as the ageing population, breakdown of the traditional marriage situation, growth of sole parent households and increasing demand for rental housing.

The impacts of the population changes have been taken into account when developing the investment required in our infrastructure assets.

| Year | Total Population | Number of Households | Median Age (Yrs) | 65+ |
|------|------------------|----------------------|------------------|------|
| 2015 | 13440 | 5457 | 42.4 | 2645 |
| 2025 | 13460 | 5727 | 45.1 | 3500 |
| 2035 | 13170 | 5905 | 47.8 | 4350 |
| 2045 | 13020 | 6003 | 50.5 | 4700 |

Roading

Roads are the life blood of getting around our District safely and efficiently. Keeping our community connected is the largest cost for the council - 45.6% of the Council's overall spend.

In the district, the Council manages 1264.4km of roads with 70km of urban and 1195km of rural roads. Most of council roads are sealed but we have approx. 402km of unsealed roads. Over the next 30 years the number of kilometres of road is not expected to change as this is sufficient to meet any increase in traffic demand. However if there is development that happens in urban areas the number of kilometres of road may change. Any roads created through development will be paid for by the developer and will be built to our standard, ensuring that any impacts are minimised.



NZTA Subsidy

The Council manages the roading network in conjunction with the New Zealand Transport Agency (NZTA) who subsidises the maintenance and renewal work. In 2015 the NZTA has agreed that the subsidy paid to CHBDC will increase from 58% to 60% of the cost of maintenance and renewal. (See Table 1. Summary of budgeted expenditure and subsidy from NZTA for 2015-25 on page 8). We apply to NZTA on a three yearly basis for funding and the funding for the 2015-18 period is expected to be approved in August 2015. We have assessed the risk of alterations to the funding as "Low" based on previous history of successful funding approval and our increase in expenditure matches NZTA's expectations.

In the past the emergency re-instatement rate started at 58% and increased as the costs of the repairs to the network grew up to a maximum of 95%. With the change in subsidy rate, this now

starts at 60% however there is no increase until the cost of the repairs exceeds 10% of the total road budget. The assistance rate then moves to 80% and is frozen at that point.

To help with meeting the extra requirements on Council in the event of any emergency work required, the Catastrophic Events Fund will be increased by \$500,000 to \$2million over the next 2 years and will be funded by Land Transport Rates.



One Network Road Classification

Since 2013 the NZ Land Transport Agency, along with other agencies, has been developing the One Network Road Classification (ONRC) system. ONRC involves categorising roads based on the functions they perform as part of an integrated national network. The classification will help local government and the New Zealand Transport Agency (NZTA) to plan, invest in, maintain and operate the road network in a more strategic, consistent and affordable way throughout the country. This system sets the "minimum" levels of service for each road based on its classification which is determined by traffic volumes and the purpose of the road.

NZTA requires Councils to transition to the new classifications over the next 3 years, with the requirement for it to be fully implemented by the National Land Transport 2018-21 programme.

Although the impacts are not completely understood at this time, there are likely to be changes to the levels of service provided on the network that NZTA are prepared to subsidise. As examples:

- there may be more safety improvements such as sight distance improvements and signage at various locations.
- the roads may be rougher than they are currently
- the quality of the District’s roads may be lowered as part of the classification
- the minimum levels of service are what the NZTA subsidise and if the service levels on our roads are lowered by the classification, then our communities will be required to fund the difference if you want the same or higher quality of road.

The LTP has been developed without the impacts of the ONRC on our levels of service and the funding we will receive to maintain them. Once these impacts are known, there will be consultation with the public on whether the changes to the levels of services are acceptable. If the public feels a higher level is wanted then the costs of providing it will be at the expense of the rate-payer.

Table 1. Summary of budgeted expenditure and subsidy from NZTA for 2015-25

| \$'000s | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Expenditure NZTA Subsidised | 10,783 | 10,783 | 10,783 | 11,443 | 11,728 | 12,045 | 12,383 | 12,755 | 13,150 | 13,583 |
| NZTA Subsidy | 6,470 | 6,470 | 6,470 | 6,866 | 7,037 | 7,227 | 7,430 | 7,653 | 7,890 | 8,150 |

*In 2015/16 the NZTA subsidy equates to \$2.79 per \$1,000 of Land Value for each rate payer.

In Part Two of this Consultation Document we have asked a question around a Traffic Priority Change – Porangahau Road and Racecourse Road Intersection.



Water Supply

In the Central Hawke's Bay District, there are approximately 194km of water pipes across the District that deliver water to houses and businesses in Otane, Waipawa, Waipukurau, Takapau, Porangahau, Te Paerahi, and Kairakau.

Over the next 30 years there are a number of projects that are required to maintain the existing assets and to provide resilience in the systems. These are listed in Table 2: Major Infrastructure projects planned for the next 30 years.



Government has changed legislation around the New Zealand Drinking Water Standards. This means the Council is required to upgrade the main systems of Waipukurau and Waipawa, which are currently only chlorinated, with new UV treatment units to meet the standards.

Wastewater

Across CHB there are presently six public sewage collection and treatment systems in Otane, Waipawa, Waipukurau, Takapau, Porangahau, and Te Paerahi.



Resource consents for wastewater treatment at Otane and Takapau are required to be renewed in 2016 and 2018. Until these consents are finalised we will not know what level of extra wastewater treatment is required for these sites although there have been indicative amounts included in the LTP. In addition, to meet current consent requirements, extra wastewater treatment will be installed at Porangahau and Te Paerahi.

Renewal of existing wastewater assets will continue across the districts including relining or replacement of the sewers and manholes and the replacement of the Mount Herbert Road pumping station.

Storm Water

The catchments in Waipawa consist of 25.5km of open watercourses and piped reticulation. The catchments in Waipukurau consist of 55.2km of open watercourses and piped reticulation. Council also manages some minor reticulation in Otane, Tikokino, OngaOnga, Takapau, Porangahau, Te Paerahi. The beach catchments consist of open drains with some piped sections, generally being roading drainage.



Renewal of existing storm water asset will continue including repairing and replacing pipes, open drains and manholes. Where possible, work will be programmed with other water and roading projects to ensure the least disruption to our communities and to reduce the overall cost.

What do you think?

Are you happy with the levels of service for water, wastewater and storm water?

Capital Expenditure 2015-45

The following table details the Capital Expenditure we have identified over the next 30 years.

