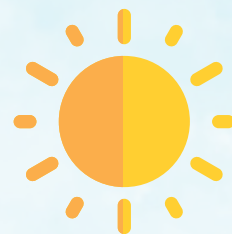


# FACING THE FACTS

Long Term Plan 2021-2031



**CENTRAL  
HAWKE'S BAY**  
DISTRICT COUNCIL



# *Together we Thrive!*

E ora ngātahi ana!

**Proud District**

**Prosperous District**

**Connected Citizens**

**Strong Communities**

**Smart Growth**

**Environmentally Responsible**

**Durable Infrastructure**

This 10 Year Plan was adopted by Central Hawke's Bay District Council on 17 June 2021 in accordance with the Local Government Act 2002.

It is based on the Council's best information and planning at the time it was developed. If circumstances change, the Council may have to change its intentions.

## He Mihi

Tēnei au te tū nei i te tīhi o te Atua o Mahuru i Ruahine  
Te Atua Mahuru in the Ruahine ka titiro whakararo ki ngā waiora o Tukituki  
e koropiko ana, e haehae ana i te mānia Ruataniwha, e horo ra,  
Ka haere taku tiro ki ngā whare pā o Tamatea,  
Tamatea Ariki nui, Tamatea Pokaiwhenua, Pokaimoana,

Ko Pukehou, ko Whatuiapiti, ko Tapairu ko Mataweka ki te raki  
Ka haere taku tiro ki te takutaimoana, mai Kairakau, ki Whangaehu:  
ko Hikatoa, ko Kere, Ko Manuhiri, ko Pīhere e noho tonu ra

Ka hoki taku tiro ki Waipukurau ki ngā pa tūwatawata  
ko Pukekaihau, ko Kaimananwa, e tū mokemoke ai.  
Ka whakatitonga taku tiro ki Rakautātahi  
kei reira Te Poho o Whatuiapiti e tū whakahīhī mai.

A, ka tae ki Takapau, ki te Rangitapu-a-Whata,

Ko Puera kei runga ko Whatumā kei raro,

**Tihei Tamatea!**

Here I stand at the peak  
and look down at the life-giving waters of Tukituki  
twisting, turning and cutting across the Ruataniwha plains spread out before me  
My focus moves to the settlements of Tamatea  
Tamatea the supreme chief, Tamatea who traversed the lands and the oceans

Pukehou, Whatuiapiti, Tapairu and Mataweka are the marae to the North  
My gaze travels to the coastline, from Kairakau ki Whangaehu  
where Ngāti Hikatoa, Kere, Manuhiri and Pihere (hapū of the coastal areas) still reside

I look back towards Waipukurau to the fighting pa of old  
Pukekaihau and Kaimanawa, standing solitary and without people  
And then my gaze turns to the south to Rakautātahi  
where Te Poho o Whatuiapiti (the marae) stands proudly.

Finally, I arrive at Takapau at te Rangitapu-a-Whata  
(The hill overlooking Takapau on which the pā Horehore stood),

Puera stands above and Whatumā lies below  
(Lake Hatuma and Puera [the hill to the south of te Rangitapu a Whata],  
are both important mahinga kai, food gathering sites)

**Tihei Tamatea!**

*Written by Doctor Roger Maaka*

The Central Hawke's Bay District Council respectfully acknowledges the Tangata whenua of Tamatea/Central Hawke's Bay and their relationship to this land. We remain committed for fostering and strengthening our partnership with Tangata whenua.

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# Introducing our next generation

The decisions we make today will impact our future generations for years to come.



Ben is 15 years old and goes to Central Hawke's Bay College. He's fully into his music and drama and is an avid chess player. He plays the drums and the piano and can blast a few notes on the sax. Ben wants to be an actor or a musician when he grows up.

Hannah is 11 years old and is on the soccer team at St Joseph's School. She's not sure what she wants to be when she grows up yet, but she loves hanging out and playing games with her friends, visiting the beach and riding her scooter to school.

Bindy is 13 years old and starts her first year of college this year. Her favourite holiday spot in CHB is Pōrangahau Beach where her family stays every summer. Bindy loves to read, play basketball and hang out with her family in her spare time.

Tom is 11 years old and goes to Omakere School. He plays basketball and was in the CHB soccer reps for two years. He spends a lot of his spare time with his two dogs George and Daxter, enjoys fishing with his dad and playing video games with friends.

**We're planning ahead, to ensure the next 10 years deliver on your vision for a thriving Central Hawke's Bay.**

The plans we make today, will impact the aspirations and realities of our children and grandchildren for decades to come. In planning for our future, we uncovered some huge challenges that we had to face together, before we could move forward, and deliver a thriving Central Hawke's Bay.

We know the road ahead is challenging, but as we face these facts and respond to the challenges together, we will create and secure a thriving Central Hawke's Bay for our future generations.

# A message from Mayor Alex and your Council Team

Kia ora

Every three years we take a careful look at the plans for Central Hawke's Bay, the work Council needs to do, and this time it has been a little different as we have to face up to some significant challenges.

A little different because while we are on an exciting path of growth, innovation and investment in a thriving Central Hawke's Bay, we have uncovered some significant legacy challenges to our infrastructure and council services which we have had to face together as a community, so we can deliver that thriving future for our children.

In this Long Term Plan 2021-2031 we have presented and delivered the open and transparent view of our reality, where we know more than we have ever known about the state of our assets. The truth is confronting.

For more than two decades, due to political constraints on our approach to rating, our essential infrastructure went without the necessary funding and investment to ensure it was properly maintained. Alongside some poor investment decisions, this has delivered an unfortunate reality for our communities of today.

Through the #thebigwaterstory launched in 2018, we identified some of the challenges that we are facing today. Over the last three years we have delivered more than \$20m of additional infrastructure investment, but it is still not enough. Many of our assets are at the end of their lives, and central government legislative standards continue to change and increase. We have failing 100-year-old pipelines, failed wastewater treatment plants despite major community

investment, and earthquake prone buildings despite the expectation they had been strengthened. Our reality is that we face require major investment in nearly every aspect of Council's services.

As a community, we have faced up to these facts. And our response is to correct this underinvestment, and to secure our future. Never before has this district seen a level of investment in its core infrastructure and services like that which is in this Long Term Plan. This investment will place us well for our future.

But this investment does not come without its significant challenges. This Long Term Plan includes increases to our debt limits and significant rates increases – not just in the first year of the plan, but through the life of the Long Term Plan Budget 2021-2031. We will have pulled every financial lever available to us to address the affordability challenges this investment creates.

We acknowledge that increasing rates is difficult and not something to be considered lightly. This Long Term Plan budget hasn't been about 'cutting our cloth to fit', or 'learning to live within our means'. In building this Long Term Plan we trimmed every edge of our cloth and now face a reality where living within our means still requires significant investment to address years of underinvestment and poor investment decisions.

Even if we closed every park and library in Central Hawke's Bay, cancelled economic and social development activities and stopped supporting facilities like the Centralines Indoor Pool, the Central Hawke's Bay Museum and the Tukituki Trails, these savings alone would still not be enough to offset the major investment required to fund our three waters infrastructure programme. And ultimately, for us to be a thriving community we need these activities too.

Addressing our past will mean a concerted and continued path of investment that will stretch well beyond this elected Council to ensure we create a positive future for our children and our children's children. It is our collective responsibility to ensure that we remain focussed on our future and 'stay the course' despite the challenges, to deliver on a thriving Central Hawke's Bay of tomorrow. I am very proud to be part of community which has come together to face up to this and take on this daunting task.

Thank you for the conversations, the feedback and the suggestions in building this Long Term Plan – these have all been essential in shaping a Central Hawke's Bay of the future we can all live, work and play in and together we will Thrive.

Nga mihi

**Alex Walker**

*Mayor of Tamatea/Central Hawke's Bay*



# Our Reality

We now know more than we have ever known about the state of our infrastructure and services.

For decades, the Council held rates at an artificially low rate, instead of funding depreciation or putting aside reserve funds for the renewal of our core infrastructure assets.

This Long Term Plan includes major investment in nearly every aspect of our infrastructure and services. While this Council too have not been able to achieve depreciation funding of our assets, they have been able to achieve a level of renewal investment that significantly exceeds the rate at which our assets are depreciating for the entire period of the Long Term Plan. This is a major achievement for this Council, addressing significant long-term underinvestment in renewals.

Council and community have faced up to the facts, recognising that while challenging, rate increases to address previous underinvestment, austerity measures and poor investment decisions in the past, means we also face significant challenges in funding these major renewals and upgrades.

**We heard from the community in the development of the Long Term Plan that prioritising investment in renewals and upgrades was the right approach to take – even though the reality of this means rate increases and affordability challenges long term.**

## What does this all mean for me?

The outcome of this Long Term Plan is that we all need to pay more rates to fund the catch-up. Significant rates increases to meet the level of investment required to upgrade our infrastructure to meet legislative standards and our proposed levels of service have been required. These increases are required throughout the life of the Long Term Plan 2021-2031, not just in the first year.

These increases will fund the basics like three waters infrastructure and services (drinking, waste and stormwater), upgrading our parks and reserves assets and other core infrastructure.

Increases will affect properties differently, depending on the services they're connected to. For example, a rural property won't pay the water connection rates charges that a property connected to town water supply would.



## Rates Reality

The reality of our previous investment decisions means some dramatic increases for the future

Year	Long Term Plan 2021 - 2031																
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Actual rates increase	1.7%	1.6%	1.7%	3.3%	3.6%	4.9%	3.2%	8.8%	6.8%	6.5%	7.3%	12.8%	4.5%	3.3%	3.7%	11.1%	8.4%



# What's it All About?

The Long Term Plan (LTP) sets out what the Council's activities, costs, and required revenue and rates are, for the next ten years. This document forms our LTP 2021-2031.

Our last LTP review took place in 2018. We knew we had some major challenges ahead and indicated this to you in activities like #thebigwaterstory, which began to address our three waters infrastructure. We now know more than we have ever known about the state of our assets and have a responsibility to ensure that we present you with all of the facts, and their reality for us.

## The process

The process for developing our LTP is outlined on the next page. The development of a Long Term Plan is over 18 months in the making, which includes the confirmation of strategic direction, development of key inputs such as growth predictions and the updating of asset management plans. There are multiple opportunities for engagement - in July 2020, we ran a 'pre-engagement' phase of consultation to ensure we were clear about your priorities before we developed our draft LTP.

In March 2021, we ran a full month of consultation and engagement sessions across our community on four key challenges we face for our future over the next decade and beyond. This included the development of a Consultation Document and supporting information that were audited by independent auditors.

The four challenges we consulted on were:

### Challenge #1

Planning our wastewater upgrades

### Challenge #2

How we fund the replacement of our assets

### Challenge #3

Creating a Waste Free CHB

### Challenge #4

How do we pay for the growth we are experiencing?

As a community we could not move forward without addressing these big challenges and we specifically sought your feedback on these challenges.



## Your feedback

We received over 200 submissions from the community on the Long Term Plan, with Councillors considering these submissions on the back of numerous facebook messages, conversations, meetings and other feedback that had been provided over the development of the Long Term Plan.

This feedback was essential as we developed the basis for the Long Term Plan 2021 – 2031.

You can find all of the submissions that were received in the development of the Long Term Plan, Officer Deliberation Reports and the Council minutes from the hearing and deliberations meetings, under Council meetings on Councils website [www.chbdc.govt.nz](http://www.chbdc.govt.nz)





# Long Term Plan Development Process

The process we went through to develop this Long Term Plan took over 18 months. The development process is shown below.



## Impacts of Covid-19

We've thought carefully about the impact of the Covid-19 pandemic on our small District. Covid-19 threatens to push the world economy into recession, however Central Hawke's Bay is in a good place to weather the storm compared with other Districts. The primary activity and employer in the District is primary industry. The worldwide demand for food hasn't changed. Likewise, Central Hawke's Bay isn't reliant on international tourism, nor do we have large swimming pools or other recreational complexes to continue funding in the event further lockdowns occurred, so we are less impacted than our neighbouring Councils. That's not to say Central Hawke's Bay will get away unscathed, but it should face less impacts than other Districts longterm.

We've considered the impact of Covid-19 in our key assumptions, that form the basis of this Long Term Plan.

## Three Waters Reform, Resource Management Act Changes and the Future of Local Government

In late 2020 and early 2021 Central Government have announced a range of reforms – including Three Waters Reform, Resource Management Act Changes, and a review on the future of Local Government.

While it is too early to understand the implications for Council and community on the potential changes to the Resource Management Act and the Future of Local Government Review, Council has acknowledged the potential changes to three waters, however have worked on the status quo arrangements for three waters in this Long Term Plan.

Hawke's Bay Councils were already working together on opportunities to improve our three waters infrastructure, ahead of Central Government Reform announced in 2020. We have signed a Memorandum of Understanding (MoU) with Central Government to explore future service delivery options and have secured \$11.09 million in funding. The Government expects to make substantive decisions in mid 2021. It is expected that Councils will be asked to consult with their communities in late 2021 whether they should join one of the new water service delivery entities.

See our key assumptions in Section 3 of this document to see how we have factored these and other potential future changes into our long-term thinking.

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# Our Challenges

## What's driving our big challenges?



### Underinvestment in ageing infrastructure

Many of our assets are at the end of their life, for example our three waters, parks and facilities, meaning we require major investment in nearly every aspect of our infrastructure and services.

### Ever increasing Central Government standards

The quality and requirements of our current water and wastewater treatment plants and data recording must be higher than our current offer. New standards such as the Fresh Water National Policy Statement, require a radical change to how we treat and manage stormwater, bringing a significant cost.



### Rates held at artificially low levels for decades

For decades, the council has historically held rates at an artificially low rate, instead of funding depreciation or putting aside reserve funds for the renewal of our core infrastructure assets.

### It's not about making savings

Even if we closed every park and library in Central Hawke's Bay, cancelled economic and social development activities and stopped supporting facilities like the Centralines Indoor Pool, the Central Hawke's Bay Museum and the Tukituki Trails, these savings alone would still not be enough to offset the major investment required to fund our three waters infrastructure programme.



### Managing our Rubbish and Recycling

Our community have a strong desire to see change in the current rubbish and recycling services they receive. Increasing environmental standards and changes in international recycling markets are also making the costs associated with recycling highly unpredictable.

### Huge growth

We are growing at unprecedented levels, some 1,500 new homes are forecast for the district over the next ten years.



### Failed wastewater plants

Historical poor investment decisions in our Waipawa and Waipukurau plants has seen over \$10 million of failed improvements to the treatment of wastewater.



### Earthquake prone buildings

Despite significant investment to seismically strengthen the Waipukurau Memorial Hall and Waipukurau Library, both have been confirmed as earthquake prone. We and the community have many other buildings and assets that also require upgrading and we need to respond in a strategic way.



### Our District Plan is nearly 20 years old

The plan that sets rules for things like subdivision and activities is nearly 20 years old, but was meant to be reviewed every ten years. The scope and scale of the review is having a major impact on our general rate.



## Central Hawke's Bay elected members share their aspirations & concerns for the future



Ensuring that people in our community have adequate housing and we are planning for future needs, continues to be a passion for me. With Central Hawke's Bay experiencing huge growth, we need to ensure we have a global view in the housing space and across our wider community projects. Everything from, district plan, town centre development, spatial planning to infrastructure for the future, need to be considered as we work hard to tie all these links together for the next 10 years. I will continue to push our government partners, so we can finally get a result to meet the housing needs of our most vulnerable.

### **Kelly Annand**

Deputy Mayor  
Councillor Ruataniwha Ward



I'm proud of what's been done to update our asset management plans that drive all work programmes for our core infrastructure. The more we know the better we can do. One of the things that we are going to have to watch out for is the government reform proposal that could change how water, wastewater and stormwater services are delivered. Councils like ours are just too small to afford all the upgrades to water and wastewater pipes we need. We'll need to look at these government proposals very seriously.

### **Brent Muggeridge**

Chair of Finance and Infrastructure  
Committee Councillor Aramoana  
/Ruahine Ward



Water is gold. Everyone in Central Hawke's Bay knows that. You might be surprised to know that when Council has to put water restrictions in place, it's often because our pumps and treatment stations can't keep up with the rate of water being used. As well as getting on top of the renewal or replacement of our very old water pipes we will need new strategies to manage the impacts we all have on water usage.

### **Tim Aitken**

Lead Councillor Aramoana  
/Ruahine Ward



I'm proud of our plan of attack for wastewater renewals. We are finally getting on with addressing the historic issues and challenges that we face as a District when it comes to managing our wastewater. As someone said to me "make it happen".

We simply have to get it right. That's what we are doing, but its sad there is much to do on core infrastructure that some of our local treasures, like beach reserves we all love fall down the priority list.

### **Jerry Greer**

Councillor Aramoana/Ruahine Ward



CHB is growing so fast, I am worried about the detrimental effect this may have on us already living here and paying for infrastructure and services. I'm pleased to see proposals showing exactly how developers and new subdivisions could contribute and pay for this growth instead of the costs falling on our community.

**Exham Wickman**  
Councillor Ruataniwha Ward



With the Waipukurau Library being closed at the moment, Te Taiwhenua o Tamatea – a direct neighbour across the street – is doing as much as they can to help council provide services to our community. Council needs to use some careful thinking to plan next steps for the library and other community facilities. Investment will need to be based on more innovative, collaborative and long-term thinking. There is a great opportunity for more of a community hub facility where other community groups and agencies can come together – a place for our future.

**Professor Roger Maaka**  
Kaiārahi Matua



Our future has never been predetermined – it has been built on the hardwork and sacrifices of previous generations. It is our turn to lead the way for our future generations, and our children's children. Our vision and commitment to a Waste Free CHB and our efforts to recycle more and reduce the amount of waste we send to landfill will have huge benefits for our future generations. We want your views on our plans to inspire hope and achieve a better future for our current and future generations.

**Gerard Minehan**  
Councillor Ruataniwha Ward



Roading networks are a lifeline for our rural communities and farming businesses – and often the largest part of their rates. In this LTP there is little change to the levels of service we can provide, and sadly Waka Kotahi NZTA will reduce our Funding Assistance Rate in 2023. But there is still scope to focus on road safety and access for our children, elderly, main streets and cycling.

**Kate Taylor**  
Councillor Aramoana/Ruahine Ward



Councils develop LTPs based on their best understanding at the time; the level of detail and the amount of work that needs doing is massive. One thing people are fiercely proud of in our district is the way we look after parks, reserves and gardens. They are vital first impressions for visitors and give us fantastic places to play and socialise!

**Pip Burne**  
Councillor Ruataniwha Ward

# Independent Auditor's Report

## CENTRAL HAWKE'S BAY DISTRICT COUNCIL'S 2021-31 LONG-TERM PLAN



I am the Auditor-General's appointed auditor for Central Hawke's Bay District Council (the Council). The Local Government Act 2002 (the Act) requires the Council's long-term plan (plan) to include the information in Part 1 of Schedule 10 of the Act. Section 94 of the Act requires an audit report on the Council's plan. Section 259C of the Act requires a report on disclosures made under certain regulations. I have carried out this work using the staff and resources of Ernst & Young. We completed our report on 17 June 2021.

### Opinion

In our opinion:

- the plan provides a reasonable basis for:
  - long-term, integrated decision-making and co-ordination of the Council's resources; and
  - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 109 to 112 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and accurately reflect the information drawn from the plan.

This opinion does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee the accuracy of the information in the plan.

### Emphasis of Matters

Without modifying our opinion, we draw attention to the following disclosures.