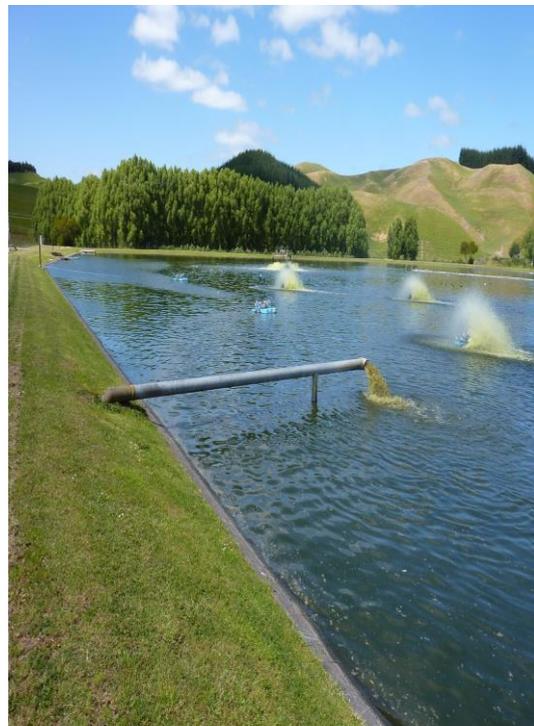
Table 2: Major Infrastructure projects planned for the next 30 years.

| Project | Description | Timing | Estimated Cost (Inflated) | Funding |
|--|---|--------------------|--------------------------------------|---|
| Wastewater: Mt Herbert Road pumping station renewal | | | | |
| Most Likely Scenario | Replacement of the Mt Herbert main pumping station due to poor asset condition. | 2015/16 | \$1.05 million | Loan funded/ Repaid by Targeted Wastewater Rates |
| Transport: Minor improvements programme | | | | |
| Most Likely Scenario | Programme of minor transport improvements to resolve safety issues on an annual basis. | 2015-2045 | \$14 million over 30 year period | Funded from General Rates after allowing for NZTA Subsidy |
| Transport: Renewals programme | | | | |
| Most Likely Scenario | Programme of ongoing roading renewals including emergency works, resilience improvements, metalling unsealed roads, resurfacing and rehabilitation of sealed roads. It is also for the timely replacement of the other road assets including drainage, structures, footpaths and traffic services as they age and fail. | 2015-2045 | \$357 million over 30 year period | Funded by General Rates after allowing for NZTA Subsidy |
| Wastewater: Waipawa trunk main renewal | | | | |
| Most Likely Scenario | Replacement of the trunk gravity main through the lower part of Waipawa required due to its age and importance as a critical asset for this town. | 2016/17 to 2020/21 | \$1.7 million over five year period | Loan funded/ Repaid by Targeted Wastewater Rates |
| Programme of wastewater treatment plant upgrades | | | | |
| Most Likely Scenario | Programme of upgrades to meet the higher standards for consent requirements at Otane, Takapau, Porangahau, and Te Paerahi wastewater treatment plants. | 2017/18 to 2019/20 | \$3.7 million over three year period | Loan funded/ Repaid by Targeted Wastewater Rates |
| Water Supply: Alternative supply to Otane | | | | |
| Most Likely Scenario | Project for larger trunk main for an alternative supply for Otane to improve security. | 2023/24 | \$1.7 million | Loan funded/ Repaid by Targeted Water Rates |
| Waipawa Water Supply: New reticulation | | | | |
| Most Likely Scenario | A project for new reticulation to provide additional flows around Waipawa to meet demand. | 2029/30 to 2034/35 | \$1.6 million | Loan funded/ Repaid by Targeted Water Rates |
| Waipukurau Water Supply: Takapau Road Reticulation | | | | |
| Most Likely Scenario | A project to provide reticulation to service water supply to the Waipukurau industrial area that may be developed in the future. | 2032/33 to 2033/34 | \$1.5 million over two year period | Loan funded/ Repaid by Targeted Water Rates |

| Project | Description | Timing | Estimated Cost (Inflated) | Funding |
|--|--|--------------------|-------------------------------------|---|
| Water Supply: Treatment plant at Coughlan Road/Pumping | | | | |
| Most Likely Scenario | Project to provide an alternative water supply route to Waipukurau as currently only served by an existing single source supply and to allow for future development. | 2033/34 | \$2.7 million | Loan funded/ Repaid by Targeted Water Rates |
| Wastewater industrial servicing | | | | |
| Most Likely Scenario | Wastewater project to enable growth for the industrial area of Waipukurau with additional wastewater infrastructure. | 2034/35 | \$3.3 million | Loan funded/ Repaid by Targeted Wastewater Rates |
| Waipukurau Water Supply: Increase/Improve reticulation | | | | |
| Most Likely Scenario | Project to provide additional flows around Waipukurau to meet demand. | 2034/35 to 2037/38 | \$2.9 million over four year period | Loan funded/ Repaid by Targeted Water Rates |
| Wastewater industrial servicing | | | | |
| Most Likely Scenario | Wastewater project to enable growth for the industrial area of Waipukurau with a new main from this area to the wastewater treatment plant. | 2034/35 | \$1.7 million | Loan funded/ Repaid by Targeted Wastewater Rates |
| Waipukurau Water Supply: Porangahau Road Reticulation | | | | |
| Most Likely Scenario | The project to allow for development of the rural area of Porangahau and Racecourse Road loop adjacent to the town as it continues to be subdivided. | 2036/37 to 2037/38 | \$3.4 million over two year period | Loan funded/ Repaid by Targeted Water Rates |
| Wastewater: Racecourse Road extension | | | | |
| Most Likely Scenario | Wastewater project to service the rural area of Racecourse Road, Waipukurau, as area becomes subdivided. | 2037/38 | \$1.7 million | Loan funded/ Repaid by Targeted Wastewater Rates |
| Waipukurau Water Supply: New water main to town | | | | |
| Most Likely Scenario | Project to enable the resilience of Waipukurau network. | 2041/42 | \$6.5 million | Loan funded/ Repaid by Targeted Water Rates |
| Waipukurau Water Supply: Reticulation to Hatuma Road | | | | |
| Most Likely Scenario | Project to provide new reticulation to Hatuma Road. | 2042/43 | \$1.8 million | Loan funded/ Repaid by Targeted Water Rates |

The budgeted expenditure is considered necessary to keep the current levels of service the same. To increase the levels of service would require additional expenditure. If the community wished to reduce spending by postponing or cancelling any of the planned works, this could have an impact on the levels of service and may result in the Council not complying with legislation. Another risk in delaying any works could be the failure of infrastructure. This would then limit the service provided to the community and result in more expense needing to be spent to repair the failing infrastructure.

Although we don't have a specific question around the Infrastructure provided by the Council, we welcome your feedback. Do we have the priorities in the right areas?

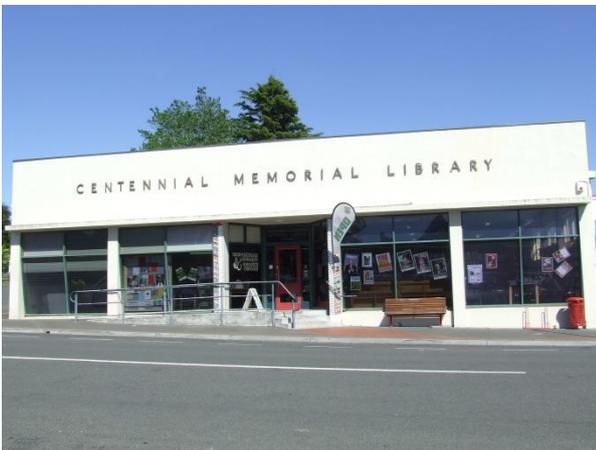


Looking after our Facilities

To keep our communities active and connected, we provide many recreational and community facilities including halls, parks, reserves and libraries. They are the most visible services provided by the Council with many of them used on a daily basis.

Waipukurau Library

In 2013 the Waipukurau Library was identified as a potentially earthquake prone building, when the engineers assessed the building as 12% compliant with the New Building Standard. The accepted target seismic strengthening level is 67% of New Building Standard. We have included this work as part of the 2014/15 work program.



In the meantime, the Waipukurau Library has moved to temporary premises in Ruataniwha Street and we have had plans drawn up for the remedial work required along with planned maintenance for the ageing building. The plans are going out for tender with the work to commence in the coming months.

Raising the standard of the building to meet the current building standards for earthquakes, is expected to see the Library compliant for the next 20 years.

Waipukurau War Memorial

The Waipukurau Memorial Hall adjacent to Russell Park was also identified as a potentially earthquake prone building with it being assessed as 21% compliant with the New Building Standard. The hall is regularly used by many groups and is the home of Ruahine Cadets, CHB

Badminton and CHB Trampoline Club amongst others.

After discussions with the Hall Committee and hall users we are in the process of developing concept drawings that will earthquake strengthen, update and make the hall more user friendly. It is anticipated that the work will start later in 2015. This is loan funded from the 2014/15 Annual Plan with an allowance of \$300,000 loan funded in LTP 2015/16.

Russell Park

Russell Park is Central Hawke's Bay's premier sports park, home to football, swimming, hockey, indoor sports, softball, touch, junior motor cross, dog obedience, the new multi-sport turf plus numerous other sports. The park is well used and struggles to handle the number of events and users, particularly in the middle of winter when the park is often closed due to weather.

The Russell Park development includes a full size multi-sport turf which is being organised and funded through the CHB Community Trust. The multi-sport turf will take much of the load off the fields; operate all year round, as well as providing a home for netball and hockey in Central Hawke's Bay.



As part of the overall development of Russell Park we are proposing to continue to transform Russell Park into a destination and facility the community can be proud of for generations to come, providing something for everyone.

Part Two of this Consultation Document has a question about the development of Russell Park.

Looking after the Finances

At the heart of looking after our finances is the requirement of Council to balance the needs of our current and future ratepayers and delivering the District’s services and infrastructure in a prudent and sustainable manner. This is delivered by the Financial Strategy. The Financial Strategy outlines how Council will fund its expenditure, the major issues relating to its ability to achieve what is presented in the LTP and the impact this will have on services, debt and rate levels.

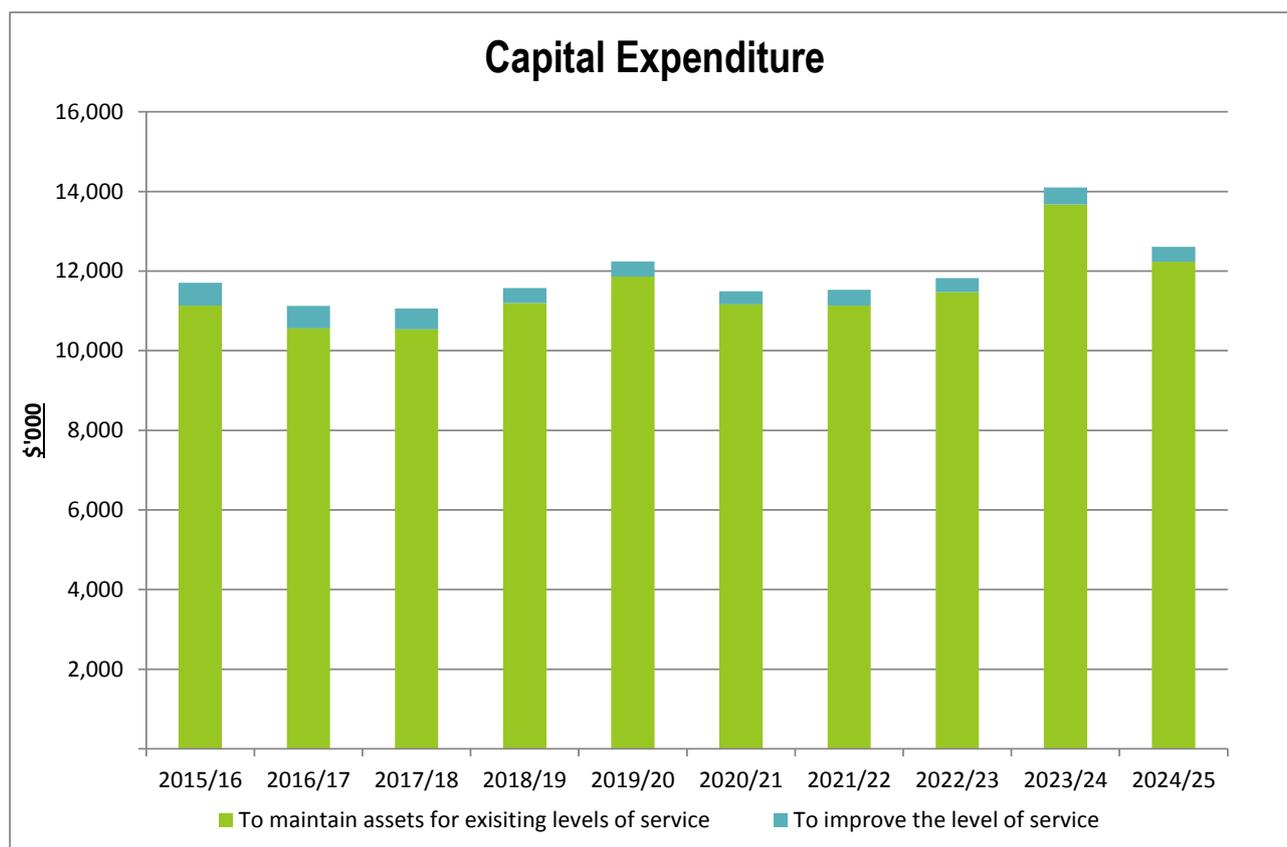
As previous feedback has been the overall levels of services are right for our community, the Council has looked at the expenditure and capital requirements with a “Business as Usual” view.

It recognises

- There is a small increase in the population over the next 10 years
- The majority of the increase in public debt is to fund renewal of existing assets and provide resilience to the water and wastewater systems.
- The desire to manage future rate rises to ensure affordability
- The application of a “user pays” principle

Proposed Investment

Based on the borrowing required for capital expenditure and an overall average rates increase of 2.60% we propose to spend \$119m over the next 10 years on looking after the District’s assets. The capital programme would see debt peaking to \$10.5m over the 10 years.