#### Uncertainty over three waters reforms

Page 5 outlines the Government's intention to make three waters reform decisions during 2021. The effect that the reforms may have on three waters services provided is currently uncertain because no decisions have been made. The plan was prepared as if these services will continue to be provided by the Council, but future decisions may result in significant changes, which would affect the information on which the plan has been based. The Council expects further consultation with the community will be required once there is greater certainty with respect to the proposals.

#### Balancing the budget

Page 151 outlines that the Council is planning a balanced budget in year one of its plan, but not a balanced budget for the remaining nine years. The Act requires a Council to budget operating revenue that meets planned operating expenses for each year of the plan unless, after considering certain matters set out in the Act, it resolves that it is financially prudent to budget less operating revenue. The Council explains on pages 152 to 156 the reasons why it is financially prudent to plan not to have a balanced budget, how and when it is likely to have a balanced budget, and the impact of the decision on future debt and rates.

### Basis of opinion

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial
- management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the
- Council is likely to face during the next 30 years;
- the Council's forecasts to replace existing assets are consistent with its approach to replace

- its assets, and reasonably take into account the Council's knowledge of the assets' condition and performance;
- the information in the plan is based on materially complete and reliable information;
- the Council's key plans and policies are reflected consistently and appropriately in the development of the forecast information;
- the assumptions set out in the plan are based on the best information currently available to
- the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted, and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures, and forecast financial information has been adequately explained in the plan.

We did not evaluate the security and controls over the electronic publication of the plan.

#### **Responsibilities of the Council and auditor**

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures, and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

We are responsible for expressing an independent opinion on the plan and the disclosures required by the Regulations, as required by sections 94 and 259C of the Act. We do not express an opinion on the merits of the plan's policy content.

#### **Independence and quality control**


We have complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 issued by the New Zealand Auditing and Assurance Standards Board; and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended) issued by the New Zealand Auditing and Assurance Standards Board.

Other than our work in carrying out all legally required external audits and debenture trust deed reporting, we have no relationship with or interests in the Council.



David Borrie  
Ernst & Young  
Chartered Accountants  
On behalf of the Auditor-General  
Wellington, New Zealand

A young girl with dark hair in a braid, wearing an orange t-shirt, is holding a large white circle. The circle contains the text 'Where are we heading?' in orange. She is also pointing upwards with her right hand. There are several orange lines radiating from the circle, suggesting a sun or a bright idea.

**Where  
are we  
heading?**

**Wāhanga 1  
Section 1**



In this section you will find out about the Central Hawke's Bay of the future we want to create and why we have prioritised investment and efforts where we have.

# Our Thriving Future

Vision, Goals and Principles





## Vision, Goals and Principles

Our vision for Central Hawke's Bay is for a proud and prosperous district made up of strong communities and connected people who respect and protect our environment and celebrate our beautiful part of New Zealand. This section outlines the vision, guiding principles and strategic goals for Central Hawke's Bay to 2031.

# Central Hawke's Bay: Together We Thrive! E Ora Ngā Tahi Ana!

Our people are our greatest asset. At the core of everything we do is a vision that our people are healthy, prosperous and resilient, with a strong sense of pride and identity.

In 2016 we asked you, our community, what your vision for Central Hawke's Bay was. And you delivered. Over 4,500 pieces of feedback were received, and this directly led to the creation of our community vision – *Together we Thrive*. This vision continues to be the cornerstone of our aspirations for Central Hawke's Bay. You can read more about project thrive on our website.

Our vision for 2021-2031 is not to reinvent Project Thrive, but to enhance it. What is the next step for our community in our journey together?

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## What our vision means

We had no way of knowing what the start of 2020 would bring. Being forced to battle a severe and enduring drought at the same time as an unprecedented global pandemic, has placed immense pressure on our community.

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Despite the immediate challenges, we are Thriving! Through Project Thrive, this core fundamental vision of a thriving and prosperous District has not changed. Now more than ever we rely on one another to thrive and, as a Council, it is our aim to bring Central Hawke's Bay through this stronger and united as one.

We have had to adapt quickly to life during a pandemic, which has led to a significant shift in how we do things. This, alongside other technological, economic, social and environmental challenges, will continue to dramatically change the nature of our work, disrupting industry and business and influencing our choices about our future.

These changes are likely to have a significant impact on the opportunities that present themselves in the future. We must adapt quickly to support our people, industry and business to overcome any challenges and instead leverage off them to create opportunities that enhance our wellbeing.

We are well located, and our community gets to experience the best of both worlds – a strong relationship to regional centres but living in a close and connected rural community that celebrates its place in the world.

We will leverage off this to actively position ourselves to take advantage of any opportunities, while retaining our unique heritage and local character. We will do this by being innovative and clever in how we attract those opportunities and respond to any challenges.

We will continue to create opportunities for all residents to know, love and engage with their towns and maintain a sense of community and connectedness.

We take our responsibility to futureproof our District seriously to ensure we invest in durable infrastructure that is environmentally responsible.

We will plan for and deliver the social infrastructure required to support our community's health and wellbeing.

We will focus on building our partnership with Te Taiwhenua ō Tamatea and support the governance capability of Māori to take a more active role in planning for the future, recognising and valuing the manawhenua relationship to land.

Achieving this vision will require a team effort. We have a highly connected and focused group of elected members, staff and strategic suppliers, all of whom have a real sense of passion and pace to deliver on the community's vision.

# Our DNA

We have identified four fundamental ways that will guide the way Council and councillors interact with our communities and lead our District.

The guiding principles will be evident in the way we engage, plan, make decisions and allocate resources on behalf of our District and residents.



**Working Together:** Central Hawke's Bay will be stronger when we work together. Partnerships and collaboration are at the core of everything we do.



**Customer Excellence:** The communities we serve are our customers. They are at the heart of our decisions, interactions and communication. We'll engage with our customers to deliver value and exceed expectations.



**Thinking Smarter:** We need to think smarter and better in everything we do. With a culture of innovation and continuous improvement we will add value to our communities.



**Planning for Tomorrow:** We will incorporate long-term thinking into everything we do, so we can futureproof Central Hawke's Bay.



# We have identified seven strategic goals for achieving this vision:



**PROUD DISTRICT**  
HE ROHE POHO KERERŪ

## Goal 1

Central Hawke's Bay is proud of its identity and place in our region and nation. We hold our head high on the national and international stage, celebrating our unique landscape from the mountains to the sea.



**PROSPEROUS DISTRICT**  
HE ROHE TŌNUI

## Goal 2

Ours is a thriving and prosperous district that is attractive to businesses. Central Hawke's Bay is enriched by the households and whānau that are actively engaged in, and contribute, to our thriving district.



**STRONG COMMUNITIES**  
HE HAPORI KAHA

## Goal 3

We have a strong community spirit and work together to support each other. Central Hawke's Bay is made up of proud communities with unique identities that come together to form a strong and thriving district.



**CONNECTED CITIZENS**  
HE KIRIRARAU WHAI HONONGA

## Goal 4

Our citizens can connect easily with each other and with those outside of our district. We all have access to everything Central Hawke's Bay has to offer and enjoy these great things together.



**SMART GROWTH**  
HE TIPU ATAMAI

## Goal 5

We grow Central Hawke's Bay in a smart and sustainable way that cherishes our identity. We use our resources intelligently and with care, to ensure they are protected for the citizens of the future.



**ENVIRONMENTALLY RESPONSIBLE**  
HE WHAKAARO NUI KI TE TAIAO

## Goal 6

Central Hawke's Bay is home to a unique and beautiful landscape. We celebrate our environment and work together to enhance our local natural wonders and resources.



**DURABLE INFRASTRUCTURE**  
HE HANGANGA MAUROA

## Goal 7

We aim to provide sound and innovative facilities and services that meet the needs of our communities today. Our infrastructure is fit for purpose and future proofs our thriving district for tomorrow.

# Goal 1



## Our goals

We will build Central Hawke's Bay's reputation as an outstanding lifestyle destination, of rich and unique cultural and rural experiences, from the mountains to the sea, with strong vibrant town centres that support communities of the future. We will build a District renowned for its great people, authentic and genuine recreation options and experiences, without the hassle or the cost of a big city location.

We will be a District that revels in our abundant natural resources and beauty, offering great places for people, attractions and opportunities that make our patch of paradise an outstanding lifestyle location to live and raise a family.

## Our approach

As locals, we know the uniqueness of our patch of paradise that is Tamatea – Central Hawke's Bay.

To support a District of the future, we need to attract young talent and keep our young people here.

Our District needs to be a location where talented people can choose to live without losing the benefits associated with an outstanding lifestyle destination.

Central Hawke's Bay is proud of its identity and place in our region and nation. We hold our head high on the national and international stage, celebrating our unique landscape from the mountains to the sea.

We want to be a district people return to because of their positive memories and the great lifestyle on show for all ages of life.

Vibrancy, great food and drink, events, open street spaces, creativity, culture and art need to be at the heart of building the liveability of our Central Hawke's Bay of the future. This will enable and support the retention and attraction of our best talent and people. We know we need to work hard to deliver on our goal and build our reputation as an outstanding rural lifestyle destination. We will do this promoting our district far and wide, attracting national events and delivering on our plans for economic and social prosperity.

To do this we must be bold and ambitious in our aspirations for the future – we must hold our head high and have the confidence to back our place – Tamatea/ Central Hawke's Bay.



# Goal 2



## PROSPEROUS DISTRICT HE ROHE TŌNUI

Ours is a thriving and prosperous district that is attractive to businesses. Central Hawke's Bay is enriched by the households and whānau that are actively engaged in, and contribute, to our thriving district.

### Goal

We will drive an overall improvement in the economic and social wellbeing of Central Hawke's Bay.

We will do this by supporting increased job opportunities, attracting new business and enabling the growth of existing businesses. We will support productivity to create more jobs and a wider range of better paying employment opportunities - overall supporting the prosperity of employees, their whanau and their employers.

With a focus on diversification, increased economic resilience and a shift from volume to value, we will enable a prosperous economy, prepared to weather the effects of market shocks and economic uncertainty.

### Our approach

The nature of work, technology and skills is continuously changing at a rapid pace. Many jobs that our community have relied on will be replaced by different types of work in the future.

The effects of COVID-19 and prolonged drought has provided a brutal reminder of the uncertainty and necessity for economic resilience across our community. New jobs and the economy of the future will require us to reposition our people and our thinking for this new world.

Central Hawke's Bay is made up of many astute and clever people and many more who are ready and wanting to return to our patch of paradise. We need to support our people and create an environment for innovative and creative industries, that enables the diversification of our land-use, supports business development and attraction, and create the skills, talent and employment our industries and businesses require.

To do this, we must work hard, invest and prioritise in our economy of the future while supporting our economy of today. We must enable our people and businesses to compete locally, nationally and internationally by ensuring the infrastructure and programmes are in place to support their success.



# Goal 3



## Our goals

We will support our community to be recognised as true treaty partners with manawhenua and to embrace active citizenship, being social leaders promoting and supporting the values of democracy, intercultural dialogue and social responsibility as key enabling competencies of the 21st century.

Central Hawke's Bay will be recognised as a leader in community citizenship in New Zealand, demonstrated through an integrated and international best practice systems approach to community wellbeing.

In our strong community, you will know you are valued – whatever your age, gender, physical ability, socio-economic status, sexuality or cultural background.

## Our approach

Active citizenship is the glue that keeps society together – simply put, if everyone merely focussed on going to work, earning a living and promoting their own individual interests, society would fall apart.

Active citizenship brings together people of all backgrounds and ages – supporting a fundamental literacy of understanding and awareness of our wider community, enabling informed judgement and the skill and courage to respond appropriately, individually or collectively.

We have a strong community spirit and work together to support each other. Central Hawke's Bay is made up of proud communities with unique identities that come together to form a strong and thriving District.

As a community, we rely on active citizenship as the backbone for local community governance. Voting, standing for election, teaching and coaching, donating to good causes, recycling and caring for the environment, campaigning and volunteering - all form the foundation of the make-up of Central Hawke's Bay. We must continue to support and enable our community of today to respond, while nurturing and developing our community of tomorrow.

To do this we must foster local community voices, creating opportunities to collaborate, support cultural awareness and accelerate the integration and awareness of challenges and opportunities of all of our people. We will work together across service providers, government agencies and our community, to ensure that no one falls through the gaps.

We will work as true treaty partners with manawhenua - the forebears of our place, to achieve the collective aspirations of Tamatea whānau, in the widest sense, and overcome the intergenerational inequities our whānau face.





# Goal 4



## CONNECTED CITIZENS

HE KIRIRARAU WHAI HONONGA



Our citizens can connect easily with each other and with those outside of our district. We all have access to everything Central Hawke's Bay has to offer and enjoy these great things together.

### Our goals

We will work to make it easy for Central Hawke's Bay people to connect with each other and to the services, facilities, infrastructure and support to unlock their individual development, health, prosperity and wellbeing, for the greater good of our community as a whole.

On behalf of our community, we will work with determination to create connected governments for our connected citizens. This will enable every citizen to feel empowered and have a meaningful impact for themselves, their whanau and their community, no matter how large or small.

### Our approach

**He aha te mea nui o te ao? He tangata, he tangata, he tangata! – What is the most important thing in the world? It is the people, the people, the people!**

Our District's towns, villages and rural communities - rather than their physical forms - are the social networks and connections that create the experiences and overall sense of inclusiveness and social, cultural and economic wellbeing we thrive on.

Strong, vibrant and active communities provide us with a sense of optimism and positivity, boosting our

personal wellbeing and our general outlook – positivity breeds positivity.

Central Hawke's Bay is experiencing a surge of optimism and buoyancy, and we want to ride that surge to support a community that is enabled with the opportunities that growth and economic optimism brings.

We want to ensure we have the building blocks of connected communities and connected citizens of the future in place.

This means we will work to futureproof our communities by planning for the social, cultural and economic connections that can be made. We'll do this physically through our open space network and improve accessibility in and between our towns. Culturally, we'll work to protect and celebrate sites of significance, our local heritage and languages. We will break-down inequities and remove the barriers to services that many in our community face. Spiritually, we will support our people in terms of personal wellbeing and access to essential services.

As a connected citizen of Central Hawke's Bay, this mahi will ensure our priority remains focussed on enhancing the lives of our people.

# Goal 5



We grow Central Hawke’s Bay in a smart and sustainable way that cherishes our identity. We use our resources intelligently and with care, to ensure they are protected for the citizens of the future.

### Our goals

We will work holistically and across activities and services to prepare our District for the growth, that being a great lifestyle location brings to Central Hawke’s Bay.

We will prioritise and recognise the impact that growth has across our community – from infrastructure, to managing the social issues that arise from poorly planned development or from the lack of development.

We will work to achieve best value for our community, and work alongside landowners, developers, builders and investors in a collaborative way to ensure development achieves the aspirations of our community now and into the future.

### Our approach

Central Hawke’s Bay is experiencing unprecedented growth, with a surge in development and population growth not seen since the peak of the 1960’s.

Increased property values, new skills and people, and unprecedented development are positive indicators for the future of our patch of paradise. This is far from the declining population and stagnant economy that Central Hawke’s Bay was experiencing in only 2013.

As a District, we have not been prepared for the levels of growth and development we are now experiencing. Our infrastructure is not ready to cope with both the development and renewal work that is now urgently required, not to mention the financial impacts that result. We need to make the best advantage of the areas of our urban networks that exist within our existing residential boundaries to maximise the historic, current and future investment that our community will need to make in our built infrastructure in particular.

Our community has clearly said that protecting the valuable agricultural lands that surround our townships is important. So too is the creation of compact, walkable, liveable town centres. Our focus will remain on working to deliver on that vision. We will maximise the development of existing brownfield and underutilised sites within our residential boundaries, before creating new residential areas. This will limit our investment exposure in new infrastructure zones.

We’ll work closely with private land owners, developers and our internal teams to plan to achieve this. This is reflected in our Integrated Spatial Plan, adopted by Council in 2020, which sets out the guiding principles that shape how we will grow as a District.



# Goal 6



**ENVIRONMENTALLY RESPONSIBLE**  
HE WHAKAARO NUI KI TE TAIAO

Central Hawke’s Bay is home to a unique and beautiful landscape. We celebrate our environment and work together to enhance our local natural wonders and resources.

## Our goals

Central Hawke’s Bay will be a sustainable and future focussed District that plans for and cares about the future. We will enhance our natural and built environment through effective infrastructure planning and the protection, maintenance and enhancement of these spaces.

As successful environmental guardians, we will ensure future generations thrive here.

## Our approach

We value the natural environment and the interconnectedness of our natural assets and our own cultural and spiritual well-being. Our response to changes in our economy, climate and society must leave our environment in a better place than when we found it.

Collectively as a community, we invest heavily in our duties to enhance our patch of paradise – whether fencing waterways and native trees on farms, celebrating our unique landscapes or reducing waste to landfill. Holistically our approach to protecting the environment extends across the vast activities of Council – from removing wastewater discharges to our waterways, to protecting our high-class soils from subdivision, and supporting the enhancement of biodiversity.

There is a significant opportunity for us to support and encourage greater sustainability practices in our community, from rainwater harvesting and stormwater management in urban areas, to advocating and supporting the diversification and resilience of our rural economy.

We will work hard to take the lead in demonstrating good practice while harnessing our natural assets, including protecting and carefully managing our safe water supply.



## OUR TARGET

By 2031 the fresh water quality of our Tukituki River will be progressively improved (not further degraded), with success measured based on the Freshwater objectives of the Tukituki River Catchment Plan 2015.



# Goal 7



## Our goal

We want to achieve the best 'bang for our buck' from our investment in infrastructure. This means ensuring we balance the achievement of longstanding infrastructure, with infrastructure that meets the needs of our communities now and into the future.

We will work holistically, adopting 'cathedral' intergenerational thinking about our investment and how it best aligns with our blueprint for growth and development for the future.

## Our approach

We face some significant financial challenges as we play catch-up to years of underinvestment and poor decision making in our infrastructure. Since 2017, we've taken a planned programme approach to addressing these challenges through our #thebigwaterstory.

We aim to provide sound and innovative facilities and services that meet the needs of our communities today. Our infrastructure is fit for purpose and future proofs our thriving district for tomorrow.

As a Council, we want to continue to build on the cathedral thinking we've developed to address some of our most complex challenges relating to wastewater, drinking water and community facilities. This means as a Council, we have developed the leadership, culture, capability and capacity necessary to develop the full understanding of our assets. We have identified the challenges and we're ready to take full advantage of the available opportunities, while managing some significant risks.

We cannot achieve this change alone, and will need to work closely with our community to prioritise the necessity of the renewal and upgrade of essential services. This needs to be balanced with the opportunities that other investments could make in the transformation of our District.





# Our Partnership Approach with Māori

Supporting and Encouraging Māori to contribute to Council Decision Making

Tautoko me te akiaki i Ngāi Māori hei āwhina i ngā whakataunga

Tangata Whenua play a hugely significant role in the District in terms of leading economic, environmental, social and cultural opportunities for the community.

This considered, the scope for Māori involvement in decision making is wide and varied. Council recognises the mana, rights, and interests of Māori, taking into account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, waahi tapu, valued flora and fauna, and other taonga.

## Tuhono Mai Tuhono Atu

In 2020 Council adopted its Māori Engagement Strategy as a channel to ensure council continues to consider and promote the current and future opportunities for Māori wellbeing.

Developed in conjunction with Te Taiwhenua o Tamatea, the Strategy seeks to ensure that as a Council and community we are acting as a key enabler in supporting Tangata Whenua to achieve their aspirations. Based on four pou that Strategy's vision is:

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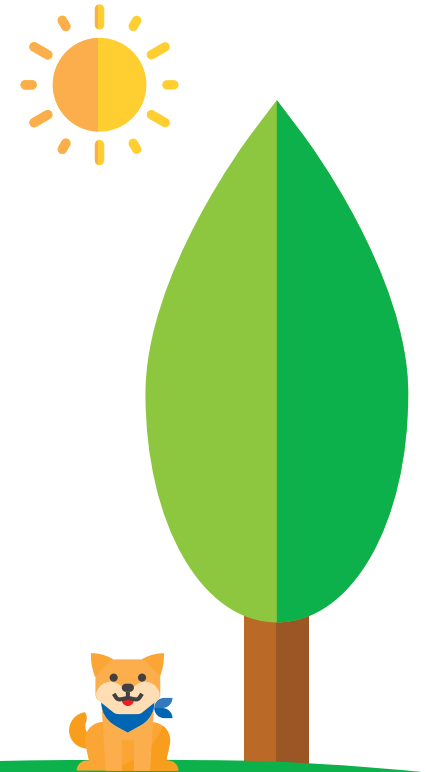
*"Together, Central Hawke's Bay values the place and role of tangata whenua in our history and our future – E ora Ngātahi ana – Together we Thrive"*

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The strategy provides a framework for priorities that contribute toward our collective aspirations for cultural development – both internally as an organisation and outward facing to our community.

Culture connects and strengthens communities, instils a sense of pride and identity and improves individual and community health and wellbeing. Māori culture, is central to our sense of New Zealand's uniqueness as a place, a society and a nation.

Our roles for Cultural Development include being a funder, partner, collaborator, leader and facilitator. We recognise that our role needs to grow, as we continue to strengthen our relationship with the people of Tamatea.



## Our Policy Approach

Our approach to partnering with Māori will continue to grow and enhance as the fires of our partnership is fanned.

Councils **Governance Policy Framework** sets the Maori Contribution to Decision Making Policy, as an integral policy in Councils overall Governance Policy Framework.

The **Māori Contribution to Decision Making Policy** recognises the special and unique position of tangata whenua of Tamatea / Central Hawke's Bay District and the important role Maori have to play in enhancing and contributing to Council's decision making processes. Its sets out that we recognise Te Tiriti o Waitangi / the Treaty of Waitangi as New Zealand's founding document. Our relationship with and responsibilities to Māori are grounded by this and guided by relevant law.

Council's **Significance and Engagement Policy** also sets out the engagement principles and practices that guide when and how council will engage with the community as part of any decision-making process. The Policy acknowledges the unique status of Māori and the wider Māori community and is committed to ensuring that it provides opportunities for Maori to contribute to in the decision making process.

## Te Tiriti o Waitangi – Treaty of Waitangi Obligations

We recognise Te Tiriti o Waitangi as the founding document between Māori and the Crown. For Council, the legislative recognition of Te Tiriti o Waitangi is provided for in the Local Government Act 2002. There are specific provisions in Parts 2 and 6 of the Act, which provide principles and requirements for Council to facilitate participation by Māori in local authority decision-making processes.

The Act states that Council must:

- Establish and maintain processes to provide opportunities for Māori to contribute to the decision making processes of the local authority
- Consider ways in which it may foster the development of Māori capacity to contribute to the decision-making processes of the local authority
- Provide relevant information to Māori for these purposes.

The Resource Management Act 1991 (RMA) is another key piece of legislation applicable to local government. Section 8 of the RMA requires all persons exercising functions and powers under it, in relation to managing the use, development, and protection of natural and physical resources, shall take into account the principles of Te Tiriti o Waitangi.



## The Tamatea Way

Tamatea/Central Hawke's Bay has always been known for doing things differently. Our growing partnership approach speaks to that, as Council, community and tangata whenua build our collective capacity and capability to engage and partner into the future in a uniquely Tamatea way.

We collectively recognise it is early days in our partnership journey and we both have considerable work ahead of us. The future is exciting and promising, as we both collectively seek to enhance the outcomes for the people of Tamatea / Central Hawke's Bay.

### What are we already doing?

#### Maori Relationships Manager – Pou Whatuia

In late 2020 Council appointed its first Pou Whatuia role to the rohe of Tamatea / Central Hawke's Bay.

The Māori Relationships Manager - Pou Whātuaia, provides advice, support and leadership to the Council, Chief Executive, senior leaders and wider staff in order to enable effective partnerships and engagement with, and meaningful participation in the Council's work and processes by tāngata whenua.

Our work in this space has already included multiple hui with marae and hapu, as well as regional partners and organisations.

#### Nga Ara Tipuna

Ngā Ara Tipuna is a partnership between Tamatea Hapū, Te Taiwhenua o Tamatea and Central Hawke's Bay District Council. Award winning 'place-based storytellers' Locales have been engaged to manage and deliver the project. A governance entity (Charitable Trust) has been established to have ultimate ownership of the assets when they are created

Ngā Ara Tipuna will be a cultural and education treasure that the people of Tamatea/Central Hawke's Bay can be proud of. It will showcase our shared history and stories, and provide a place to share these stories with visitors to the district, as well as providing a valuable resource for teachers and students. This project is just the beginning in how we as a district tell and share our unique and vibrant history.

The project has set an outstanding platform to build a sustaining partnership relationship, that has paved the way for other projects to occur at pace.



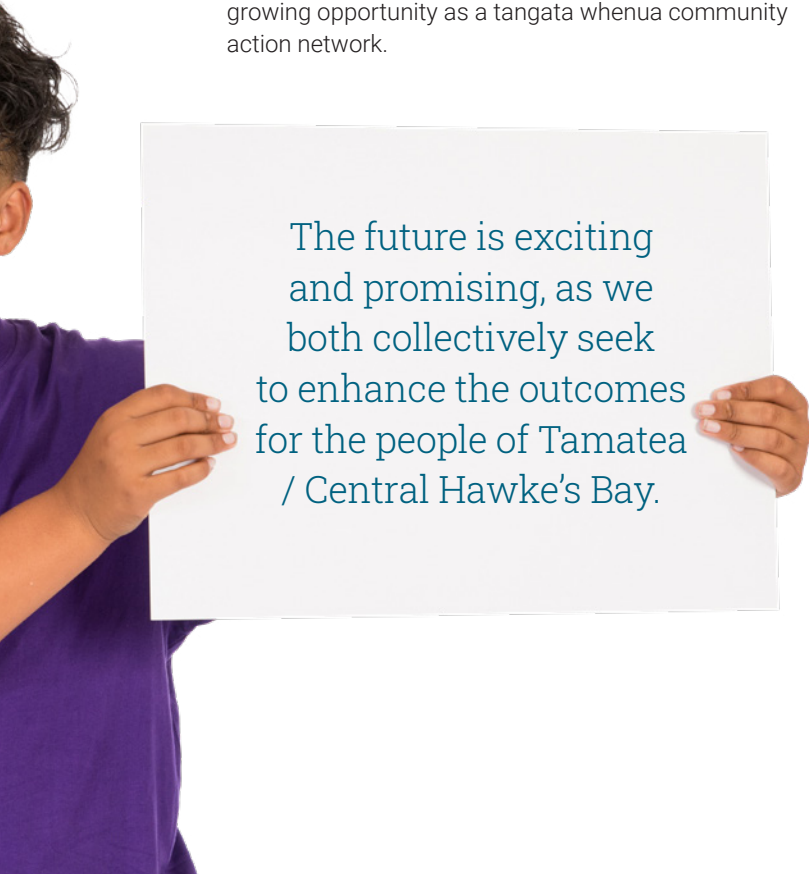


## COVID-19 – Tihei Tamatea!

From the successes of our relationships developed in Nga Ara Tipuna, when the effects of COVID-19 took effect, Council and Te Taiwhenua o Tamatea, were able to use Nga Ara Tipuna as a unique partnership springboard to respond to the effects of COVID-19.

Within hours of the first national lockdown being announced in 2020, Council and Te Taiwhenua o Tamatea had developed a working framework, has resourced a network and established the model of Tihei Tamatea.

Tihei Tamatea has now grown from strength to strength, being recognised in the community as a growing opportunity as a tangata whenua community action network.



The future is exciting  
and promising, as we  
both collectively seek  
to enhance the outcomes  
for the people of Tamatea  
/ Central Hawke's Bay.

## Kaiārahi Matua

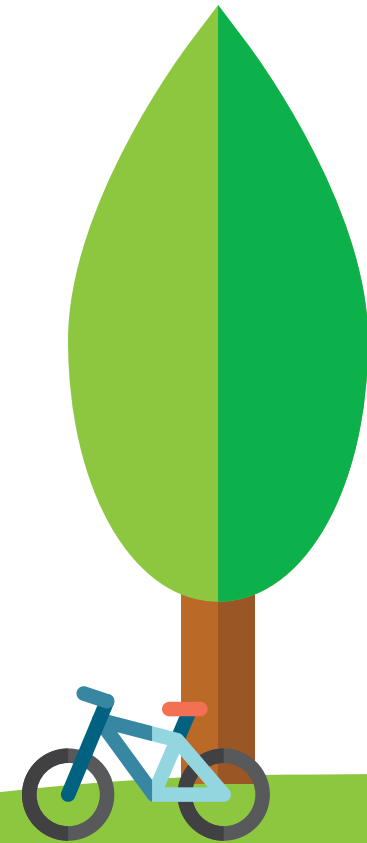
Council, while still committed to enhancing relationships with hapu and marae, recognise the role of Te Taiwhenua o Tamatea as a key vehicle to continue to support and advise Council.


This commitment is acknowledged through the appointment of a Kaiārahi Matua. The Kaiārahi Matua provides advice and guidance to Central Hawke's Bay District Council on all forms of Council business that require tangata whenua engagement.

The Kaiārahi Matua is appointed by resolution of Council, following advice and engagement from Tamatea tangata whenua leadership. Specifically, the role of Kaiārahi Matua is to:

- advocate on behalf of tangata whenua
- consider governance issues relating to obligations to tangata whenua
- report to and give advice to Council on issues or opportunities for tangata whenua
- support the Mayor, Council and Chief Executive on matters related to tangata whenua engagement and development
- provide cultural advice and support as appropriate for events, engagements and other relevant matters.

In addition to the role of Kaiārahi Matua, Council is committed to meeting with Te Taiwhenua o Tamatea board and other Tamatea tangata whenua leadership, to not only enhance the partnership and contribution to decision making but to increase visibility on common objectives and priorities.





**How are  
we going  
to get  
there?**



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**Wāhanga 2  
Section 2**

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# Groups of Activities and Services







This section shows what we are doing over the next 10 years. It shows how doing these things will support our vision of a thriving Central Hawke’s Bay and how much they are expected to cost.

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# Groups of Activities and Services – Introduction

We've got an ambitious plan to bring the vision and goals for a Thriving Central Hawke's Bay of the future to life. How the activities and services we deliver support the achievement of our community's vision and goals can be summed below.

Vision		Central Hawke's Bay – a proud and prosperous District, made up of strong communities and connected people, who respect and protect our environment and celebrate our beautiful part of New Zealand.						
Our DNA		Working Together   Customer Excellence   Thinking Smarter   Planning for Tomorrow						
Goals		 Proud District	 Prosperous District	 Strong Communities	 Connected Citizens	 Smart Growth	 Environmentally Responsible	 Durable Infrastructure
Groups of Activities:	Leadership, Governance and Consultation	✓	✓	✓	✓	✓	✓	
	Planning and Regulatory Services	✓	✓	✓		✓	✓	
	Land Transport		✓		✓			✓
	Solid Waste	✓	✓	✓	✓	✓	✓	✓
	Water Supplies	✓	✓	✓	✓	✓	✓	✓
	Wastewater	✓	✓	✓	✓	✓	✓	✓
	Stormwater						✓	✓
	Places and Open Spaces	✓	✓	✓	✓		✓	



# How are we going to get there?

The following section shows the Council's services, organised in groups of activities.

It links all of the Council's actions and activities back to our Vision, Goals and Principles to show how the Council contributes to making Central Hawke's Bay a thriving District.

## A guide to the activities within this section

### Performance Measures

Each activity has performance measures and targets. Some of the measures are narratives while others are reported on by legislative requirement.

These measures are intended to give you a general indication as to whether we are on-track and achieving the things we said we would.

### Operational Programmes

Our day to day delivery of services relies on a significantly wider and more detailed performance framework than the performance measures and the information included in the Long Term Plan.

Asset or activity management plans, along with group or activity business plans, outline the key bodies of work, risks, assumptions and other demand drivers for activities in detail.

### Activity Financial Impact Statements

This section also provides a 'Funding Impact Statement' for the Council overall, and for each Group of Activities. These statements indicate the cost for each of the coming ten years and how those costs will be funded.

### Rounding

Because the figures are rounded to the nearest thousand dollars, it sometimes appears that they do not add up, but the total represents the sum of the individual forecast amounts.

## Making sense of the numbers

The following table outlines the different financial meanings of each row of the funding impact statements through this section of the plan, and how the funds are being treated.

<b>Operational</b>	
<b>Sources of Operating Funding (Revenue)</b>	
General rates, uniform annual general charges, rates penalties	Income from general rates charged on the capital value of all properties within the District, fixed charges across the whole district (UAGC), and penalties for late payment of rates.
Targeted rates	Rates where the benefit or use of a service can be assigned to specific households or communities, such as stormwater or district growth. Includes targeted rates for water supply.
Subsidies and grants for operating purposes	Money received from other organisations that contribute to the operational cost of the service.
Fees and charges	Includes admission charges for Council facilities and regulatory fees e.g. permits, dog registration.
Internal charges and overheads recovered	Money received from other departments of the Council such as overheads and direct costs.
Interest and dividends from investments	Money earned from our savings and investments through interest and dividend payments.
Local authorities fuel tax, fines, infringement fees, and other receipts	Miscellaneous income from other sources generally not of a significant nature e.g. local authority petrol tax.
<b>Total Operating Funding</b>	<b>Total income from the day to day operation of this activity.</b>
<b>Applications of Operating Funding (Expenditure)</b>	
Payments to staff and suppliers	The day to day cost of running this activity e.g. salaries and wages, materials and services.
Finance costs	Interest payments we make on funds borrowed (loans).
Internal charges and overheads applied	Money paid to other departments of the Council such as overheads and direct costs.
Other operating funding applications	Miscellaneous expenses including bad debt expense, rates remissions and loss on disposal of assets.
<b>Total Applications of Operating Funding</b>	<b>Total operating expenditure for this activity</b>
<b>Surplus (Deficit) of Operating Funding</b>	<b>Total revenue less total expenditure.</b>

<b>Capital</b>	
<b>Sources of Capital Funding</b>	
Subsidies and grants for capital expenditure	Money received from other organisations that contribute to the capital cost of the service.
Development and Financial Contributions	Money paid by developers towards providing assets or extending existing assets to cater for increased demand due to growth, e.g. extending sewerage systems.
Increase (decrease) in debt	Borrowing money to pay for new assets, parts of assets or to fund temporary deficits, less loan repayments.
Gross proceeds from the sale of assets	Revenue to be raised from the sale of assets belonging to this activity.
Lump sum contributions	Payments made by an eligible ratepayer for the purposes of contributing to a capital project. However, we do not accept lump sum contributions for targeted rates.
Other dedicated capital funding	These largely relate to earthquake recoveries and are generally only relevant to Christchurch and the Canterbury region.
<b>Total Sources of Capital Funding</b>	<b>Total capital funding for this activity.</b>
<b>Applications of Capital Funding</b>	
Capital expenditure	Capital expenditure creating a completely new asset or extending or renewing an existing asset to provide the same or greater service than it currently provides e.g. extending a sewer pipe to increase capacity. The expenditure is split to fund level of service improvements versus population growth and/or renewal works. While a lot of our capital projects contribute to more than one of these drivers, legislation requires us to allocate each project to just one driver in the Funding Impact Statements.
Increase (decrease) in reserves	Transferring money into and from a reserve account held for a special purpose. Includes: transferring development contribution revenue to development contribution reserves; using funds from depreciation reserves, and using funds from operational reserves to provide or to assist with maintaining existing assets or services.
Increase (decrease) of investments	Net movement of investments.
<b>Total Applications of Capital Funding</b>	<b>Total capital expenditure for this activity.</b>
<b>Surplus (Deficit) of Capital Funding</b>	<b>Sources of capital funding less applications of capital funding.</b>
<b>Funding Balance</b>	<b>Net operating funding less net capital funding.</b>

Whole of Council	Annual Plan	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000	\$000	\$001	\$002	\$003	\$004	\$005	\$006	\$007	\$008	\$008
<b>Sources of operating funding</b>											
General rates, uniform annual general charges and rates penalties	13,950	15,413	16,237	16,700	17,909	18,805	19,204	19,875	20,550	20,564	22,437
Targeted rates	7,503	7,929	8,690	9,837	10,579	13,335	14,376	14,815	15,441	19,437	20,935
Subsidies and Grants for Operating Purposes	2,715	3,494	3,426	3,372	3,772	3,814	3,805	3,995	4,119	4,858	4,375
Fees, charges	4,337	5,418	5,746	5,728	5,911	6,126	6,229	6,390	6,618	6,736	6,901
Interest and dividends from investments	92	71	42	27	15	16	11	15	9	13	12
Local authorities fuel tax, fines, infringement fees and other receipts	231	224	232	240	249	257	264	272	279	287	295
<b>Total operating funding</b>	<b>28,828</b>	<b>32,548</b>	<b>34,372</b>	<b>35,905</b>	<b>38,434</b>	<b>42,351</b>	<b>43,888</b>	<b>45,362</b>	<b>47,017</b>	<b>51,896</b>	<b>54,955</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	21,325	26,446	27,344	27,273	28,825	30,584	30,494	31,459	32,979	33,645	35,831
Finance costs	419	685	1,013	1,362	1,724	2,028	2,279	2,395	2,481	2,624	2,788
Other operating funding applications	(180)	(910)	(834)	(880)	(920)	(962)	(1,001)	(1,046)	(1,092)	(1,141)	(1,191)
<b>Total applications of operating funding</b>	<b>21,565</b>	<b>26,221</b>	<b>27,524</b>	<b>27,754</b>	<b>29,629</b>	<b>31,651</b>	<b>31,772</b>	<b>32,808</b>	<b>34,367</b>	<b>35,128</b>	<b>37,427</b>
<b>Surplus (deficit) of operating funding</b>	<b>7,263</b>	<b>6,328</b>	<b>6,848</b>	<b>8,151</b>	<b>8,805</b>	<b>10,700</b>	<b>12,117</b>	<b>12,554</b>	<b>12,650</b>	<b>16,768</b>	<b>17,527</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	4,852	15,466	4,240	4,144	4,544	4,857	4,824	4,970	5,121	5,276	5,431
Development and financial contributions	107	2,072	2,133	2,197	2,263	2,331	2,396	2,467	2,541	2,617	2,690
Increase (decrease) in debt	2,762	6,954	10,751	18,153	12,270	13,408	7,400	1,157	3,562	5,447	4,834
Gross proceeds from sale of assets	35	25	26	21	22	22	23	24	24	25	26
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding</b>	<b>7,755</b>	<b>24,517</b>	<b>17,150</b>	<b>24,516</b>	<b>19,099</b>	<b>20,618</b>	<b>14,642</b>	<b>8,618</b>	<b>11,248</b>	<b>13,364</b>	<b>12,981</b>
<b>Applications of capital funding</b>											
Capital expenditure											
to meet additional demand	0	1,904	2,646	2,523	2,697	366	635	1,515	885	5,585	5,073
to improve the level of service	5,652	9,338	7,474	9,069	8,505	8,685	4,813	3,693	7,242	9,797	8,869
to replace existing assets	9,554	22,129	16,053	22,206	16,494	22,364	21,256	15,634	15,635	15,052	16,706
Increase (decrease) in reserves	0	(0)	0	(0)	(0)	(0)	(0)	0	(0)	(0)	0
Increase (decrease) of investments	(188)	(2,526)	(2,175)	(1,131)	208	(96)	55	330	136	(302)	(140)
<b>Total applications of capital funding</b>	<b>15,018</b>	<b>30,845</b>	<b>23,998</b>	<b>32,667</b>	<b>27,904</b>	<b>31,318</b>	<b>26,759</b>	<b>21,172</b>	<b>23,898</b>	<b>30,133</b>	<b>30,508</b>
<b>Surplus (deficit) of capital funding</b>	<b>(7,263)</b>	<b>(6,328)</b>	<b>(6,848)</b>	<b>(8,151)</b>	<b>(8,805)</b>	<b>(10,700)</b>	<b>(12,117)</b>	<b>(12,554)</b>	<b>(12,650)</b>	<b>(16,768)</b>	<b>(17,527)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>