Prudent Borrowing

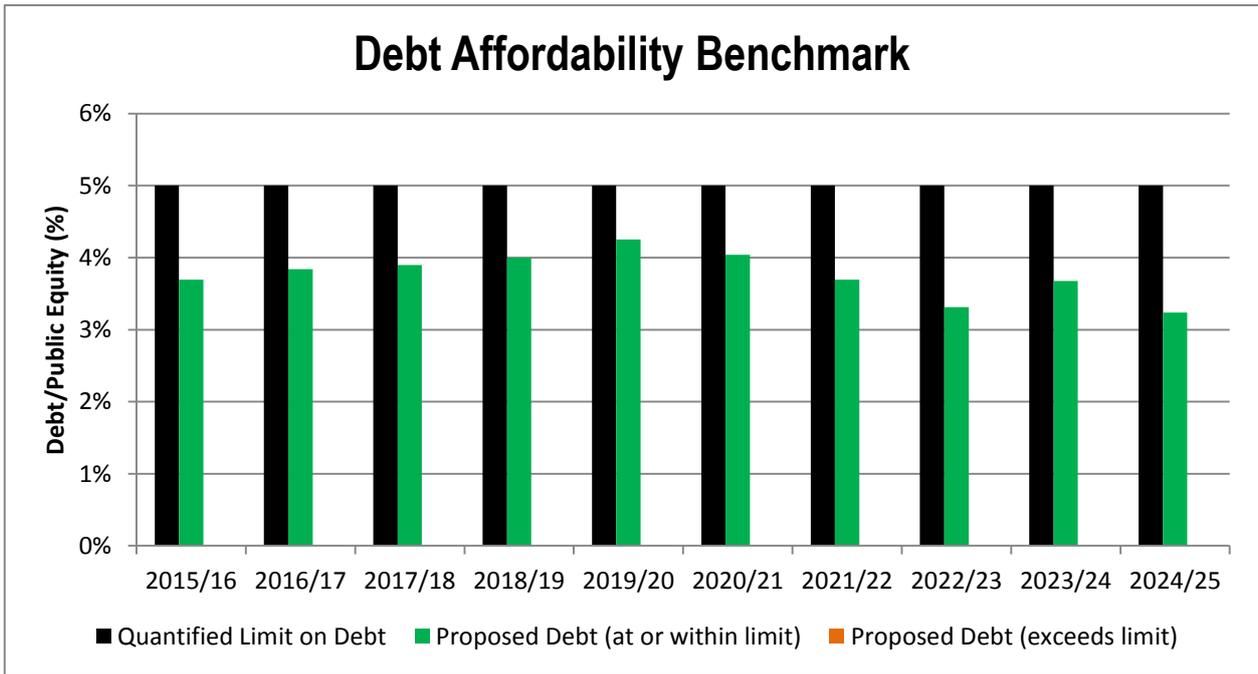
We consider the fairest way to pay for long-term assets is to borrow the cost of the asset and spread the cost across the different generations of ratepayers who use the assets. However the level of debt needs to be sustainable and servicing the debt needs to be affordable for current and future ratepayers.

The Council has adopted two prudential limits to ensure that our debt repayments and interest are affordable.

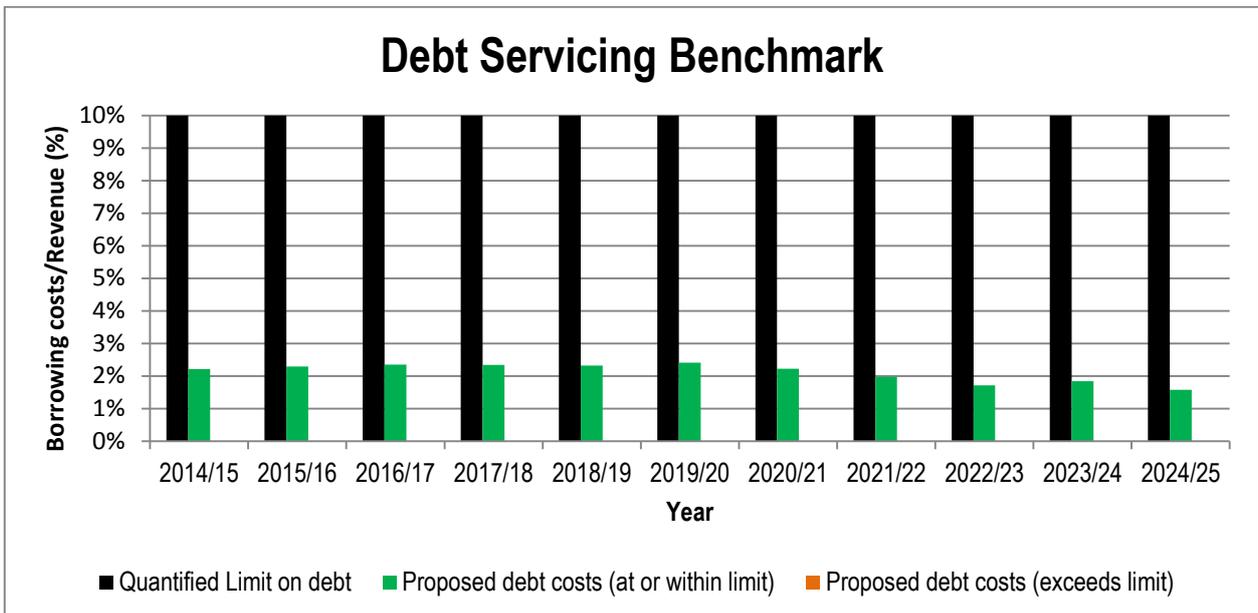
Debt Limits

| Benchmark | 2015/16 | Peak | 2024/25 | Limit |
|---|---------|---------|---------|----------------------|
| Total Debt | \$8.9m | \$10.5m | \$7.9m | <5% of public equity |
| Debt Servicing Costs as percentage of operating revenue | 2.3% | 2.4% | 1.6% | <10% |

The following graph shows that Debt Affordability remains well within the above limit.



The following graph shows that Debt Servicing Costs remains well within the above limit.