# Leadership, Governance and Consultation Group

**This Group includes  
the following activities:**

Leadership, Governance and Consultation  
Social Development  
Economic Development

## What will these activities cost and how will we pay for them?

Community Leadership	Annual Plan	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000	\$000	\$001	\$002	\$003	\$004	\$005	\$006	\$007	\$008	\$008
<b>Sources of operating funding</b>											
General rates, uniform annual general charges and rates penalties	1,406	1,604	1,724	1,794	1,836	1,997	2,049	2,093	2,217	2,262	2,355
Targeted rates	0	0	0	0	0	0	0	0	0	0	0
Subsidies and Grants for Operating Purposes	35	34	35	36	37	38	39	40	41	43	44
Fees, charges	29	25	77	26	27	84	29	30	91	31	32
Interest and dividends from investments	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	0	0	0	0	0	0
<b>Total operating funding</b>	<b>1,470</b>	<b>1,663</b>	<b>1,836</b>	<b>1,856</b>	<b>1,900</b>	<b>2,119</b>	<b>2,117</b>	<b>2,163</b>	<b>2,350</b>	<b>2,336</b>	<b>2,431</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	1,142	1,145	1,301	1,275	1,306	1,497	1,478	1,505	1,665	1,628	1,696
Finance costs	0	0	0	1	1	1	0	0	0	0	0
Other operating funding applications	343	523	549	572	596	624	641	660	687	710	737
<b>Total applications of operating funding</b>	<b>1,485</b>	<b>1,668</b>	<b>1,850</b>	<b>1,848</b>	<b>1,903</b>	<b>2,122</b>	<b>2,119</b>	<b>2,165</b>	<b>2,352</b>	<b>2,338</b>	<b>2,433</b>
<b>Surplus (deficit) of operating funding</b>	<b>(15)</b>	<b>(5)</b>	<b>(14)</b>	<b>8</b>	<b>(3)</b>	<b>(3)</b>	<b>(3)</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	0	9	8	7	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding</b>	<b>0</b>	<b>9</b>	<b>8</b>	<b>7</b>	<b>(3)</b>	<b>(3)</b>	<b>(3)</b>	<b>(3)</b>	<b>(3)</b>	<b>(3)</b>	<b>(3)</b>
<b>Applications of capital funding</b>											
Capital expenditure											
to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
to improve the level of service	0	10	0	21	0	0	0	0	0	0	0
to replace existing assets	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in reserves	(15)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding</b>	<b>(15)</b>	<b>5</b>	<b>(6)</b>	<b>16</b>	<b>(6)</b>	<b>(6)</b>	<b>(6)</b>	<b>(6)</b>	<b>(6)</b>	<b>(6)</b>	<b>(6)</b>
<b>Surplus (deficit) of capital funding</b>	<b>15</b>	<b>5</b>	<b>14</b>	<b>(8)</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Funding balance</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>

	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Capital Expenditure</b>										
Economic Development Minor Expenditure	0	0	0	0	0	0	0	0	0	0
Social Development Minor Expenditure	10	0	21	0	0	0	0	0	0	0
<b>Total applications of capital funding</b>	<b>10</b>	<b>0</b>	<b>21</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# Leadership, Governance and Consultation

The Leadership, Governance and Consultation Activity supports the following goals of Council:



## CONNECTED CITIZENS

HE KIRIRARAU WHAI HONONGA



## PROUD DISTRICT

HE ROHE POHO KERERŪ

### What Council does

This activity enables elected Councillors to effectively govern the activities, services and projects delivered by the Council. Councillors must represent their communities and make decisions in an open, transparent and accountable manner.

The activity in this section supports the decision-making processes of elected members and ensures decisions are made in accordance with guiding

legislation, including the preparation of reports and other supporting functions, to ensure a functioning local democracy exists in Central Hawke's Bay.

Through this activity, funds such as the Community Voluntary Organisation Scheme (CVOS) are sourced and distributed to community organisations through the Social Development Activity.



## Measuring our Progress

The following measures describe how we will demonstrate progress and achievement in this area.

WHAT WE DO		HOW WE SHOW WE ARE DOING A GREAT JOB				
LEVEL OF SERVICE	PERFORMANCE MEASURES	BASELINE	TARGETS 2021/22	TARGETS 2022/23	TARGETS 2023/24	TARGETS 2024+
Council listens to its community, and responds efficiently and effectively, communicates well and has a 'can do' customer services attitude.	The percentage of people who consider that Council has responded well or very well to community needs and issues.	66%	85%	85%	85%	85%
	The percentage of formal consultation which follows legislative and policy requirements.	100%	100%	100%	100%	100%
	The percentage of people who consider that Council has engaged and communicated well about Council business.	New	85%	85%	85%	85%
	Iwi and Marae report to be satisfied with the level of engagement and partnership with Central Hawke's Bay District Council.	New	50%	60%	70%	80%

### Key documents and Links

- [Governance Statement \(February 2020\)](#)
- [About Central Hawke's Bay District Council](#)
- Local Government Act 2002
- Local Electoral Act 2001
- Local Government Official Information and Meetings Act 1987

# Social Development

The Social Development Activity supports the following goals of Council:



**ENVIRONMENTALLY RESPONSIBLE**  
HE WHAKAARO NUI KI TE TAIAO



**PROSPEROUS DISTRICT**  
HE ROHE TŌNUI



**SMART GROWTH**  
HE TIPU ATAMAI



**STRONG COMMUNITIES**  
HE HAPORI KAHA

## What Council does

Council provides Social Development services to foster the growth of community social assets.

Council's role is to advocate, facilitate and co-ordinate the sustained enablement and enhancement of the community's social wellbeing.

Primarily this is achieved through the implementation of the District's Community Wellbeing Strategy, along with the management of the 'network of networks' which provides important social services and connections across the District and Region.

The activity also co-ordinates Council's community planning programme, with successful results already in Ongaonga and Takapau, and other plans to be delivered over the life of this plan.

The distribution of Community Funding, both funded by Council and other organisations such as Creative NZ, is also a major focus of this activity.



## Cost over 10 years



Operating Expenditure  
**\$4,073,360**



Capital Expenditure  
**\$31,177**

## Measuring our Progress

The following measures describe how we will demonstrate progress and achievement in this area.

WHAT WE DO	HOW WE SHOW WE ARE DOING A GREAT JOB					
LEVEL OF SERVICE	PERFORMANCE MEASURES	BASELINE	TARGETS 2021/22	TARGETS 2022/23	TARGETS 2023/24	TARGETS 2024+
Council has a strong voice so that it can, in partnership with community, advocate and lead change in social issues and opportunities for the District.	The percentage of the community satisfied with the Social Development activity of Council.	89%	95%	95%	95%	95%
	Council implements the Social Wellbeing Strategy.	New	100%	100%	100%	100%
Council creates opportunities for the community to build capacity and is resourced to deliver on community priorities.	The percentage of community groups associated with the Social Wellbeing Network that are satisfied with the advice and support provided by Council. Council supports community groups to achieve their goals.	New	85%	85%	85%	85%
	The percentage of community groups supported by Council are satisfied with the level of service provided.	New	100%	100%	100%	100%

### Key documents and Links

- Community Wellbeing Strategy
- Community Development Activity Management Plan



# Economic Development

The District Planning Activity supports the following goals of Council:



**ENVIRONMENTALLY RESPONSIBLE**  
HE WHAKAARO NUI KI TE TAIAO



**PROSPEROUS DISTRICT**  
HE ROHE TŌNUI



**SMART GROWTH**  
HE TIPU ATAMAI



**STRONG COMMUNITIES**  
HE HAPORI KAHA

## What Council does

This activity primarily supports the sustainable economic wellbeing and prosperity of Central Hawke's Bay. Primarily delivered through the delivery of the District's Economic Development Action Plan 2019, it leveraging on coordinated leadership and the facilitation of shared outcomes.

In 2019 and 2020, this activity supported the attraction of over \$30 million of funds through the Provincial Growth Fund (PGF). Having received that funding, the focus now also includes the achievement of sustainable and long term benefits associated with those funded projects. Projects include upgrading the road from Pōrangahau to Waipukurau (\$20.1m) and Nga Ara Tipuna ki Tamatea (\$2.8m) a unique partnership project with manawhenua.

## Setting the foundations for Economic Success

In 2019 and 2020 Council completed key planning documents that set the future direction for Economic Development Activity in the District. These are the:

### Economic Development Action Plan 2019

Funded through the Provincial Growth Fund, Council has completed an Economic Development Action Plan 2019 that sets out seven pillars and key actions, both short and long term, to promote sustainable economic wellbeing.

### Central Hawke's Bay Tourism Destination Plan and Needs Assessment

Funding the through Tourism Infrastructure Fund, the Tourism Destination Plan and Needs Assessment 2020 outlines key bodies of work that continue the promotion of Central Hawke's Bay with our partner organisation Hawke's Bay Tourism.

## Cost over 10 years



Operating Expenditure  
**\$3,980,692**



Capital Expenditure  
**\$0**



## Measuring our Progress

The following measures describe how we will demonstrate progress and achievement in this area.

WHAT WE DO	HOW WE SHOW WE ARE DOING A GREAT JOB					
LEVEL OF SERVICE	PERFORMANCE MEASURES	BASELINE	TARGETS 2021/22	TARGETS 2022/23	TARGETS 2023/24	TARGETS 2024+
Council supports the enhancement of economic wellbeing by the delivery of increased job opportunities, a diversified and resilient local economy and increased productivity.	Council implements the 2019 Economic Development Action Plan (Implementation Plan)	New	100%	100%	100%	100%
	Representatives (%) of the Economic Leadership Group that are satisfied that the 2019 Economic Development Action Plan deliverables are being achieved.	New	90%	90%	90%	90%

### Key documents and Links

- [Central Hawke's Bay Tourism Destination Plan and Needs Assessment 2020](#)
- [Central Hawke's Bay Economic Development Action Plan 2019](#)
- [Central Hawke's Bay Economic Development](#)
- [www.greatthingsgrowhere.co.nz](http://www.greatthingsgrowhere.co.nz)

# Land Transport

The Land Transport Activity supports the following goals of Council:



**CONNECTED CITIZENS**  
HE KIRIRARAU WHAI HONONGA



**DURABLE INFRASTRUCTURE**  
HE HANGANGA MAUROA



**PROSPEROUS DISTRICT**  
HE ROHE TŌNUI

## What Council does

Council is the road controlling authority for Central Hawke’s Bay. Our role is to provide a transport system that improves wellbeing and liveability by providing safe, sustainable, reliable, efficient, and effective movement of people and goods.

The existing transport network is a significant part of the District’s core infrastructure and contributes to the social and economic wellbeing of residents, visitors and businesses.

Our transport network is essential to the continued growth and economic success of Central Hawke’s Bay District and must be managed safely, efficiently and effectively now and in the future.

## Funding Assistance Rate (FAR)

As part of the National Land Transport Programme run by the Waka Kotahi NZ Transport Agency, each Council receives a Funding Assistance Rate (FAR). This offsets the rates cost of local land transport activities such as local road maintenance and improvements, public transport and cycling improvements.

Currently Council receives a 61% FAR from Waka Kotahi NZ Transport Agency, with rates forming less than 40% of the cost of current subsidised works we complete.

The FAR rate we receive is forecast to decrease over this Long Term Plan, with the formula used to calculate the rate based on factors including the District’s level of deprivation – also forecast to decrease over the life of this plan. This means that ratepayers will have to pay more for the cost of everyday roading services, as the FAR rate drops from 61% to 59% in the next three years.



### Cost over 10 years

	
<p>Operating Expenditure <b>\$82.17m</b></p>	<p>Capital Expenditure <b>\$91.14m</b></p>

## Measuring our Progress

The following measures describe how we will demonstrate progress and achievement in this area.

WHAT WE DO	HOW WE SHOW WE ARE DOING A GREAT JOB					
LEVEL OF SERVICE	PERFORMANCE MEASURES	BASELINE	TARGETS 2021/22	TARGETS 2022/23	TARGETS 2023/24	TARGETS 2024+
To deliver safe, reliable and lasting road assets that connect our people and places, and allow our district to prosper.	Reduce fatalities and serious crashes on the local road network to zero.	2020: 1 Fatality 4 Serious Injury	Reduce to zero	Reduce to zero	Reduce to zero	Reduce to zero
	The average quality of ride on a sealed local road network, measured by smooth travel exposure.	88.3%	Between 85% and 90%	Between 85% and 90%	Between 85% and 90%	Between 85% and 90%
	At least 20% of the footpaths in excellent condition and no more than 10% of the footpaths in poor condition measured annually.	No footpath condition rating was completed during 2019/2020	Excellent >50% Poor <10%	Excellent >50% Poor <10%	Excellent >50% Poor <10%	Excellent >50% Poor <10%
	The percentage of the sealed local road network that is resurfaced.	6.5%	Between 4% and 10%	Between 4% and 10%	Between 4% and 10%	Between 4% and 10%
	The percentage of customer service requests relating to roads and footpaths to which we respond to within three working days.	88%	100%	100%	100%	100%
	The percentage of users satisfied with the roading service provided.	72%	90%	90%	90%	90%

### Key documents and Links

- Land Transport Strategic Framework
- Land Transport Activity Management Plan



## Significant Negative Impacts

Significant Negative Impacts associated with the Land Transport activity are:

- Injuries and fatalities from accidents on roads which bear both a personal cost and a significant cost to society
- Air, water and noise pollution from dust, vehicle contaminants and stormwater erosion that results from the roading network.
- Loss of or restrictions to parts of the roading network from events like storms and floods or increased roughness from things like overuse, poor driving or inadequate maintenance on metal roads have an impact on the mobility of people and cost both economically and socially.

## What will these activities cost and how will we pay for them?

Land Transport	Annual Plan	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000	\$000	\$001	\$002	\$003	\$004	\$005	\$006	\$007	\$008	\$008
<b>Sources of operating funding</b>											
General rates, uniform annual general charges and rates penalties	6,854	6,967	7,122	7,316	7,945	8,218	8,262	8,566	8,843	9,057	9,390
Targeted rates	0	0	0	0	0	0	0	0	0	0	0
Subsidies and Grants for Operating Purposes	2,613	3,198	3,121	3,059	3,449	3,482	3,464	3,645	3,759	3,800	3,995
Fees, charges	36	63	65	67	69	71	73	75	77	79	82
Interest and dividends from investments	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	162	166	171	176	181	186	192	197	203	208	214
<b>Total operating funding</b>	<b>9,664</b>	<b>10,394</b>	<b>10,479</b>	<b>10,618</b>	<b>11,644</b>	<b>11,957</b>	<b>11,990</b>	<b>12,483</b>	<b>12,882</b>	<b>13,144</b>	<b>13,680</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	4,705	5,349	5,331	5,328	5,975	6,038	6,017	6,326	6,525	6,601	6,934
Finance costs	0	0	0	0	0	0	0	0	0	0	0
Other operating funding applications	1,497	1,792	1,918	1,998	2,091	2,238	2,185	2,259	2,346	2,414	2,501
<b>Total applications of operating funding</b>	<b>6,201</b>	<b>7,141</b>	<b>7,249</b>	<b>7,326</b>	<b>8,066</b>	<b>8,276</b>	<b>8,202</b>	<b>8,585</b>	<b>8,871</b>	<b>9,016</b>	<b>9,435</b>
<b>Surplus (deficit) of operating funding</b>	<b>3,463</b>	<b>3,253</b>	<b>3,231</b>	<b>3,292</b>	<b>3,578</b>	<b>3,681</b>	<b>3,788</b>	<b>3,898</b>	<b>4,011</b>	<b>4,128</b>	<b>4,245</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	4,852	12,466	4,240	4,144	4,544	4,682	4,824	4,970	5,121	5,276	5,431
Development and financial contributions	3	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	0	0	0	0	0	0	0	0	0	0	0
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding</b>	<b>4,855</b>	<b>12,466</b>	<b>4,240</b>	<b>4,144</b>	<b>4,544</b>	<b>4,682</b>	<b>4,824</b>	<b>4,970</b>	<b>5,121</b>	<b>5,276</b>	<b>5,431</b>
<b>Applications of capital funding</b>											
Capital expenditure											
to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
to improve the level of service	1,000	1,250	1,256	1,263	1,374	1,416	1,460	1,506	1,552	1,600	1,648
to replace existing assets	7,299	14,303	6,048	6,007	6,582	6,781	6,985	7,196	7,414	7,638	7,862
Increase (decrease) in reserves	19	166	166	166	166	166	166	166	166	166	166
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding</b>	<b>8,318</b>	<b>15,719</b>	<b>7,471</b>	<b>7,436</b>	<b>8,122</b>	<b>8,363</b>	<b>8,612</b>	<b>8,868</b>	<b>9,132</b>	<b>9,405</b>	<b>9,676</b>
<b>Surplus (deficit) of capital funding</b>	<b>(3,463)</b>	<b>(3,253)</b>	<b>(3,231)</b>	<b>(3,292)</b>	<b>(3,578)</b>	<b>(3,681)</b>	<b>(3,788)</b>	<b>(3,898)</b>	<b>(4,011)</b>	<b>(4,128)</b>	<b>(4,245)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>

	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Capital Expenditure</b>										
Drainage	850	850	850	934	963	993	1,024	1,056	1,088	1,121
Footpaths	391	391	391	430	443	457	471	486	501	516
Sealed Roads	2,821	2,558	2,508	2,748	2,831	2,916	3,004	3,095	3,188	3,281
Unsealed Roads	659	667	675	739	761	784	807	831	856	881
Sealing Unsealed Roads	200	206	213	220	227	234	241	248	256	264
Bridges and other Structures	940	940	940	1,029	1,060	1,091	1,124	1,158	1,192	1,227
Carparks	6	6	6	7	7	7	7	7	8	8
Pavement & Traffic Facilities	950	950	950	1,041	1,073	1,105	1,138	1,173	1,208	1,243
Vegetation Control	110	110	110	121	125	129	132	137	141	145
HPMV Route Resilience (PGF Funded)	8,000	0	0	0	0	0	0	0	0	0
Other	625	626	627	687	708	730	753	776	800	824
<b>Total applications of capital funding</b>	<b>15,553</b>	<b>7,304</b>	<b>7,270</b>	<b>7,956</b>	<b>8,197</b>	<b>8,446</b>	<b>8,702</b>	<b>8,966</b>	<b>9,238</b>	<b>9,510</b>



## Places and Open Spaces Group



**This Group includes the following activities:**

- Reserves and Open Spaces
- Retirement Housing
- Public Toilets
- Community Facilities
- Libraries
- Cemeteries



## What will these activities cost and how will we pay for them?

<b>Recreation and Community Facilities</b>	<b>Annual Plan</b>	<b>LTP</b>	<b>LTP</b>	<b>LTP</b>	<b>LTP</b>	<b>LTP</b>	<b>LTP</b>	<b>LTP</b>	<b>LTP</b>	<b>LTP</b>	<b>LTP</b>
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$001</b>	<b>\$002</b>	<b>\$003</b>	<b>\$004</b>	<b>\$005</b>	<b>\$006</b>	<b>\$007</b>	<b>\$008</b>	<b>\$008</b>
<b>Sources of operating funding</b>											
General rates, uniform annual general charges and rates penalties	3,644	4,166	4,453	4,732	4,861	5,121	5,176	5,553	5,644	5,297	6,390
Targeted rates	0	0	0	0	0	0	0	0	0	0	0
Subsidies and Grants for Operating Purposes	13	2	2	2	3	3	3	3	3	691	3
Fees, charges	746	776	916	986	1,020	1,049	1,078	1,112	1,143	1,175	1,207
Interest and dividends from investments	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	51	43	44	45	46	48	49	50	52	53	55
<b>Total operating funding</b>	<b>4,454</b>	<b>4,987</b>	<b>5,415</b>	<b>5,765</b>	<b>5,930</b>	<b>6,220</b>	<b>6,305</b>	<b>6,718</b>	<b>6,841</b>	<b>7,217</b>	<b>7,654</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	2,659	3,547	3,277	3,453	3,520	3,621	3,703	3,844	4,112	4,051	4,180
Finance costs	98	115	127	141	163	178	182	185	206	306	343
Other operating funding applications	934	1,008	1,069	1,118	1,167	1,220	1,249	1,294	1,348	1,393	1,445
<b>Total applications of operating funding</b>	<b>3,691</b>	<b>4,669</b>	<b>4,473</b>	<b>4,713</b>	<b>4,849</b>	<b>5,019</b>	<b>5,134</b>	<b>5,323</b>	<b>5,666</b>	<b>5,751</b>	<b>5,968</b>
<b>Surplus (deficit) of operating funding</b>	<b>763</b>	<b>318</b>	<b>941</b>	<b>1,052</b>	<b>1,080</b>	<b>1,202</b>	<b>1,171</b>	<b>1,395</b>	<b>1,175</b>	<b>1,466</b>	<b>1,686</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	0	0	0	0	0	175	0	0	0	0	0
Development and financial contributions	4	173	178	183	188	193	199	204	210	216	222
Increase (decrease) in debt	129	406	516	569	860	609	163	136	833	3,974	1,455
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding</b>	<b>133</b>	<b>578</b>	<b>694</b>	<b>751</b>	<b>1,048</b>	<b>977</b>	<b>362</b>	<b>341</b>	<b>1,042</b>	<b>4,190</b>	<b>1,677</b>
<b>Applications of capital funding</b>											
<b>Capital expenditure</b>											
to meet additional demand	0	0	51	0	54	0	288	769	517	863	784
to improve the level of service	326	193	474	656	1,014	1,172	247	525	664	3,890	1,884
to replace existing assets	586	683	912	892	809	756	743	940	773	754	1,359
Increase (decrease) in reserves	(16)	20	198	255	252	251	256	(499)	263	148	(663)
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding</b>	<b>897</b>	<b>896</b>	<b>1,635</b>	<b>1,803</b>	<b>2,129</b>	<b>2,179</b>	<b>1,533</b>	<b>1,736</b>	<b>2,218</b>	<b>5,656</b>	<b>3,363</b>
<b>Surplus (deficit) of capital funding</b>	<b>(763)</b>	<b>(318)</b>	<b>(941)</b>	<b>(1,052)</b>	<b>(1,080)</b>	<b>(1,202)</b>	<b>(1,171)</b>	<b>(1,395)</b>	<b>(1,175)</b>	<b>(1,466)</b>	<b>(1,686)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>

	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Capital Expenditure</b>										
Campgrounds	29	26	439	17	55	18	18	87	94	20
Cemeteries	10	82	17	11	11	12	46	29	255	40
Community Buildings & Halls	72	69	99	89	92	94	218	100	991	105
Council Admin Building	0	0	0	0	0	0	0	0	0	0
Cycleways & Walkways	0	144	16	153	0	374	0	608	863	161
Libraries	160	162	138	168	164	161	306	174	188	195
Open Spaces	69	36	217	276	433	28	1,035	271	531	1,093
Parks & Reserves	184	349	294	486	140	319	321	91	94	1,112
Public Pools	8	8	8	57	704	9	9	9	49	56
Public Toilets	37	366	108	259	42	43	44	45	47	131
Retirement Housing	193	113	116	120	123	127	130	103	106	109
Theatres & Museums	115	83	85	242	152	92	95	98	100	1,002
Waipukurau Community Hall Earthquake Strengthening	0	0	11	0	11	0	12	0	13	0
Waipukurau Library Construction	0	0	0	0	0	0	0	338	2,177	0
<b>Total applications of capital funding</b>	<b>876</b>	<b>1,437</b>	<b>1,548</b>	<b>1,877</b>	<b>1,928</b>	<b>1,277</b>	<b>2,235</b>	<b>1,954</b>	<b>5,508</b>	<b>4,026</b>



# Reserves and Open Spaces

The Reserves and Open Spaces Activity supports the following goals of Council:



**CONNECTED CITIZENS**  
HE KIRIRARAU WHAI HONONGA



**ENVIRONMENTALLY RESPONSIBLE**  
HE WHAKAARO NUI KI TE TAIAO



**PROSPEROUS DISTRICT**  
HE ROHE TŌNUI



**PROUD DISTRICT**  
HE ROHE POHO KERERŪ



**STRONG COMMUNITIES**  
HE HAPORI KAHA

## What Council does

This activity manages open spaces and parks across Central Hawke's Bay.

This includes active and passive recreation, playgrounds, sportsfields and walking tracks. The activity beautifies and celebrates our townscape and special places and promotes pride in our places. Providing quality public open spaces gives our locals spaces to enjoy, promotes the District and attract visitors.

Some sites provide attractive venues for our community. Reserves alongside riverbanks, lakes, or the coast provide for passive recreation, access to water, and promote conservation values.

We also maintain some reserves that provide, for operational purposes, access or drainage. This activity works with other community groups and organisations to develop walking and cycling facilities in our District and the Hawke's Bay Region.



**Cost over 10 years**

	
Operating Expenditure <b>\$16.35m</b>	Capital Expenditure <b>\$10.34m</b>

## Measuring our Progress

The following measures describe how we will demonstrate progress and achievement in this area.

WHAT WE DO	HOW WE SHOW WE ARE DOING A GREAT JOB					
LEVEL OF SERVICE	PERFORMANCE MEASURES	BASELINE	TARGETS 2021/22	TARGETS 2022/23	TARGETS 2023/24	TARGETS 2024+
Council provides a range of parks and reserves that are affordable, well maintained, safe and provide for the recreational (play and sport), cultural, and environmental well-being of the community.	Monitoring the number of health and safety incidents or injuries due to inadequate or poor maintenance in our parks, reserves and sportsgrounds.	New	0	0	0	0
	The percentage of residential dwellings within 10 minute walk (pedshed ) of a Council owned or supported playground.	New	60%	60%	60%	70-90%
	The percentage of urban dwellings within 10 minute walk (pedshed) of a park or community open space.	New	60%	60%	60%	70-90%
	The percentage of people that have used or visited a park, reserve or open space in the last 12 months.	78%	80%	80%	80%	80%
	The percentage of people that are satisfied with the parks, reserves, and open spaces.	95%	90%	90%	90%	90%

### Key documents and Links

- Reserves and Open Spaces Asset Management Plan 2020
- Reserves Act 1977

# Retirement Housing

The Retirement Housing Activity supports the following goals of Council:



**CONNECTED CITIZENS**  
HE KIRIRARAU WHAI HONONGA



**STRONG COMMUNITIES**  
HE HAPORI KAHA

## What Council does

Council owns and operates 48 flats across Waipukurau and Waipawa, providing retirement housing to those aged over 60.

Our aged population is increasing. Demand for housing is high and a long waiting list exists for retirement housing. In late 2020 the Council considered a Section 17a review of the Retirement Housing Activity, and confirmed it would retain the portfolio of housing it currently owns. The decision was taken to increase rents across the portfolio to cover the cost maintenance and renewal work. This increase means the Council is able retain its retirement portfolio for older residents, without financially impacting ratepayers.

## Cost over 10 years



Operating Expenditure  
**\$3.71m**



Capital Expenditure  
**\$1.24m**

These costs are 100% funded by rents - no rates are contributed to the activity

## Measuring our Progress

The following measures describe how we will demonstrate progress and achievement in this area.

WHAT WE DO	HOW WE SHOW WE ARE DOING A GREAT JOB					
LEVEL OF SERVICE	PERFORMANCE MEASURES	BASELINE	TARGETS 2021/22	TARGETS 2022/23	TARGETS 2023/24	TARGETS 2024+
Council provides safe, well maintained and comfortable community housing for our Retired Community.	Tenants' overall satisfaction with Council's Retirement Housing service.	100%	95%	95%	95%	95%

### Key documents and Links

- <https://www.chbdc.govt.nz/services/housing/retirement-housing>

# Public Toilets

The Public Toilets Activity supports the following goals of Council:



**ENVIRONMENTALLY RESPONSIBLE**  
HE WHAKAARO NUI KI TE TAIAO



**PROSPEROUS DISTRICT**  
HE ROHE TŌNUI

## What Council does

The Council provides and maintains 15 Public Toilets across the District. You can find these at parks and other prominent locations in the District.

Public conveniences meet the needs of our community and visitors as they are out and about. They are located for the convenience of people using spaces and facilities such as beaches and playgrounds, or as they travel through the District.

## Cost over 10 years



Operating Expenditure  
**\$3.63m**



Capital Expenditure  
**\$1.12m**

## Measuring our Progress

The following measures describe how we will demonstrate progress and achievement in this area.

WHAT WE DO	HOW WE SHOW WE ARE DOING A GREAT JOB					
LEVEL OF SERVICE	PERFORMANCE MEASURES	BASELINE	TARGETS 2021/22	TARGETS 2022/23	TARGETS 2023/24	TARGETS 2024+
Council provides public toilets that are clean, safe, in good working order and meet the needs of our community and visitors.	The number of complaints we receive about inadequate maintenance and poor cleaning of our toilets.	New	<10 complaints	<8 complaints	<6 complaints	< 6 complaints

### Key documents and Links

- <https://www.chbdc.govt.nz/our-district/facilities/public-toilets/>
- Community Facilities Asset Management Plan

# Community Facilities

The Community Facilities Activity supports the following goals for Council:



**CONNECTED  
CITIZENS**  
HE KIRIRARAU WHAI HONONGA



**PROUD  
DISTRICT**  
HE ROHE POHO KERERŪ



**STRONG  
COMMUNITIES**  
HE HAPORI KAHA

## What Council does

The Council manages built community assets and places – including halls, museums, theatres, swimming pools and the council administration building.

Our primary role is in the provision and management of these facilities on behalf of our community, regularly liaising directly with users, lessees or operators of the facilities.

We directly manage the Central Hawke’s Bay Municipal Theatre, and lease the Waipukurau Civic Theatre. We also support a number of hall committees in the operation of Council and community owned halls.

We manage and operate the Waipawa and Districts Centennial Memorial Pool and provide an operational grant to the Central Hawke’s Bay Community Trust for the operation of the A.W Parsons Pool. We employ staff on behalf of the Central Hawke’s Bay Museum and provide an operational grant towards its operation each year.

## Community Facilities Strategy – Responding to challenges

In 2020 we were shocked and disappointed that we had to suddenly close the Waipukurau Library and place restrictions on the Waipukurau Memorial Hall, after both were identified as Earthquake prone. This follows community expectation that the buildings had been strengthened as part of upgrade works completed in 2016 and 2017.

Council’s community facilities also face a number of other challenges, including significant deferred maintenance and investment requirements.

The first year of the LTP 2021–2031, allocates funding for the development of a Community Facilities Strategy, which will enable us to strategically respond to the challenges we face.

We expect to complete the strategy in early 2022 for inclusion in the 2024 – 2034 Long Term Plan.





## Measuring our Progress

The following measures describe how we will demonstrate progress and achievement in this area.

WHAT WE DO	HOW WE SHOW WE ARE DOING A GREAT JOB					
LEVEL OF SERVICE	PERFORMANCE MEASURES	BASELINE	TARGETS 2021/22	TARGETS 2022/23	TARGETS 2023/24	TARGETS 2024+
Council provides safe, affordable and appropriate facilities that provide for the cultural and social well-being of our community. These, that are activated and vibrant community spaces used by our community.	The number of Community users of the Waipawa Pool.	12,133	12,000	13,000	14,000	14,000+
	The percentage of users that were satisfied with community halls.	New	60%	60%	60%	60%

### Cost over 10 years



Operating  
Expenditure  
**\$15.36m**



Capital  
Expenditure  
**\$4.92m**

#### Key documents and Links

- <https://www.chbdc.govt.nz/our-district/facilities/community-halls/>
- <https://www.chbdc.govt.nz/our-district/facilities/swimming-pools/>
- Community Facilities Asset Management Plan
- [A.W Parsons Heated Pool Complex](#)

# Libraries

The Libraries Activity supports the following goals for Council:



**CONNECTED  
CITIZENS**  
HE KIRIRARAU WHAI HONONGA



**PROUD  
DISTRICT**  
HE ROHE POHO KERERŪ



**STRONG  
COMMUNITIES**  
HE HAPORI KAHA

## What Council does

Libraries provide a space where our community can fully participate in society, providing social connectedness, lifelong learning and literacy in the widest sense – from celebrating the love of reading, to developing skills related to business, the arts or science.

Central Hawke's Bay is serviced by two libraries in Waipawa and Waipukurau, as well as a range of online services to our community.

In addition to traditional lending services, libraries provide a range of programmes, online services and opportunities for social connectedness, including free wifi 24/7. The programmes on offer seek to break down barriers many face and empower our community to lead better lives.

## Libraries Strategic Framework

The service is guided by a Strategic Framework adopted in 2019, the first ever strategic plan for the service. The Strategic Framework is guided by the outcomes and vision in Project Thrive, 'Connecting Minds, Creating Futures'. This vision is supported by four goals:

1. Leading the Way – Relevant to all
2. Facilitators for discovery, innovation and lifelong learning
3. Empowering our community to lead better lives
4. Inspiring everyone to thrive

Guided by our Libraries Strategic Framework, our libraries are transitioning into providing services that have wide ranging relevance to our community.

## Cost over 10 years



Operating  
Expenditure  
**\$9.21m**



Capital  
Expenditure  
**\$4.41m**

## Measuring our Progress

The following measures describe how we will demonstrate progress and achievement in this area.

WHAT WE DO	HOW WE SHOW WE ARE DOING A GREAT JOB					
LEVEL OF SERVICE	PERFORMANCE MEASURES	BASELINE	TARGETS 2021/22	TARGETS 2022/23	TARGETS 2023/24	TARGETS 2024+
Our libraries are inclusive places, and all people are encouraged to make use of the library's services.	The number of people visiting our libraries (physical).	Based on 2018/2019 Physical visits Waipukurau 81,942 Waipawa 66,000	Waipukurau 81000 Waipawa 66,000	Waipukurau 81,000 Waipawa 66,000	Waipukurau 81,000 Waipawa 66,000	Waipukurau 81,000 Waipawa 66,000
	The number of digital visits through our website, online databases, and platforms.	Based on 2019/20 12,000 digital visit.	12,000	12,000	12,500	12,000
Council will provide a range of information services for community to access.	Levels of issues per capita per annum - both physical and digital.	Based on Public Library Stats 2018/19 8 issues per capita.		"8 issues per capita" across all four years	"8 issues per capita" across all four years	"8 issues per capita" across all four years
Council will provide a range of activities and learning opportunities.	The number of events and programmes available and participants.	Based on 2019/20 400 events and programmes.	400	400	400	400 events and programmes
	Participants of events including programs, exhibitions, author events, and classes.	6,000	6,000	6,000	6,000	6,000

### Key documents and Links

- Libraries Activity Management Plan
- <https://www.chblibrary.nz/>

# Cemeteries

The Cemeteries Activity supports the following goals for Council:



**ENVIRONMENTALLY RESPONSIBLE**  
HE WHAKAARO NUI KI TE TAI AO



**PROUD DISTRICT**  
HE ROHE POHO KERERŪ

## What Council does

The Council provides and maintains cemeteries across the District, maintaining accurate records of lost loved ones.

We provide and operate eleven operational cemeteries and four closed cemeteries in the District.

The history and essence of our community is contained within our cemeteries. The community expects attractive and peaceful cemetery facilities

to celebrate the lives of their loved ones, which into the future will need to cater for a growing range of differing needs and preferences.

Families and loved ones can arrange burials at Council's cemeteries or through the services of a funeral director.

Providing and managing cemeteries is carried out in accordance with the Burial and Cremations Act 1964.

## Cost over 10 years



Operating Expenditure  
**\$3.30m**



Capital Expenditure  
**\$0.63m**

## Measuring our Progress

The following measures describe how we will demonstrate progress and achievement in this area.