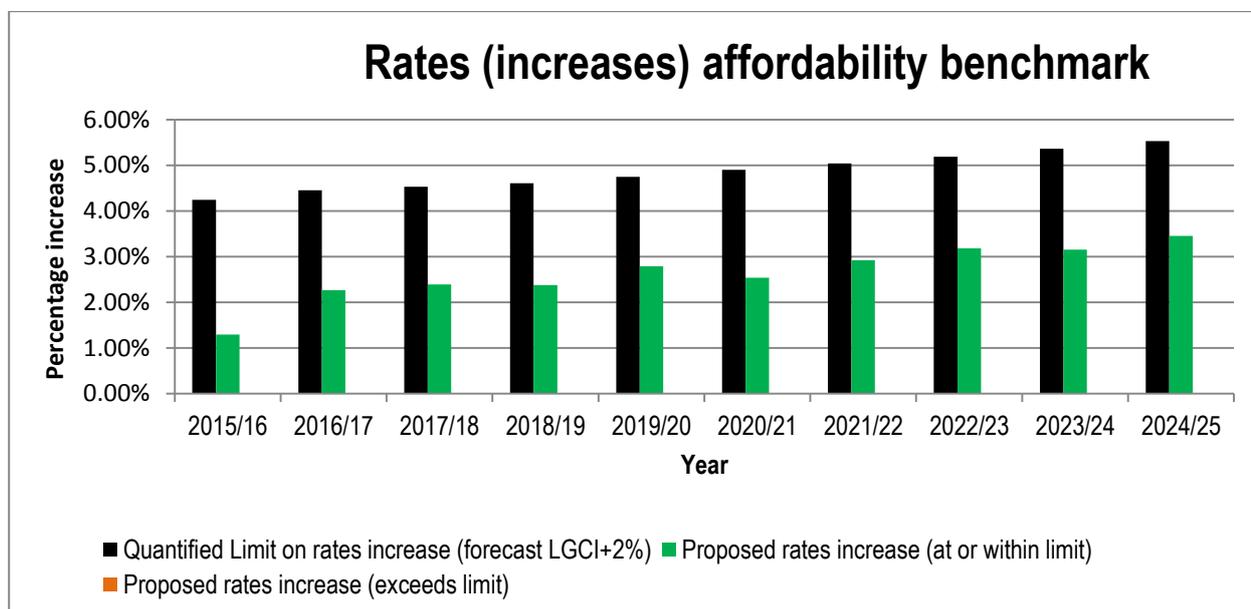
Affordable Rates

The majority of rates are collected on a uniform (as opposed to a differential) basis, using land value as an appropriate basis for land transport costs and capital value when it is considered wealth is an appropriate basis for targeting a rate. Uniform annual charging is used when the benefit is considered to be shared equally by all ratepayers.

Part of the Council’s Financial Strategy is to ensure that rates are affordable and that rate increases are within the communities’ ability to pay. However, like you, the Council also has to deal with inflation pressures. The Council measures the inflationary pressures that it faces through the Local Government Cost Index (LGCI). This looks at the “basket of goods and services” that the Council typically expects to consume and it is anticipated that there will be higher inflationary pressures on LGCI. For this reason the projected rate increases are expected to be higher than CPI.

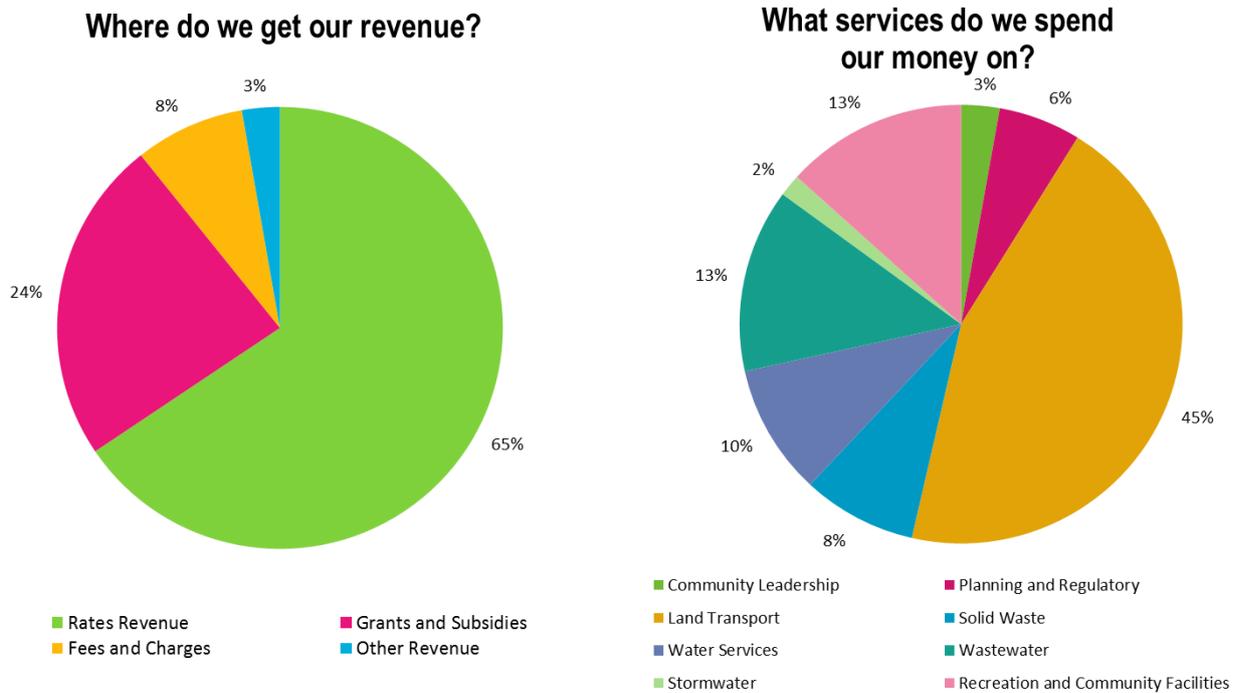
| | Annual plan | LTP |
|---|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
| Total rates \$'000 | 17,469 | 17,696 | 18,096 | 18,529 | 18,970 | 19,499 | 19,994 | 20,579 | 21,234 | 21,903 | 22,660 |
| Overall Rates Increase % (Average over 10 years 2.6%) | | 1.29 | 2.26 | 2.39 | 2.38 | 2.79 | 2.54 | 2.92 | 3.18 | 3.15 | 3.45 |
| Increase in General Rates (Average over 10 years 2.3%) | | 0.73 | 2.02 | 1.63 | 2.47 | 2.51 | 2.24 | 2.42 | 2.70 | 3.32 | 3.12 |
| Increase in Targeted Rates (Average over 10 years 3.3%) | | 2.47 | 2.77 | 3.95 | 2.21 | 3.35 | 3.14 | 3.92 | 4.13 | 2.83 | 4.10 |
| Movement in LGCI (Average over 10 years 2.9 %) | 2.86 | 2.24 | 2.45 | 2.53 | 2.61 | 2.75 | 2.90 | 3.04 | 3.19 | 3.36 | 3.53 |

To ensure that rates are affordable, we are required to set limits on the increase in rates. When setting the rates limit, we take into account LGCI and allow as additional 2% to cover costs relating to natural disasters, new initiatives, additional responsibilities or higher standards imposed by central government. The limits set for rates increases are the upper limit and Council will work hard to maintain increases to levels below these limits.



Revenue and Expenditure Summary

Our Operating and Capital Expenditure levels for the 2015/16 financial year are based on the level of services we have discussed in the Consultation Document and the Supporting Information. These standards are set to achieve the Community Outcomes and to comply with the legislative requirements of the Council.