WHAT WE DO	HOW WE SHOW WE ARE DOING A GREAT JOB					
LEVEL OF SERVICE	PERFORMANCE MEASURES	BASELINE	TARGETS 2021/22	TARGETS 2022/23	TARGETS 2023/24	TARGETS 2024+
Council looks after its Cemetery grounds, providing a special place of remembrance for loved ones amongst attractive and well-maintained grounds.	The percentage of the community satisfied with the condition and maintenance of our Districts cemeteries.	97% of residents were satisfied in the 2019/20 residents opinion survey.	90%	90%	90%	90%
	No complaints about late or inadequate interment services at our cemeteries.	New	100%	100%	100%	100%

### Key documents and Links

- <https://www.chbdc.govt.nz/services/cemeteries/>



# Planning and Regulatory Services



## **This Group includes the following activities:**

- District Planning
- Building Control
- Animal Services
- Compliance and Monitoring
- Environmental Health
- Land Use and Consenting
- Solid Waste
- Stormwater
- Wastewater
- Water Supply

## What will these activities cost and how will we pay for them?

Planning and Regulatory	Annual Plan	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000	\$000	\$001	\$002	\$003	\$004	\$005	\$006	\$007	\$008	\$008
<b>Sources of operating funding</b>											
General rates, uniform annual general charges and rates penalties	823	1,238	1,428	1,434	1,543	1,688	1,805	1,882	2,030	2,048	2,223
Targeted rates	0	0	0	0	0	0	0	0	0	0	0
Subsidies and Grants for Operating Purposes	0	0	0	0	0	0	0	0	0	0	0
Fees, charges	1,393	1,686	1,805	1,879	1,931	1,987	2,046	2,098	2,157	2,223	2,277
Interest and dividends from investments	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	17	16	17	20	22	23	24	24	25	26	26
<b>Total operating funding</b>	<b>2,233</b>	<b>2,939</b>	<b>3,250</b>	<b>3,332</b>	<b>3,496</b>	<b>3,698</b>	<b>3,875</b>	<b>4,004</b>	<b>4,212</b>	<b>4,296</b>	<b>4,526</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	1,583	2,920	3,306	2,632	2,740	2,883	3,022	2,932	3,102	3,171	3,347
Finance costs	35	66	88	90	92	93	93	88	83	77	71
Other operating funding applications	585	597	638	666	689	727	730	757	788	812	844
<b>Total applications of operating funding</b>	<b>2,202</b>	<b>3,583</b>	<b>4,032</b>	<b>3,388</b>	<b>3,521</b>	<b>3,702</b>	<b>3,845</b>	<b>3,777</b>	<b>3,973</b>	<b>4,060</b>	<b>4,262</b>
<b>Surplus (deficit) of operating funding</b>	<b>31</b>	<b>(644)</b>	<b>(781)</b>	<b>(55)</b>	<b>(25)</b>	<b>(4)</b>	<b>30</b>	<b>227</b>	<b>239</b>	<b>236</b>	<b>264</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	695	1,344	781	55	25	4	(30)	(227)	(239)	(236)	(264)
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding</b>	<b>695</b>	<b>1,344</b>	<b>781</b>	<b>55</b>	<b>25</b>	<b>4</b>	<b>(30)</b>	<b>(227)</b>	<b>(239)</b>	<b>(236)</b>	<b>(264)</b>
<b>Applications of capital funding</b>											
to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
to improve the level of service	726	700	0	0	0	0	0	0	0	0	0
to replace existing assets	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in reserves	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding</b>	<b>726</b>	<b>700</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Surplus (deficit) of capital funding</b>	<b>(31)</b>	<b>644</b>	<b>781</b>	<b>55</b>	<b>25</b>	<b>4</b>	<b>(30)</b>	<b>(227)</b>	<b>(239)</b>	<b>(236)</b>	<b>(264)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>

	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Capital Expenditure</b>										
Dog Pound Facility	700	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding</b>	<b>700</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



# District Planning


The District Planning Activity supports the following goals of Council:



**ENVIRONMENTALLY RESPONSIBLE**  
HE WHAKAARO NUI KI TE TAI AO



**PROSPEROUS DISTRICT**  
HE ROHE TŌNUI



**SMART GROWTH**  
HE TIPU ATAMAI



**STRONG COMMUNITIES**  
HE HAPORI KAHA

## What Council does

The Council prepares plans and policies that deliver the Resource Management Act 1991 (RMA), including Development Strategies and the District Plan.

The District Plan, a legal requirement under the RMA, controls the way we use, subdivide and develop land in our District. It identifies where activities can take place, how land can be developed and what special features of our District should be protected.

This requires careful consideration and balancing of the need to protect our heritage, taonga, and quality of living environments with enabling development and growth.

## District Plan Review



In 2017, Council embarked on a full review of its District Plan. The current District Plan is nearly 20 years old and no longer compliant with the RMA.

In June 2019, Council undertook consultation with the community on the scope of the District Plan review and in May 2021 the Plan is due to be formally notified.

Through the life of this long term plan, investment is planned to see a continuing rolling review of the District Plan put in place. This rolling review will be critical to ensuring the Plan remains compliant with the RMA. It will also, importantly, ensure we keep pace with, and prepare for the growth our District is currently experiencing and that which is forecast in the Central Hawke's Bay Integrated Spatial Plan 2020 – 2050.



## Cost over 10 years

	
<p>Operating Expenditure <b>\$8.82m</b></p>	<p>Capital Expenditure <b>\$0</b></p>

## Measuring our Progress

The following measures describe how we will demonstrate progress and achievement in this area.

WHAT WE DO	HOW WE SHOW WE ARE DOING A GREAT JOB					
LEVEL OF SERVICE	PERFORMANCE MEASURES	BASELINE	TARGETS 2021/22	TARGETS 2022/23	TARGETS 2023/24	TARGETS 2024+
Council creates an environment where development and the use of land in our District balances the need for growth while protecting our special places and community values.	A District Plan current within the statutory timeframes.	Our current District Plan is not RMA compliant and we have not given effect to national policy statements	Not achieved	Not achieved	Achieved	Achieved
	A District Plan that is future focussed and responsive to the Districts Growth and development.	New	Develop a project plan for changes to respond to growth and rolling reviews over the next ten years.	Develop changes to the District Plan to provide for projected residential and commercial growth.	Develop changes to the District Plan to provide for projected residential and commercial growth.	Develop changes to the District Plan to provide for projected residential and commercial growth.

### Key documents and Links

- [Draft District Plan \(May 2019\)](#)
- [www.chbdc.govt.nz/services/district-plan/district-plan-review/](http://www.chbdc.govt.nz/services/district-plan/district-plan-review/)
- District Planning Activity Management Plan

# Building Control

The Building Control Activity supports the following goals of Council:



**PROUD DISTRICT**  
HE ROHE POHO KERERŪ



**SMART GROWTH**  
HE TIPU ATAMAI



**STRONG COMMUNITIES**  
HE HAPORI KAHA

## What Council does

The Council is responsible for receiving, processing and issuing building consents. This involves processing applications, conducting inspections throughout building projects, enforcing building standards, and responding to building-related complaints.

‘As a Council, we must manage building consents in a manner that contributes to the health and wellbeing of the community. We work hard to ensure that all people, including developers, understand the requirements, costs and timeframes involved in a building process. Providing advice and guidance through the process is an important part of this activity and helps to generate successful outcomes for all.

We encourage people to come in and talk to us before or during works to ensure things are done correctly the first time.

## A growing District

There are 1,500 new homes forecast for construction in Central Hawke’s Bay over the next ten years.

In the 20/21 year, the District experienced its largest year of commercial construction value in over 20 years. Further expansion and capital investment in commercial construction is expected over the life of this plan.

This growth will require Council to be prepared to respond to this increase in Building Consents.



### Cost over 10 years



Operating Expenditure  
**\$10.96m**



Capital Expenditure  
**\$0**

## Measuring our Progress

The following measures describe how we will demonstrate progress and achievement in this area.

WHAT WE DO	HOW WE SHOW WE ARE DOING A GREAT JOB					
LEVEL OF SERVICE	PERFORMANCE MEASURES	BASELINE	TARGETS 2021/22	TARGETS 2022/23	TARGETS 2023/24	TARGETS 2024+
To protect the community from unsafe buildings and ensure buildings are designed and constructed in a manner that promotes sustainable development.	The percentage of Building Consents processed within 20 working days (the statutory timeframe).	98%	100%	100%	100%	100%
	The percentage of customers satisfied with Building Control services provided.	79%	90%	90%	90%	90%

### Key documents and Links

- Building Control Activity Management Plan
- [Building Act 2004](#)

# Animal Services

The Animal Services Activity supports the following goals of Council:



**STRONG COMMUNITIES**  
HE HAPORI KAHA



**PROUD DISTRICT**  
HE ROHE POHO KERERŪ

## What Council does

The Council delivers services to manage dog and stock control, safeguarding the public from wandering, threatening and aggressive animals. This includes educating the public on responsible animal ownership and providing services for dog registration.

We receive and respond to complaints from the public and issue fines for breaches of legislation when necessary.

The Council operates a pound, which provides roaming or abandoned animals with shelter and food and offers a microchipping service. This involves re-housing stray animals where possible and appropriate.

We have a statutory responsibility to undertake this activity, through the Dog Control Act 1996 and the Stock Impounding Act 1955.



## Measuring our Progress

The following measures describe how we will demonstrate progress and achievement in this area.

WHAT WE DO		HOW WE SHOW WE ARE DOING A GREAT JOB				
LEVEL OF SERVICE	PERFORMANCE MEASURES	BASELINE	TARGETS 2021/22	TARGETS 2022/23	TARGETS 2023/24	TARGETS 2024+
To ensure that animals are looked after in a humane manner and are not menacing, dangerous or a nuisance to the public.	The percentage of known dogs registered.	98%	>95%	>95%	>95%	>95%
	Percentage of serious dog incidences responded to within 2 hours.	91.5%	100%	100%	100%	100%
	Response to all stock complaints and requests within 24 hours.	100%	100%	100%	100%	100%
	The percentage of users satisfied with the Animal Control service provided.	73%	90%	90%	90%	90%

### Key documents and Links

- Animal Services, Compliance and Environmental Health Activity Management Plan
- [Dog Control Act 1996](#)
- [Stock Impounding Act 1955](#)

# Compliance and Monitoring

The Compliance and Monitoring Activity supports the following goals of Council:



**ENVIRONMENTALLY RESPONSIBLE**  
HE WHAKAARO NUI KI TE TAIAO



**SMART GROWTH**  
HE TIPU ATAMAI

## What Council does

This activity ensures that standards, either set by Council through policies or bylaws, or by Central Government legislation that Council is required to monitor, are being met.

This includes monitoring the conditions of resource consents and requirements the Resource Management Act 1991 (RMA).

We carry out inspections under legislation including the inspection of swimming pool fences and management of earthquake prone building legislation. We also implement our requirements under the Building Act 2004, relating to Building Warrants of Fitness and other related requirements.

We respond to noise complaints and other bylaw breaches, and issue Land Information Memorandums (LIMS) and Property Information Memorandums (PIMS).

## Earthquake Prone Buildings

In 2018, Council commenced work to implement the Building (Earthquake-prone Buildings) Amendment Act 2016.

This legislation sets timeframes to identify potentially earthquake prone buildings in the District, and to notify owners to either strengthen or demolish buildings that are confirmed as earthquake prone.

Funding for this activity to complete the legislative requirements Council must meet has been included in the 2021–2031 Long Term Plan.

Funding to support an Earthquake Prone Building Response Plan for building owners has also been included in the Long Term Plan. This is identified in the *Central Hawke's Bay Integrated Spatial Plan 2020 -2050*.



## Cost over 10 years



Operating  
Expenditure  
**\$4.39m**



Capital  
Expenditure  
**\$0**

## Measuring our Progress

The following measures describe how we will demonstrate progress and achievement in this area.

WHAT WE DO	HOW WE SHOW WE ARE DOING A GREAT JOB					
LEVEL OF SERVICE	PERFORMANCE MEASURES	BASELINE	TARGETS 2021/22	TARGETS 2022/23	TARGETS 2023/24	TARGETS 2024+
Council provides a compliance and monitoring service which is compliant, efficient and customer friendly.	Owners, or their agents, advised that their BWOFF has lapsed within one month of expiry.	New	90%	95%	100%	100%
	All PIMs, LIMs, and CCCs issued within the statutory timeframe.	100%	100%	100%	100%	100%
	Respond to complaints about non-compliance with bylaws within three days.	100%	100%	100%	100%	100%
	The percentage of resource consents monitored within two years of being issued.	New	100%	100%	100%	100%
	The percentage of users satisfied with the Compliance and Monitoring service provided.	90%	90%	90%	90%	90%

### Key documents and Links

- Animal Services, Compliance and Environmental Health Activity Management Plan
- Local Government Act 2002
- Resource Management Act 1991
- Building Act 2004
- Fencing of Swimming Pools Act 1987
- Litter Act 1979
- Associated Regulations
- Council Bylaws



# Environmental Health

The Environmental Health Activity supports the following goals of Council:



**PROSPEROUS  
DISTRICT**  
HE ROHE TŌNUI



**STRONG  
COMMUNITIES**  
HE HAPORI KAHA



**ENVIRONMENTALLY  
RESPONSIBLE**  
HE WHAKAARO NUI KI TE TAIAO

## What Council does

The Council monitors and enforces environmental and public health standards to keep our community safe and healthy.

We ensure that public health standards are maintained so you are confident that your food is safe when you go out to eat. We also respond to complaints in accordance with our legislative responsibilities.

This activity delivers three key functions among other powers and responsibilities:

1. Registration and inspection of premises including hair salons, camping grounds and funeral directors.
2. Registration and auditing of food premises
3. Alcohol Licensing

## Cost over 10 years



Operating  
Expenditure  
**\$1.96m**



Capital  
Expenditure  
**\$0**

## Measuring our Progress

The following measures describe how we will demonstrate progress and achievement in this area.

WHAT WE DO	HOW WE SHOW WE ARE DOING A GREAT JOB					
LEVEL OF SERVICE	PERFORMANCE MEASURES	BASELINE	TARGETS 2021/22	TARGETS 2022/23	TARGETS 2023/24	TARGETS 2024+
To keep the community safe and healthy by ensuring environmental and public health standards are maintained.	Complaints received are responded to within three working days.	100%	100%	100%	100%	100%
	The percentage of customers satisfied with the public health services delivered.	72%	95%	95%	95%	95%

### Key documents and Links

- Animal Services, Compliance and Environmental Health Activity Management Plan
- Food Act 2014
- Health Act 1956
- Local Government Act 2002
- Associated Regulations
- Council Bylaws

# Land Use and Consenting

The Land Use Consent Activity supports the following goals of Council:



**ENVIRONMENTALLY RESPONSIBLE**  
HE WHAKAARO NUI KI TE TAIAO



**SMART GROWTH**  
HE TIPU ATAMAI



**DURABLE INFRASTRUCTURE**  
HE HANGANGA MAUROA

## What Council does

The council processes, and provides advice on, resource consent applications, which enable the use, development and subdivision of land in line with our District Plan and other policies.

When assessing applications or providing advice, we look at how any proposed use, development and subdivision will affect the community as a whole.

We work with developers to facilitate new initiatives and developments in our District. As part of this we work to ensure the advice we give, and the consents we issue, benefit the wider community and facilitate good development decisions. We monitor compliance with the District Plan standards, and conditions of consents, to ensure any negative effects on the environment are avoided, remedied or mitigated. This sometimes means there are appeals to the Environment Court on our decisions, and managing that process is an important part of this activity.

## Growth a major focus

Forecast growth is expected to be a major ongoing challenge in this area. We are managing unprecedented levels of growth and development in the District, not seen to the same extent since the 1960's.

In the 2019/20 year, we processed nearly 160 resource consents - more than double what we were processing only three years ago.

An additional 1,500 homes are expected to be constructed over the next ten years across the District, and with this will come the required subdivision to create land parcels for these homes.

## Cost over 10 years



Operating Expenditure  
**\$7.67m**



Capital Expenditure  
**\$0**

## Measuring our Progress

The following measures describe how we will demonstrate progress and achievement in this area

WHAT WE DO		HOW WE SHOW WE ARE DOING A GREAT JOB				
LEVEL OF SERVICE	PERFORMANCE MEASURES	BASELINE	TARGETS 2021/22	TARGETS 2022/23	TARGETS 2023/24	TARGETS 2024+
To enable use, development and subdivision of land in line with our District Plan and other environmental policies.	The percentage of resource consents (non-notified) processed within 20 working days (the statutory timeframe).	79%	80%	80%	80%	80%
	The percentage of customers satisfied with the land use and subdivision consent services provided.	83%	90%	90%	90%	90%

### Key documents and Links

- Land Use and Consenting Activity Management Plan
- Resource Management Act 1991
- Central Hawke's Bay Operative District Plan

# Solid Waste

The Solid Waste Activity supports the following Council goals:

- 
**CONNECTED CITIZENS**  
 HE KIRIRARAU WHAI HONONGA
- 
**DURABLE INFRASTRUCTURE**  
 HE HANGANGA MAUROA
- 
**ENVIRONMENTALLY RESPONSIBLE**  
 HE WHAKAARO NUI KI TE TAI AO
- 
**PROSPEROUS DISTRICT**  
 HE ROHE TŌNUI
- 
**PROUD DISTRICT**  
 HE ROHE POHO KERERŪ
- 
**SMART GROWTH**  
 HE TIPU ATAMAI
- 
**STRONG COMMUNITIES**  
 HE HAPORI KAHA

## What Council does

Our solid waste activities cover refuse collection and disposal, transfer stations, recycling, hazardous waste management, management of the District's operating Landfill on Farm Road and closed landfill sites, and support for waste minimisation and educational activities.

In one year we typically manage over 15,000 tonnes of waste. This comes from weekly and fortnightly kerbside collections and deliveries direct to our transfer stations. Nearly 12,000 tonnes heads directly to landfill from Central Hawke's Bay and other Districts such as Tararua that utilise our landfill. An additional 3,000 tonnes is recycled from recycling services.



## WASTE FREE CHB

A major focus for Council has been the vision of achieving a Waste Free CHB. This vision, established through the Waste Management and Minimisation Strategy in 2019, introduces three new targets:

1. To increase diversion from landfill to 70% by 2040
2. To increase diversion from landfill to 48% by 2025
3. To increase participation in kerbside recycling services (measured through set-out rates) to 60% by 2025

Central Hawke's Bay was an early adopter of new approaches to rubbish and kerbside, however no major change to services has occurred since kerbside recycling crates were introduced.

A Section 17a Review of the Solid Waste Activity in 2020, primarily focussed on changes on kerbside recycling, rubbish and transfer station provision and was an area of consultation during the Long Term Plan consultation process.

## Cost over 10 years



Operating Expenditure  
**\$41.02m**



Capital Expenditure  
**\$8.90m**

## Measuring our Progress

The following measures describe how we will demonstrate progress and achievement in this area.

WHAT WE DO		HOW WE SHOW WE ARE DOING A GREAT JOB				
LEVEL OF SERVICE	PERFORMANCE MEASURES	BASELINE	TARGETS 2021/22	TARGETS 2022/23	TARGETS 2023/24	TARGETS 2024+
Council supports and provides incentives for waste reduction, reuse and recycling in order to achieve its Waste Free CHB goals.	The percentage of total waste that is diverted from the landfill to recycling, re-use and recovery.	New Measure	32%	40%	48%	>50%
	The amount of greenwaste processed each year.	2,273 m <sup>3</sup>	2,275 m <sup>3</sup>	2,275 m <sup>3</sup>	2,275 m <sup>3</sup>	2,275 m <sup>3</sup>
	The number of schools participating in waste minimisation programmes.	94.4%	94.4%	94.4%	94.4%	94.4%
	Hold waste minimisation promotional events in the District.	5	5	5	5	5
	The percentage of users satisfied with the solid waste service provided.	77%	80%	85%	90%	90%

### Key documents and Links

- Environmental and Sustainability Strategy
- Solid Waste Management and Minimisation Plan 2019
- Solid Waste Activity Management Plan

## Changes to Solid Waste in the 2021 - 2031 Long Term Plan

In the deliberations of this Long Term Plan, Council confirmed changes to recycling and rubbish services. These will be the most significant changes to Councils rubbish and recycling services in over 20 years.

In the first year of the Long Term Plan, the current two recycling bins will be supplemented with a third recycling bin, in response to demand from increased recycling volumes. In Year 3 of the Long Term Plan, Council will be introducing a new kerbside rubbish collection service to replace the current rubbish bag service.

The closure of recycling stations in some locations will also occur, however will be supplemented by the addition of a new mobile recycling trailer that will service parts of the District that have not readily had access to recycling drop off services in the past.

## Significant Negative Impacts

Significant Negative Impacts and their solutions for the Solid Waste Activity are:

### Leachate and Stormwater Discharge

If not contained, leachate discharges from the landfill, along with sediment eroding off the landfill, can result in degradation of the environment. To mitigate the effect of leachate, a leachate irrigation system is currently being installed, with leachate currently being trucked to Council wastewater ponds in Waipawa and Waipukurau. In addition, extensive groundwater monitoring for potentially toxic substances is required in accordance with the operative resource consent.