The table below shows our projected financial status for the next ten years based on total revenue, operating expenditure and fixed asset revaluation gain as well as the expected assets, liabilities and equity.

| | Annual Plan | Forecast (\$'000) | | | | | | | | | |
|------------------------------|-------------|-------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Year | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24/25 |
| Revenue | 27,154 | 27,633 | 28,061 | 28,603 | 29,550 | 30,313 | 31,102 | 32,011 | 32,987 | 34,055 | 35,210 |
| Expenditure | 26,702 | 27,256 | 27,923 | 28,678 | 29,418 | 30,291 | 31,334 | 32,006 | 32,903 | 34,122 | 34,871 |
| Operating Surplus | 452 | 378 | 138 | (75) | 133 | 22 | (232) | 5 | 84 | (68) | 339 |
| Fixed Asset Revaluation Gain | 2,538 | 7,632 | 14,887 | 14,325 | 15,948 | 24,833 | 18,791 | 19,992 | 31,724 | 23,387 | 25,641 |
| Assets | 765,750 | 774,947 | 790,438 | 804,955 | 821,449 | 847,061 | 865,225 | 884,524 | 915,542 | 939,936 | 965,051 |
| Liabilities | 14,939 | 16,128 | 16,592 | 16,859 | 17,273 | 18,031 | 17,637 | 16,937 | 16,148 | 17,222 | 16,357 |
| Equity | 750,810 | 758,820 | 773,845 | 788,095 | 804,176 | 829,030 | 847,589 | 867,587 | 899,394 | 922,714 | 948,694 |

Sample Rates 2015/16

The following table show the indicative rates for a number of properties based on the average increase of 1.29% rates increase.

Increases for individual properties are dependent on a range of factors (such as property valuation, and connections to Council water and sewer systems).

RATES COSTS - FOR SAMPLE PROPERTIES

2015/16

| PROPERTY DESCRIPTION | | | | | | PROPOSED RATES | | | | |
|----------------------|------------|-----------|-------------|---------------|---------|----------------|----------|---------|---------------------------------|-------|
| Type | District | Value | 2012 VALUES | | | Actual | | | Increase (Decrease) Proposed | |
| | | | Land Value | Capital Value | 2012/13 | 2013/14 | '2014/15 | 2015/16 | \$ | % |
| Residential town | Waipukurau | Low | 18,000 | 73,000 | 1896 | 2016 | 2014 | 2063 | 49 | 2.5 |
| Residential town | Waipukurau | Medium | 77,000 | 200,000 | 2263 | 2451 | 2457 | 2514 | 57 | 2.3 |
| Residential town | Waipukurau | High | 77,000 | 260,000 | 2386 | 2572 | 2579 | 2641 | 63 | 2.4 |
| Residential town | Waipawa | Low | 32,000 | 150,000 | 2019 | 2213 | 2214 | 2270 | 55 | 2.5 |
| Residential town | Waipawa | Medium | 32,000 | 170,000 | 2058 | 2253 | 2255 | 2312 | 57 | 2.5 |
| Residential town | Waipawa | High | 27,000 | 265,000 | 2238 | 2429 | 2433 | 2498 | 66 | 2.7 |
| Residential town | Otane | | 60,000 | 205,000 | 1930 | 2138 | 2144 | 2180 | 36 | 1.7 |
| Residential town | Porangahau | Low | 39,000 | 78,000 | 1780 | 1927 | 1928 | 1959 | 31 | 1.6 |
| Residential town | Porangahau | High | 39,000 | 195,000 | 1930 | 2062 | 2067 | 2103 | 37 | 1.8 |
| Residential town | Takapau | | 21,000 | 116,000 | 1728 | 1915 | 1917 | 1951 | 34 | 1.8 |
| Residential town | Takapau | Lifestyle | 250,000 | 410,000 | 2057 | 2159 | 2215 | 2234 | 19 | 0.8 |
| Residential town | Tikokino | | 51,000 | 165,000 | 673 | 677 | 680 | 677 | (3) | (0.5) |
| Beach | Blackhead | | 280,000 | 490,000 | 2118 | 1753 | 1780 | 1780 | 0 | 0.0 |
| Beach | Kairakau | | 170,000 | 420,000 | 1917 | 1926 | 1977 | 2001 | 24 | 1.2 |
| Beach | Mangakuri | | 345,000 | 780,000 | 2403 | 2287 | 2325 | 2337 | 11 | 0.5 |
| Beach | Te Paerahi | Low | 185,000 | 260,000 | 2581 | 2584 | 2600 | 2632 | 32 | 1.2 |
| Beach | Te Paerahi | Medium | 285,000 | 520,000 | 3304 | 3190 | 3219 | 3259 | 40 | 1.2 |
| Rural | - | Lower | 265,000 | 275,000 | 1387 | 1434 | 1464 | 1470 | 6 | 0.4 |
| Rural | - | Lower | 340,000 | 385,000 | 1721 | 1791 | 1828 | 1836 | 7 | 0.4 |
| Rural | - | Lower | 245,000 | 275,000 | 1314 | 1373 | 1402 | 1408 | 7 | 0.5 |
| Rural | - | Medium | 850,000 | 950,000 | 3828 | 4005 | 4090 | 4097 | 8 | 0.2 |
| Rural | - | Medium | 820,000 | 1,570,000 | 4369 | 4627 | 4728 | 4768 | 40 | 0.9 |
| Rural | - | Medium | 890,000 | 990,000 | 4014 | 4174 | 4262 | 4270 | 8 | 0.2 |
| Rural | Aramoana | High | 2,850,000 | 3,375,000 | 12392 | 12929 | 13205 | 13225 | 21 | 0.2 |
| Rural | Ruataniwha | High | 2,975,000 | 3,775,000 | 13188 | 13773 | 14068 | 14101 | 34 | 0.2 |
| Rural | Ruahine | High | 6,375,000 | 7,000,000 | 27478 | 27911 | 28504 | 28515 | 11 | 0.0 |
| Rural | Ruahine | High | 1,540,000 | 2,075,000 | 7073 | 7416 | 7575 | 7601 | 27 | 0.4 |
| Commercial | Waipukurau | | 170,000 | 500,000 | 5938 | 6415 | 6457 | 6618 | 161 | 2.5 |
| Commercial | Waipawa | | 56,000 | 80,000 | 2039 | 2250 | 2251 | 2301 | 50 | 2.2 |
| Industrial | Waipukurau | | 150,000 | 360,000 | 3674 | 3898 | 3879 | 3965 | 87 | 2.2 |
| CHB District | | | | | | | | | 1.29 | |

Part 2 – We need your feedback

Question 1 - Traffic Priority Change – Porangahau Road and Racecourse Road, Waipukurau Intersection

Traffic Priority Change – Porangahau Road and Racecourse Road Intersection

Principal Options

- a) change the traffic priority at the intersection of Porangahau and Racecourse roads to encourage traffic onto Racecourse Road
- b) leave the main traffic flow on Porangahau Road

Currently traffic on Porangahau Road have uninterrupted driving at the intersection of Porangahau Road and Racecourse Roads. This encourages traffic, travelling north, along Porangahau Road into the main centre of Waipukurau crossing Ruataniwha Street at the roundabout. This area along Porangahau Road is heavily lined with residential properties, a