### Windblown recyclable materials

Paper and other lightweight recycling materials are prone to wind displacement, particularly in exposed areas. Perimeter fences are in place around transfer stations to intercept windblown materials. These are periodically cleaned to maintain the visual presentation of the sites, however do not always contain all materials.

### Waste to Landfill

Landfilling of rubbish presents the most significant adverse effect on the receiving environment.

Council currently receives some 12,000 tonnes of waste a year to its landfill – 6,700 tonnes from the District's transfer stations and commercial rubbish contractors, and a further 5,000 tonnes annually from Tararua District and other Districts.

Council has set goals through its Waste Management and Minimisation Plan 2019 (WMMP) to increase diversion from landfill from 32% to 48% by 2025 and to 70% by 2040. The WMMP outlines strategies that Council can implement to meet this target.



## What will these activities cost and how will we pay for them?

<b>Solid Waste</b>	<b>Annual Plan</b>	<b>LTP</b>	<b>LTP</b>	<b>LTP</b>	<b>LTP</b>	<b>LTP</b>	<b>LTP</b>	<b>LTP</b>	<b>LTP</b>	<b>LTP</b>	<b>LTP</b>
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$001</b>	<b>\$002</b>	<b>\$003</b>	<b>\$004</b>	<b>\$005</b>	<b>\$006</b>	<b>\$007</b>	<b>\$008</b>	<b>\$008</b>
<b>Sources of operating funding</b>											
General rates, uniform annual general charges and rates penalties	1,196	1,327	1,378	1,291	1,577	1,558	1,626	1,534	1,562	1,640	1,812
Targeted rates	373	399	431	763	785	807	829	852	876	901	925
Subsidies and Grants for Operating Purposes	53	260	267	275	283	291	299	307	316	325	333
Fees, charges	1,713	2,088	1,861	1,731	1,782	1,833	1,883	1,936	1,990	2,045	2,101
Interest and dividends from investments	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	0	0	0	0	0	0
<b>Total operating funding</b>	<b>3,335</b>	<b>4,074</b>	<b>3,936</b>	<b>4,060</b>	<b>4,427</b>	<b>4,490</b>	<b>4,637</b>	<b>4,629</b>	<b>4,744</b>	<b>4,911</b>	<b>5,171</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	2,472	2,943	3,035	3,142	3,254	3,317	3,422	3,506	3,606	3,786	3,811
Finance costs	44	39	35	31	84	79	74	69	64	58	182
Other operating funding applications	501	537	574	596	623	666	651	673	699	719	746
<b>Total applications of operating funding</b>	<b>3,017</b>	<b>3,519</b>	<b>3,644</b>	<b>3,769</b>	<b>3,961</b>	<b>4,062</b>	<b>4,147</b>	<b>4,247</b>	<b>4,368</b>	<b>4,564</b>	<b>4,739</b>
<b>Surplus (deficit) of operating funding</b>	<b>318</b>	<b>554</b>	<b>292</b>	<b>291</b>	<b>465</b>	<b>428</b>	<b>489</b>	<b>382</b>	<b>376</b>	<b>347</b>	<b>432</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	10	10	11	11	11	12	12	12	13	13
Increase (decrease) in debt	(129)	(119)	(149)	(115)	2,029	(201)	(206)	(211)	(217)	(178)	4,852
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding</b>	<b>(129)</b>	<b>(109)</b>	<b>(138)</b>	<b>(105)</b>	<b>2,040</b>	<b>(190)</b>	<b>(195)</b>	<b>(199)</b>	<b>(204)</b>	<b>(166)</b>	<b>4,865</b>
<b>Applications of capital funding</b>											
<b>Capital expenditure</b>											
to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
to improve the level of service	0	68	74	76	2,423	8	9	4	2	9	5,143
to replace existing assets	97	105	110	64	155	135	190	83	73	75	90
Increase (decrease) in reserves	93	272	(30)	46	(72)	95	96	96	96	97	64
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding</b>	<b>190</b>	<b>445</b>	<b>154</b>	<b>186</b>	<b>2,506</b>	<b>238</b>	<b>295</b>	<b>183</b>	<b>172</b>	<b>181</b>	<b>5,297</b>
<b>Surplus (deficit) of capital funding</b>	<b>(318)</b>	<b>(554)</b>	<b>(292)</b>	<b>(291)</b>	<b>(465)</b>	<b>(428)</b>	<b>(489)</b>	<b>(382)</b>	<b>(376)</b>	<b>(347)</b>	<b>(432)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Capital Expenditure</b>										
Closed Dump	0	0	0	27	0	0	0	0	0	0
Landfill Cell Extension	0	0	0	2,179	0	0	0	0	0	0
Landfill	33	10	11	22	11	127	24	12	13	26
Litter Bins	0	0	0	0	0	0	0	0	0	0
Recycling	45	87	90	93	17	17	18	18	19	5,158
Transfer Stations	95	86	39	257	114	55	46	45	52	49
<b>Construction of Central Transfer Station</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>
<b>Total applications of capital funding</b>	<b>173</b>	<b>184</b>	<b>140</b>	<b>2,577</b>	<b>143</b>	<b>199</b>	<b>87</b>	<b>75</b>	<b>84</b>	<b>5,233</b>



# Stormwater

The Stormwater Activity supports the following Council goals:



**ENVIRONMENTALLY RESPONSIBLE**  
HE WHAKAARO NUI KI TE TAIAO



**DURABLE INFRASTRUCTURE**  
HE HANGANGA MAUROA

## What Council does

Stormwater is the water that runs off surfaces such as roads, driveways, footpaths and rooftops after rain events.

The Council operates and manages four stormwater systems in Otāne, Takapau, Waipawa and Waipukurau. These systems are designed to take stormwater away from built up urban areas and disperse it to waterways (streams, rivers and the ocean) to minimise the effects of flooding on property and the risk to human life. Our stormwater systems include underground pipes, open drains, overland flow paths, pump stations and stormwater ponds.

Networks in Pōrangahau, Ongaonga, Te Paerahi, Tikokino and other coastal settlements form part of the roading network and drainage system.

Alongside our urban stormwater drainage systems, the Hawke’s Bay Regional Council (HBRC) is responsible for managing rivers and rural drainage schemes to ensure our communities are protected from flooding.

### Freshwater Management – National Policy Statement

The National Policy Statement Freshwater Water Management 2020, came into effect in September 2020.

The new policy statement aims to avoid further loss or degradation of waterways and will involve a whole new approach to how stormwater is currently managed in the District.

This means Council can expect required upgrades to its existing and/or new stormwater discharges, with the ongoing levels of maintenance and treatment standards of stormwater to be much higher than currently provided for in future resource consents.

## Cost over 10 years



Operating Expenditure  
**\$9.42m**



Capital Expenditure  
**\$14.98m**

## Measuring our Progress

The following measures describe how we will demonstrate progress and achievement in this area

WHAT WE DO	HOW WE SHOW WE ARE DOING A GREAT JOB					
LEVEL OF SERVICE	PERFORMANCE MEASURES	BASELINE	TARGETS 2021/22	TARGETS 2022/23	TARGETS 2023/24	TARGETS 2024+
To effectively manage stormwater in a manner that respects and protects private and public assets and preserves the health of our waterways.	For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system.)	0	0	0	0	0
	Compliance with the territorial authority's resource consents for discharge from its stormwater systems measured by the number of:					
	• abatement notices;	0	0	0	0	0
	• infringement notices;	0	0	0	0	0
	• enforcement orders; and	0	0	0	0	0
	• successful prosecutions, received by the territorial authority in relation those resource consents.	0	0	0	0	0
	The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.	0 (no flooding events in 2020)	≤2hr	≤2hr	≤2hr	≤2hr
	The number of complaints received about the performance of the stormwater system (expressed per 1000 properties connected to the stormwater system)	4.7	≤ 5	≤ 5	≤ 5	≤ 5
The percentage of users satisfied with the solid waste service provided	92%	90%	90%	90%	90%	

## Significant Impacts

Significant Negative Impacts and their solutions for the Stormwater Activity are:

### Stormwater Discharges impacting on the natural environment

Stormwater discharges can contain a wide range of contaminants. This is relative to the environment the stormwater comes from, and the behaviours and acts (intentional or otherwise) of those in our community who inappropriately use the stormwater network for the disposal of chemicals or other contaminants.

The Council regularly monitors many stormwater discharges and shares messages about the importance of stormwater. Upgrades to existing stormwater systems are also proposed in this plan, the seek to reduce the impact of stormwater on the receiving environments. Increasing requirements relating to the Council's conditions of discharge are also expected with the introduction of the National Policy Statement Freshwater 2020.

### Inadequacy of existing Stormwater Systems

Historic underinvestment in our stormwater networks, is now being exacerbated by the impacts of growth and development we are currently seeing in Central Hawke's Bay.

The inadequacy of existing stormwater assets to cope with large rainfall events and potentially cause flooding, is a realistic threat for the Districts urban networks.

Major investment in upgrades to address demand, both debt and development contribution funded, are proposed in this plan to address the existing stormwater systems across the District.



#### Key documents and Links

- [Environmental and Sustainability Strategy](#)
- Three Waters Activity Management Plan
- Infrastructure Strategy
- [www.chbdc.govt.nz/services/stormwater/](http://www.chbdc.govt.nz/services/stormwater/)

## What will these activities cost and how will we pay for them?

Stormwater	Annual Plan	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000	\$000	\$001	\$002	\$003	\$004	\$005	\$006	\$007	\$008	\$008
<b>Sources of operating funding</b>											
General rates, uniform annual general charges and rates penalties	0	85	106	106	119	193	257	216	222	228	234
Targeted rates	782	808	991	1,000	1,112	1,785	2,357	1,991	2,046	2,100	2,159
Subsidies and Grants for Operating Purposes	0	0	0	0	0	0	0	0	0	0	0
Fees, charges	0	0	0	0	0	0	0	0	0	0	0
Interest and dividends from investments	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	0	0	0	0	0	0
<b>Total operating funding</b>	<b>782</b>	<b>894</b>	<b>1,097</b>	<b>1,107</b>	<b>1,231</b>	<b>1,978</b>	<b>2,613</b>	<b>2,207</b>	<b>2,268</b>	<b>2,327</b>	<b>2,393</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	312	376	484	398	412	427	442	457	473	490	511
Finance costs	17	34	66	105	139	144	145	138	132	125	118
Other operating funding applications	208	313	335	349	362	382	384	397	413	426	442
<b>Total applications of operating funding</b>	<b>538</b>	<b>722</b>	<b>885</b>	<b>852</b>	<b>913</b>	<b>953</b>	<b>970</b>	<b>993</b>	<b>1,018</b>	<b>1,041</b>	<b>1,071</b>
<b>Surplus (deficit) of operating funding</b>	<b>245</b>	<b>171</b>	<b>212</b>	<b>255</b>	<b>318</b>	<b>1,026</b>	<b>1,643</b>	<b>1,215</b>	<b>1,250</b>	<b>1,286</b>	<b>1,321</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	217	224	230	237	244	251	259	266	274	282
Increase (decrease) in debt	(19)	771	1,231	1,508	1,280	167	31	(265)	(272)	(278)	(285)
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding</b>	<b>(19)</b>	<b>988</b>	<b>1,454</b>	<b>1,738</b>	<b>1,518</b>	<b>411</b>	<b>282</b>	<b>(6)</b>	<b>(5)</b>	<b>(4)</b>	<b>(3)</b>
<b>Applications of capital funding</b>											
Capital expenditure											
to meet additional demand	0	245	886	764	830	253	231	238	245	253	260
to improve the level of service	0	140	309	583	328	338	868	119	123	126	130
to replace existing assets	226	774	797	821	736	758	721	743	765	788	810
Increase (decrease) in reserves	0	1	(326)	(174)	(58)	88	105	108	111	114	118
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding</b>	<b>226</b>	<b>1,159</b>	<b>1,666</b>	<b>1,994</b>	<b>1,836</b>	<b>1,437</b>	<b>1,925</b>	<b>1,208</b>	<b>1,245</b>	<b>1,282</b>	<b>1,318</b>
<b>Surplus (deficit) of capital funding</b>	<b>(245)</b>	<b>(171)</b>	<b>(212)</b>	<b>(255)</b>	<b>(318)</b>	<b>(1,026)</b>	<b>(1,643)</b>	<b>(1,215)</b>	<b>(1,250)</b>	<b>(1,286)</b>	<b>(1,321)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Capital Expenditure</b>										
Bush Drain Restoration	0	26	27	27	28	0	0	0	0	0
District Wide	644	663	683	703	674	1,155	713	735	757	778
Lake Whatuma Health	0	103	106	55	0	0	0	0	0	0
Otane	50	52	53	55	56	58	60	61	63	65
Takapau	50	52	53	55	56	58	60	61	63	65
Waipawa	140	52	318	328	338	347	60	61	63	65
Waipukurau	275	376	292	290	197	202	209	215	221	227
Waipukurau CBD	0	0	159	382	0	0	0	0	0	0
Waipukurau Eastern Interceptor	0	412	212	0	0	0	0	0	0	0
Waipukurau Industrial	0	258	265	0	0	0	0	0	0	0
<b>Total applications of capital funding</b>	<b>1,159</b>	<b>1,992</b>	<b>2,168</b>	<b>1,894</b>	<b>1,349</b>	<b>1,821</b>	<b>1,101</b>	<b>1,134</b>	<b>1,168</b>	<b>1,200</b>

# Wastewater

The Wastewater Activity supports the following Council goals:

-  **CONNECTED CITIZENS**  
HE KIRIRARAU WHAI HONONGA
-  **DURABLE INFRASTRUCTURE**  
HE HANGANGA MAUROA
-  **ENVIRONMENTALLY RESPONSIBLE**  
HE WHAKAARO NUI KI TE TAI AO
-  **PROUD DISTRICT**  
HE ROHE POHO KERERŪ
-  **PROSPEROUS DISTRICT**  
HE ROHE TŌNUI
-  **SMART GROWTH**  
HE TIPU ATAMAI
-  **STRONG COMMUNITIES**  
HE HAPORI KAHA

## What Council does

The Council operates and manages six wastewater schemes, servicing the urban areas of Pōrangahau, Otāne, Takapau, Te Paerahi, Waipawa and Waipukurau.

The Council provides a variety of infrastructure to manage sewerage within our identified urban and residential areas. Our sewer system includes sewer service lines, manholes, underground pipes, pump stations and sewer treatment plants. Major investment is required across our entire network, as a result of rates being held at artificially low levels over a number of years, at the expense of essential renewals.

This activity also includes the Council's 'Tradewaste' functions, which include the monitoring and treatment of liquid discharged from businesses into the wastewater system.

We undertake wastewater activities because of statutory obligations, duty of care and public demand. The alternative to a Council provided sewerage system is the use of septic tanks. These independent systems are approved and monitored by the Hawke's Bay Regional Council (HBRC).

The six Council managed wastewater schemes all have resource consents that have expired or will expire in the life of this plan.

## Wastewater Strategy 2020

In September 2020 Council adopted a District Wastewater and Discharge Management Strategy 2020 (Wastewater Strategy 2020).

The purpose is to set out the process to achieve a resilient and sustainable wastewater management system for the District for the next 50 years.

## Our vision is that...

*"Our effluent is treated in a sustainable way that creates a resource, protects our environment, and continues to do so for generations to come".*

## Cost over 10 years



Operating Expenditure  
**\$39.72m**



Capital Expenditure  
**\$90.85m**





## Facing the Facts – Poor Historic Investment Decisions

Between 2013 and 2017, the community invested nearly \$10 million in the upgrade of the Waipawa and Waipukurau Wastewater Treatment Plants.

At this time, the elected Council took a low cost option. They chose to continue discharging treated effluent into the Tukituki and Waipawa rivers, rather than taking a long-term land based disposal option.

The systems installed never worked. The plants have never been able to meet resource consent conditions for the discharges since the upgrade.

Residents experienced significant odour issues for extended periods and there were multiple environmental challenges with discharges. In July 2017 the Council pleaded guilty in the Environment Court to breaching resource consent conditions for the plants.

Many components of the upgrade installations have failed or been removed, such as the floating wetlands and the sand filtration systems.

As part of this Long Term Plan Council have committed over \$68.2 million across the 10 years of the Long Term Plan (or \$75.6 million across the 15 year project life) to address these poor historic investment decisions.

## #theBIG. Waste Water Story

In response, #thebigwastewaterstory was launched. This saw engagement with the community over a two-year period to confirm a range of preferred options for the disposal and treatment of wastewater across the District. These options are included in this plan following the Long Term Plan consultation.

### Project 1: Waipukurau, Waipawa and Otāne

Establishing a combined wastewater treatment solution that irrigates effluent to land only. This project will be delivered over 15 years at a total cost of \$54.3 million.

### Project 2: Pōrangahau and Te Paerahi

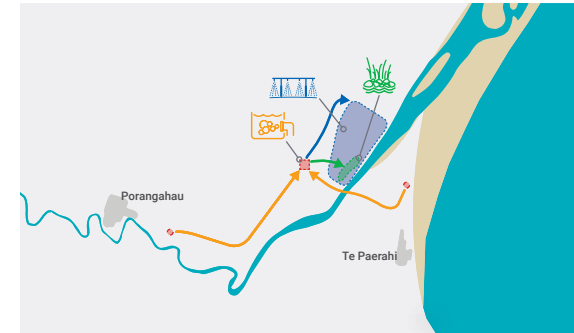
Establishing a new combined wastewater treatment solution that also irrigates effluent to land only. This project will be delivered over 15 years at a total cost of \$18.9 million.

### Project 3: Takapau

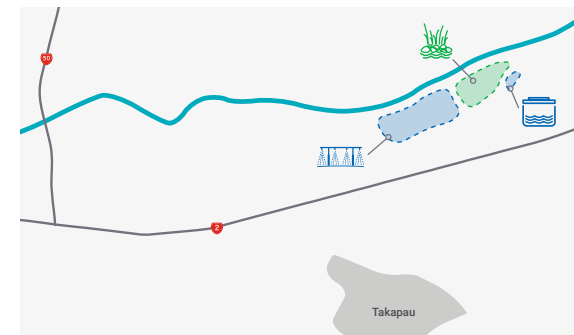
Small treatment upgrades are required and wastewater will be irrigated to land. The project will be delivered over 15 years at a total cost of \$2.4 million.



Project 1: Waipukurau, Waipawa and Otāne



Project 2: Pōrangahau and Te Paerahi



Project 3: Takapau Wastewater

## Measuring our Progress

The following measures describe how we will demonstrate progress and achievement in this area.