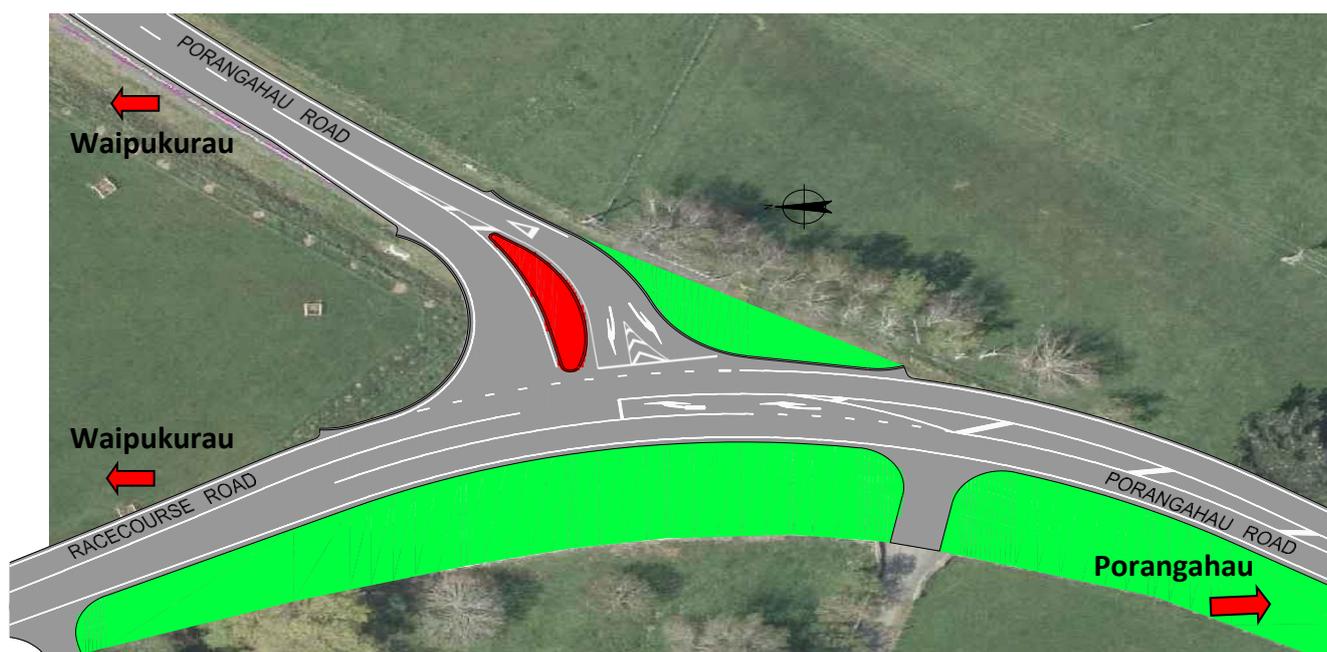
church, two schools and a playground as well as the “green patch” community area. Over the next couple of years it is expected that heavy traffic will increase by approximately 60 to 70 trucks (predominantly logging trucks) per day, due to the large log harvest emanating from the Ernslaw One forest in the Tararua District and forest blocks within CHB. This is expected to continue for at least 15 years.

We propose to change the traffic priority at the intersection of Porangahau and Racecourse roads to encourage traffic onto Racecourse Road and direct the heavy traffic out of the main residential area and the centre of town.

Impacts on Rates or Debt Levels:

- a) As this is a public safety issue, the change in priority would become part of the road safety programme and would be paid for from the current budgets proposed in the LTP so there is no impact on rates or debt levels.
- b) No impact on rates, levels of service or debt levels.

Do you support the proposal to change the traffic priority onto Racecourse Road, Waipukurau?



Question 2 – Russell Park Upgrade

Russell Park Upgrade

Principal Options

- a) Continue the upgrade of Russell Park
- b) Discontinue the upgrade of Russell Park

Russell Park is Central Hawke’s Bay’s premier sports park, home to football, swimming, hockey, indoor sports, softball, touch, junior motor cross, dog obedience, the new multi-sport turf plus numerous other sports. The park is well used and struggles to handle the number of events and users, particularly in the middle of winter when the park is often closed due to weather.

The Russell Park development includes a full size multi-sport turf which is being organised and funded through the CHB Community Trust. The multi-sport turf will take much of the load off the fields, operate all year round, as well as providing a home for netball and hockey in Central Hawke’s Bay.

As part of the overall development of Russell Park, we are proposing to continue to transform Russell Park into a destination and facility the community can be proud of for generations to come, providing something for everyone. The playground (which was completed in October 2014), a splash pad, skate park, exercise trail built

in conjunction with students from CHB College, paths linking the Rotary pathway to the park, upgraded fields, improved parking, toilet upgrade, improved lighting, barbeque and picnic area are all part of the upgrade plan.

The development of the park will be staged over 4 years and be done in conjunction with the construction of the multi-sport turf.

Included in the proposed upgrade:

| | | |
|--|----------------|----------------|
| Splash Pad | 2015/16 | 165,000 |
| Exercise Trail Equipment & Installation | 2015/16 | 33,500 |
| Car Park Upgrade | 2016/17 | 66,593 |
| Skate Park | 2016/17 | 204,900 |
| Junior Field Upgrade | 2017/18 | 79,832 |
| A & P Grounds Upgrade | 2017/18 | 35,714 |
| Road Upgrade | 2017/18 | 56,723 |
| Barbeque Area | 2018/19 | 6,467 |
| Scout Hall Relocation | 2018/19 | 48,503 |
| Total | | 697,232 |

Impact on Rate and Debt Levels for each option:

- a) Debt levels would rise over the 4 year staged proposal by \$697,232 and rates requirements by 2 cents for each \$1000 of capital value.
- b) No impact on rates, levels of service or debt levels

Do you support Council’s proposal for the staged upgrade of Russell Park?

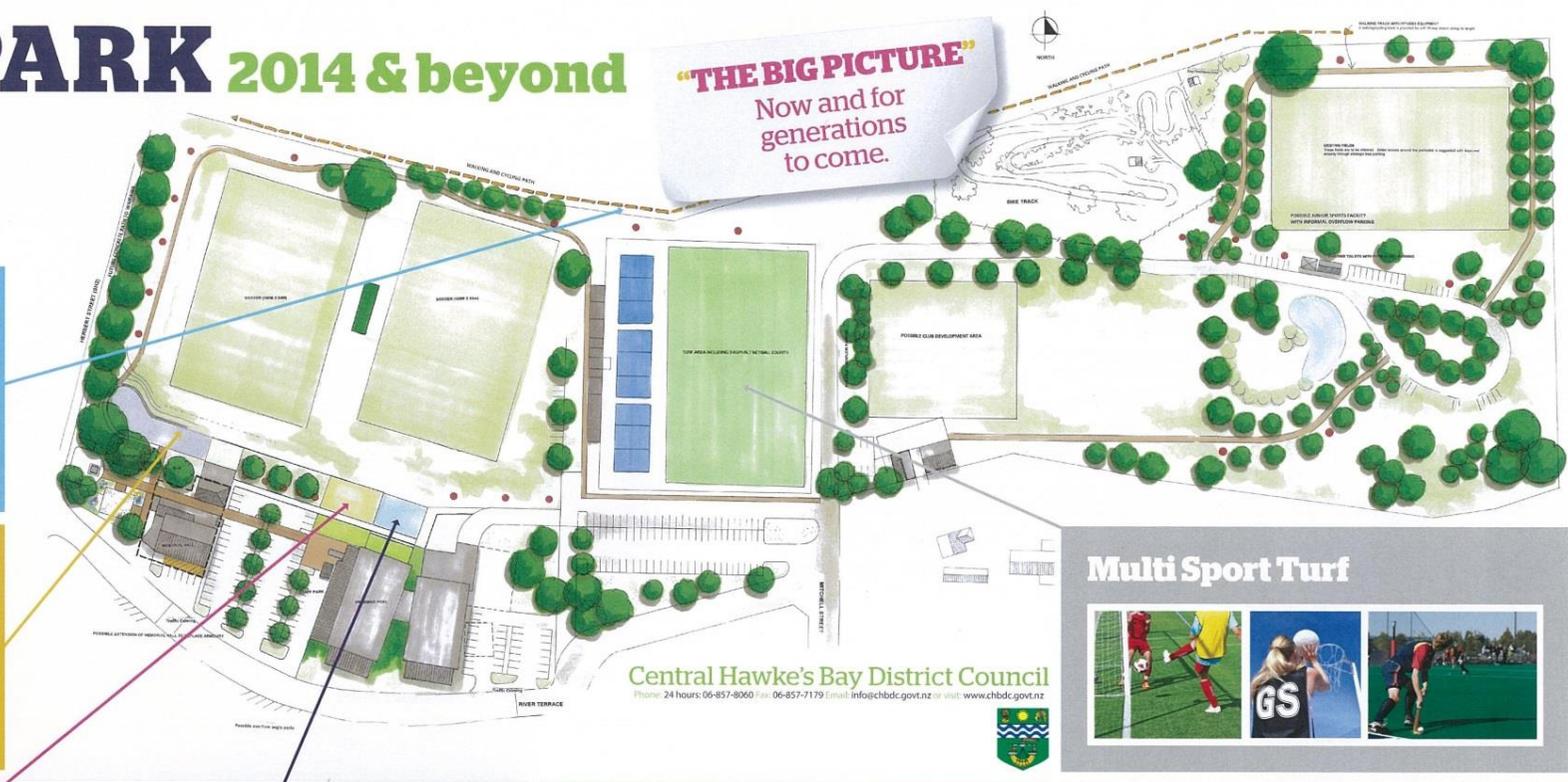


RUSSELL PARK 2014 & beyond

"Russell Park is about to become Central Hawke's Bays new All Sports Park, these bold and exciting development plans will totally transform Russell Park into a destination and facility that the community can be proud of for generations to come. Russell Park will have something for everyone".

Peter Butler, Mayor of Central Hawke's Bay

"THE BIG PICTURE"
Now and for generations to come.



Cycleway



Skatepark



Playground



Splashpad



Exercise/Fitness Trail



Multi Sport Turf



Other Improvements

- Improved parking
- Improved lighting
- Toilet upgrades
- Upgraded fields
- Shaded areas
- Accessible friendly venue
- Memorial Hall – Earthquake Strengthening & Revitalisation
- BBQ & picnic areas
- Seating
- Space for future expansion
- Open park areas

Central Hawke's Bay District Council

Phone: 24 hours: 06-857-8060 Fax: 06-857-7179 Email: info@chbdc.govt.nz or visit: www.chbdc.govt.nz



Audit Report



Chartered Accountants

To the reader:

Independent auditor's report on Central Hawke's Bay District Council's Consultation Document for its proposed 2015/25 Long-Term Plan

I am the Auditor-General's appointed auditor for Central Hawke's Bay District Council (the Council). Section 93C of the Local Government Act 2002 (the Act) requires an audit report on the Council's consultation document. I have carried out this audit using the staff and resources of Ernst & Young. We completed this audit on 26 March 2015.

Opinion

In my opinion:

- the consultation document provides an effective basis for public participation in the Council's decisions about the proposed content of its 2015/25 long-term plan, because it:
 - fairly represents the matters proposed for inclusion in the long term plan, and
 - identifies and explains the main issues and choices facing the Council and district, and the consequences of those choices and
- the information and assumptions underlying the information in the consultation document are reasonable.

Basis of Opinion

We carried out our work in accordance with the Auditor-General's Auditing Standards, relevant international standards and the ethical requirements in those standards.

We assessed the evidence the Council has to support the information and disclosures in the consultation document. To select appropriate audit procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the consultation document.

We did not evaluate the security and controls over the publication of the consultation document.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements relating to its procedures, decisions, consultation, disclosures, and other actions associated with preparing and publishing the consultation document and long-term plan whether in printed or electronic form;
- having systems and processes in place to provide the supporting information and analysis the Council needs to be able to prepare a consultation document and long term plan that meet the purposes set out in the Act; and
- Ensuring that any forecast financial information being presented has been prepared in accordance with generally accepted accounting practice in New Zealand.

I am responsible for reporting on the consultation document, as required by section 93C of the Act. I do not express an opinion on the merits of any policy content of the consultation document. Also, we did not evaluate the security and controls over the electronic publication of the consultation document.

Independence

We have followed the independence requirements of the Auditor-General, which incorporate those of the External Reporting Board. Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council.

A handwritten signature in blue ink, appearing to read 'Stuart Mutch', is written over a horizontal line.

Stuart Mutch
Ernst & Young

On behalf of the Auditor-General, Wellington, New Zealand

Submission Form



Post : P O Box 127, Waipawa 4210

Fax: 06 857 7179

Email: cp@chbdc.govt.nz

Website: www.chbdc.govt.nz

Deliver:
Council Office
28 – 32 Ruataniwha Street
Waipawa

Waipukurau Library & Service
Centre
95 Ruataniwha Street
Waipukurau

Submitters name:

Postal address:

Contact details:

Day Ph: _____

Night Ph: _____

Mobile: _____

Email: _____

Do you wish to present your
comments to Council in person at
a hearing?

Yes No

**Please note that your submission
(including any personal
information supplied) will be
made available to Councillors and
the public.**

Have your say

You can make comments on anything in this Consultation Document.

You may also like to make suggestions for anything extra you think Council should be doing or that should be added to the LTP. Your feedback is crucial to Council's decision making process.

How Do I Comment?

There are five ways to make a submission:

1. **Online** – make a submission online at www.chbdc.govt.nz
2. **By Post** – post your submission to P O Box 127, Waipawa
3. **By Fax** – fax your submission to 06 857 7179
4. **In Person** – you can deliver your submission form in person to the Council Office, 28 Ruataniwha Street, Waipawa or to the Waipukurau Library and Service Centre, 95 Ruataniwha Street, Waipukurau
5. **Email:** send your submission via email to cp@chbdc.govt.nz (remember to include your contact details)

2015 – 2025 LTP Submission: (please print clearly)

Do you support the proposal to change the traffic priority onto Racecourse Road, Waipukurau?

Do you support Council's proposal for the staged upgrade of Russell Park?

Any other suggestions?

Attach any additional information or further pages if required