WHAT WE DO		HOW WE SHOW WE ARE DOING A GREAT JOB				
LEVEL OF SERVICE	PERFORMANCE MEASURES	BASELINE	TARGETS 2021/22	TARGETS 2022/23	TARGETS 2023/24	TARGETS 2024+
To provide for the effective reticulation, treatment and disposal of wastewater in a way that protects the health of our communities and our natural environment.	Target number of dry weather sewerage overflows (per 1000 connections to the total sewerage systems).	3.5	≤10	≤10	≤10	≤10
	Target number of total sewerage overflows (per 1000 connections to the total sewerage).	3.5	≤30	≤30	≤30	≤30
	Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of:					
	• abatement notices;	0	0	0	0	0
	• infringement notices;	0	0	0	0	0
	• enforcement orders; and	0	0	0	0	0
	• convictions, received by the territorial authority in relation to those resource consents.	0	0	0	0	0
Median response time for attending sewerage overflows resulting from blockages or other faults (measured from the time that notification is received to the time that the service personnel reach the site).	47 minutes	≤1hr	≤1hr	≤1hr	≤1hr	

WHAT WE DO	HOW WE SHOW WE ARE DOING A GREAT JOB					
LEVEL OF SERVICE	PERFORMANCE MEASURES	BASELINE	TARGETS 2021/22	TARGETS 2022/23	TARGETS 2023/24	TARGETS 2024+
	Median resolution time for attending sewerage overflows resulting from blockages or other faults (measured from the time that notification is received to the time that service personnel confirm resolution of the blockage or other fault).	2 hours 20 minutes	≤ 4 hrs	≤ 4 hrs	≤ 4 hrs	≤ 4 hrs
	Number of complaints received per annum per 1000 sewerage connections about any of the following:  Sewage odour, Sewerage system faults, Sewerage system blockages or Council's response to issues with its sewerage systems.	14.4	≤ 10	≤ 10	≤ 10	≤ 10
	The percentage of users satisfied with the wastewater service provided.	91%	90%	90%	90%	90%

#### Key documents and Links

- [Environmental and Sustainability Strategy](#)
- [Three Waters Activity Management Plan](#)
- [Infrastructure Strategy](#)
- <https://www.chbdc.govt.nz/services/sewerage/wastewater/>
- <https://www.chbdc.govt.nz/our-district/projects/the-big-wastewater-story/>

## Significant Impacts

Significant Negative Impacts and their solutions for our Wastewater Activity are:

### **Environmental and Cultural Impacts of Wastewater Discharges**

Currently all of the District's wastewater networks discharge after treatment into waterways. Major investment to remove discharges from waterways for all of Councils treatment facilities is planned through this Long Term Plan and the #bigwastewaterstory plan.

We need to radically improve our approach to managing wastewater discharges in the long term. This will enable us to meet new resource consent requirements and continue to build positive and enduring relationships with manawhenua.

### **Affordability of rates to meet the cost of upgrades for environmental and legal requirements**

Major upgrades, required to meet legislative and environmental standards, have a major impact on the affordability of rates for those connected to the networks.

Council has limited options to introduce new revenue sources, or to further delay or reduce the scope of works that are required. To this end, this plan includes major rates increases for those connected to the reticulated wastewater networks. Council will continue to explore opportunities to reduce the cost of services to the community, including continued participation in the three waters reform programme.

### **Unplanned network failures and overflows**

There is a real risk of overflows of untreated sewage from the sewerage network due to blockages, pump station or other plant malfunction, inflow/infiltration of stormwater into the sewerage network and/or insufficient capacity.

The Council endeavours to offset this risk through regular maintenance programmes on network assets and ensuring environmental controls are put in place in the event of overflows. The Council also delivers key messages to those connected to networks about the challenges associated with flushing items such as wetwipes, which can contribute to blockages.



## What will these activities cost and how will we pay for them?

Wastewater (Sewerage)	Annual Plan	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000	\$000	\$001	\$002	\$003	\$004	\$005	\$006	\$007	\$008	\$008
<b>Sources of operating funding</b>											
General rates, uniform annual general charges and rates penalties	0	0	0	0	0	0	0	0	0	0	0
Targeted rates	2,932	3,008	3,190	3,662	3,961	5,417	5,170	5,593	6,046	9,906	11,167
Subsidies and Grants for Operating Purposes	0	0	0	0	0	0	0	0	0	0	0
Fees, charges	417	775	1,017	1,034	1,077	1,096	1,114	1,134	1,154	1,175	1,197
Interest and dividends from investments	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	0	0	0	0	0	0
<b>Total operating funding</b>	<b>3,349</b>	<b>3,783</b>	<b>4,207</b>	<b>4,696</b>	<b>5,038</b>	<b>6,513</b>	<b>6,284</b>	<b>6,727</b>	<b>7,200</b>	<b>11,082</b>	<b>12,364</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	1,459	1,412	1,496	1,577	1,690	2,545	1,833	1,909	1,988	2,070	3,050
Finance costs	375	426	551	727	849	1,011	1,221	1,297	1,433	1,565	1,610
Other operating funding applications	675	780	834	867	903	958	953	986	1,024	1,057	1,097
<b>Total applications of operating funding</b>	<b>2,509</b>	<b>2,618</b>	<b>2,882</b>	<b>3,171</b>	<b>3,442</b>	<b>4,514</b>	<b>4,007</b>	<b>4,191</b>	<b>4,445</b>	<b>4,691</b>	<b>5,757</b>
<b>Surplus (deficit) of operating funding</b>	<b>841</b>	<b>1,165</b>	<b>1,326</b>	<b>1,526</b>	<b>1,596</b>	<b>1,999</b>	<b>2,278</b>	<b>2,535</b>	<b>2,755</b>	<b>6,390</b>	<b>6,607</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	0	700	0	0	0	0	0	0	0	0	0
Development and financial contributions	50	902	929	957	986	1,015	1,044	1,075	1,107	1,140	1,172
Increase (decrease) in debt	977	1,535	4,836	6,852	4,712	6,291	8,117	2,912	5,256	5,051	1,721
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding</b>	<b>1,027</b>	<b>3,137</b>	<b>5,765</b>	<b>7,809</b>	<b>5,698</b>	<b>7,306</b>	<b>9,161</b>	<b>3,987</b>	<b>6,364</b>	<b>6,192</b>	<b>2,894</b>
<b>Applications of capital funding</b>											
Capital expenditure											
to meet additional demand	0	1,496	1,541	1,587	1,635	56	58	60	61	3,856	3,964
to improve the level of service	1,609	2,969	2,128	2,170	1,748	2,022	1,054	1,242	4,286	4,108	0
to replace existing assets	259	3,698	4,437	5,955	4,180	7,071	10,262	4,769	4,431	4,636	5,374
Increase (decrease) in reserves	0	(3,860)	(1,014)	(377)	(269)	156	65	452	339	(18)	162
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding</b>	<b>1,868</b>	<b>4,302</b>	<b>7,091</b>	<b>9,335</b>	<b>7,294</b>	<b>9,305</b>	<b>11,438</b>	<b>6,522</b>	<b>9,119</b>	<b>12,582</b>	<b>9,501</b>
<b>Surplus (deficit) of capital funding</b>	<b>(841)</b>	<b>(1,165)</b>	<b>(1,326)</b>	<b>(1,526)</b>	<b>(1,596)</b>	<b>(1,999)</b>	<b>(2,278)</b>	<b>(2,535)</b>	<b>(2,755)</b>	<b>(6,390)</b>	<b>(6,607)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Capital Expenditure</b>										
Te Paerahi/Pōrangahau Plant	2,086	2,128	2,170	781	1,035	1,054	1,242	4,286	4,108	0
Takapau Plant	533	0	0	967	987	0	0	0	0	0
Reticulation Upgrades	2,346	2,056	2,118	2,072	983	1,010	1,040	1,072	4,897	5,034
Waipukurau/Waipawa/Otāne Plant	3,198	3,922	5,424	3,743	6,145	9,309	3,788	3,421	3,595	4,304
<b>Total applications of capital funding</b>	<b>8,162</b>	<b>8,105</b>	<b>9,712</b>	<b>7,563</b>	<b>9,149</b>	<b>11,373</b>	<b>6,070</b>	<b>8,779</b>	<b>12,600</b>	<b>9,338</b>

# Water Supply

The Wastewater Activity supports the following Council goals:

- 

**CONNECTED CITIZENS**  
HE KIRIRARAU WHAI HONONGA
- 

**DURABLE INFRASTRUCTURE**  
HE HANGANGA MAUROA
- 

**ENVIRONMENTALLY RESPONSIBLE**  
HE WHAKAARO NUI KI TE TAI AO
- 

**PROSPEROUS DISTRICT**  
HE ROHE TŌNUI
- 

**PROUD DISTRICT**  
HE ROHE POHO KERERŪ
- 

**SMART GROWTH**  
HE TIPU ATAMAI
- 

**STRONG COMMUNITIES**  
HE HAPORI KAHA

## What Council does

We operate seven different water supply schemes servicing Kairakau, Pouterere, Pōrangahau, Takapau Te Paerahi, Waipawa and Otāne, and Waipukurau. These supply schemes provide water to over 4,100 households and businesses.

Our water supply schemes require a large amount of infrastructure including water treatment plants, reservoirs, pump stations, pipe networks, water meters, back flow prevention units, hydrants and more.

The water supply systems are designed to treat raw water to make sure it is safe to drink, and to continuously supply this water to users at a suitable pressure and quantity through a piping network. Council's water supply systems also needs to provide enough water pressure for firefighting services in urban areas. Council undertakes these water supply activities because of public demand, statutory obligations and duty of care.

We work under a Ministry of Health framework to ensure our supplies are meeting the Drinking Water Standards for New Zealand.

## Cost over 10 years



Operating Expenditure  
**\$40.74m**



Capital Expenditure  
**\$46.84m**



## Sustainable Water Management Plan 2021

Council are currently developing a new Sustainable Water Management Plan for the longterm strategic use of its supply. Due to timing, it is expected that this will be complete in late 2021 and included in the 2024 Long Term Plan for community consultation.

### #theBIG Water Story

In the 2018 Long Term Plan we developed #thebigwaterstory as the basis for the start of the conversations for the major works we face. This 2021 Long Term Plan has seen much of the investigative and research completed as part of the #thebigwaterstory on the condition and state of our assets reflected in this 2021 Long Term Plan.

Major features include the need to replace our key reservoirs that are reaching the end of their life and the amalgamation of the water network between Otāne, Waipawa and Waipukurau, to boost supply and resilience of the supply.

### Step change in renewals

Council needs to make a step change in our renewals to address the significant long-term underinvestment in our water supply networks. The results of this underinvestment are the regular leaks and network outages our community experience across our networks.

Over the first five years, Council will be loan funding renewals, rather than solely rate funding renewals, to provide a major injection of investment in our water supply reticulation renewals. This work is expected to provide a solid platform as the basis for renewals for the future.

### Three Water Reform

Hawke's Bay Councils were already working together on opportunities to improve our three waters, ahead of Central Government Reform announced in 2020. We have signed a MoU with central government to explore future service delivery options. The Government expects to make substantive decisions in April/May 2021. Council will be asked to participate in the new service delivery system in late 2021, in the form of an 'opt out' approach. This means affected councils would be included in one of the new water service delivery entities by default, but can decide not to participate (in consultation with their communities). We expect to engage on the opt out decision in late 2021. For councils that participate in the reforms, any potential transfer or responsibilities or assets may occur from, assets, etc. is likely to occur from 2023/24 onwards.

Our community needs three waters services regardless of what happens. As such, we have included three waters in our financial and infrastructure strategies, and as a key challenge within our LTP. This has been considered as a potential change in our key assumptions. For more information on the Government reforms visit [www.dia.govt.nz/three-waters-reform-programme](http://www.dia.govt.nz/three-waters-reform-programme)





## Measuring our Progress

The following measures describe how we will demonstrate progress and achievement in this area.

WHAT WE DO	HOW WE SHOW WE ARE DOING A GREAT JOB					
LEVEL OF SERVICE	PERFORMANCE MEASURES	BASELINE	TARGETS 2021/22	TARGETS 2022/23	TARGETS 2023/24	TARGETS 2024+
To provide safe, reliable and consistent water supplies to our community working with our customers to support wise and sustainable water use.	The extent to which the local authorities drinking water supply complies with Part 4 of the drinking water standards (bacteria compliance criteria).	<b>Reticulation</b> Otāne Pass (2019: Pass) Waipawa Pass (2019: Pass) Waipukurau Pass (2019: Pass) Takapau Pass (2019: Pass) Kairakau Pass (2019: Pass) Pōrangahau Pass (2019: Pass) <b>Treatment</b> Otāne Pass (2019: Fail) Waipawa Pass (2019: Fail) Waipukurau Fail (2019: Fail) Takapau Fail (2019: Pass) Kairakau Fail (2019: Fail) Pōrangahau Fail (2019: Fail)	All potable supplies 100%	All potable supplies 100%	All potable supplies 100%	All potable supplies 100%
	The extent to which the local authorities drinking water supply complies with Part 5 of the drinking water standards (protozoal compliance criteria).	Otāne Pass (2019 Fail) Waipawa Pass (2019 Fail) Waipukurau Fail (2019 Fail) Takapau Fail (2019 Pass) Kairakau Fail (2019 Fail) Pōrangahau Fail (2019 Fail)	All potable supplies 100%	All potable supplies 100%	All potable supplies 100%	All potable supplies 100%
	Percentage of real water loss from the local authority's networked reticulation system.	Not available	≤ 30%	≤ 30%	≤ 30%	≤ 30%
	Attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site.	28 minutes	≤ 2 hours	≤ 2 hours	≤ 2 hours	≤ 2 hours

WHAT WE DO		HOW WE SHOW WE ARE DOING A GREAT JOB				
LEVEL OF SERVICE	PERFORMANCE MEASURES	BASELINE	TARGETS 2021/22	TARGETS 2022/23	TARGETS 2023/24	TARGETS 2024+
	Resolution of urgent call outs: from the time that the Local Authority receives notification to the time the service personnel confirm resolution of the fault or interruption.	1 hour 48 minutes	≤ 12 hours	≤ 12 hours	≤ 12 hours	≤ 12 hours
	Attendance for non-urgent call outs: from the time that the Local Authority receives notification to the time the service personnel reaches the site.	38 minutes	≤ 6 hours	≤ 6 hours	≤ 6 hours	≤ 6 hours
	Resolution of non-urgent call outs: from the time that the Local Authority receives notification to the time the service personnel confirm resolution of the fault or interruption.	27 hours 18 minutes	≤ 72 hours	≤ 72 hours	≤ 72 hours	≤ 72 hours
	Number of complaints relating to drinking water received (per annum per 1000 connections to the local authority's networked reticulation system).	3.68	≤ 5	≤ 5	≤ 5	≤ 5
	The average consumption of drinking water per day per water connection.	1.65m3				≤1.80m3
	The percentage of users satisfied with the water supply service provided.	83%	90%	90%	90%	90%

### Key documents and Links

- Three Waters Activity Management Plan
- Infrastructure Strategy
- New Zealand Drinking Water Standards 2008
- [www.chbdc.govt.nz/services/water/about-water/](http://www.chbdc.govt.nz/services/water/about-water/)
- [thebigwaterstory](https://www.facebook.com/thebigwaterstory)

## Significant Negative Impacts

Significant Negative Impacts and their solutions for the Water Supply Activity are:

### Over Extraction of Water

The Council's water is drawn from bores at each of its networks. Groundwater levels are an increasing area of concern for Central Hawke's Bay, particular as a result of over extraction, the resulting impact on the aquifer and overall ground water levels.

The Council has resource consents for the extraction of water. These consents limit the extent of extraction the Council is able to draw. Monitoring water take and availability are key mitigating tools, along with the use of water conversation messaging and where necessary water restrictions also.

### Potential Contamination of Water Schemes

There is a potential risk of the contamination of water schemes. Unknown contamination, could cause severe and wide ranging social and economic challenges to our community.

The Council has a number of emergency response plans, operational procedures and monitoring processes for the management of our water supplies. Public Health Risk Management Plans are also in place, along with a rigorous audit process completed by the Drinking Water Assessors as part of the Hawke's Bay District Health Board.

### Insufficient Water Supplies during times of drought or Emergency

In 2020 Central Hawke's Bay experienced a period of prolonged drought. Damage to reservoir connections in Waipawa also saw Waipawa come within hours of losing water completely.

As part of the drought response, demand management practices were used, including water conservation messaging and education. Water restrictions and other methods of restriction are also available to Council.

Investigation is underway to improve the resilience and security of water supplies across the District. Some projects such as the Integrated network for Otāne, Waipawa and Waipukurau are included in this Long Term Plan, while other resilience projects are still at an investigation phase.



## What will these activities cost and how will we pay for them?

Water Supplies	Annual Plan	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000	\$000	\$001	\$002	\$003	\$004	\$005	\$006	\$007	\$008	\$008
<b>Sources of operating funding</b>											
General rates, uniform annual general charges and rates penalties	0	0	0	0	0	0	0	0	0	0	0
Targeted rates	3,416	3,713	4,078	4,411	4,721	5,325	6,020	6,378	6,473	6,531	6,684
Subsidies and Grants for Operating Purposes	0	0	0	0	0	0	0	0	0	0	0
Fees, charges	3	5	5	5	5	5	6	6	6	6	7
Interest and dividends from investments	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	0	0	0	0	0	0
<b>Total operating funding</b>	<b>3,419</b>	<b>3,718</b>	<b>4,083</b>	<b>4,416</b>	<b>4,726</b>	<b>5,330</b>	<b>6,026</b>	<b>6,384</b>	<b>6,479</b>	<b>6,537</b>	<b>6,690</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	1,522	1,980	2,145	2,156	2,250	2,442	2,445	2,549	2,747	2,770	2,884
Finance costs	347	293	375	591	688	822	853	838	848	817	786
Other operating funding applications	703	780	834	867	903	958	953	986	1,024	1,057	1,097
<b>Total applications of operating funding</b>	<b>2,572</b>	<b>3,053</b>	<b>3,354</b>	<b>3,615</b>	<b>3,841</b>	<b>4,222</b>	<b>4,252</b>	<b>4,373</b>	<b>4,619</b>	<b>4,644</b>	<b>4,766</b>
<b>Surplus (deficit) of operating funding</b>	<b>847</b>	<b>665</b>	<b>729</b>	<b>802</b>	<b>885</b>	<b>1,108</b>	<b>1,774</b>	<b>2,011</b>	<b>1,860</b>	<b>1,893</b>	<b>1,924</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	0	2,300	0	0	0	0	0	0	0	0	0
Development and financial contributions	50	770	793	817	841	867	891	918	945	974	1,001
Increase (decrease) in debt	1,675	1,707	3,199	8,426	3,694	5,197	1,117	(652)	344	(1,258)	(1,271)
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding</b>	<b>1,725</b>	<b>4,777</b>	<b>3,992</b>	<b>9,243</b>	<b>4,535</b>	<b>6,064</b>	<b>2,008</b>	<b>265</b>	<b>1,289</b>	<b>(285)</b>	<b>(270)</b>
<b>Applications of capital funding</b>											
Capital expenditure											
to meet additional demand	0	163	167	172	178	56	58	448	61	613	65
to improve the level of service	1,990	3,939	3,182	4,245	1,564	1,611	1,118	238	552	0	0
to replace existing assets	832	1,668	3,045	8,024	3,566	6,164	1,881	1,121	1,652	635	653
Increase (decrease) in reserves	(250)	(328)	(1,673)	(2,397)	112	(660)	725	470	884	361	936
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding</b>	<b>2,572</b>	<b>5,441</b>	<b>4,721</b>	<b>10,044</b>	<b>5,420</b>	<b>7,172</b>	<b>3,783</b>	<b>2,277</b>	<b>3,149</b>	<b>1,609</b>	<b>1,654</b>
<b>Surplus (deficit) of capital funding</b>	<b>(847)</b>	<b>(665)</b>	<b>(729)</b>	<b>(802)</b>	<b>(885)</b>	<b>(1,108)</b>	<b>(1,774)</b>	<b>(2,011)</b>	<b>(1,860)</b>	<b>(1,893)</b>	<b>(1,924)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

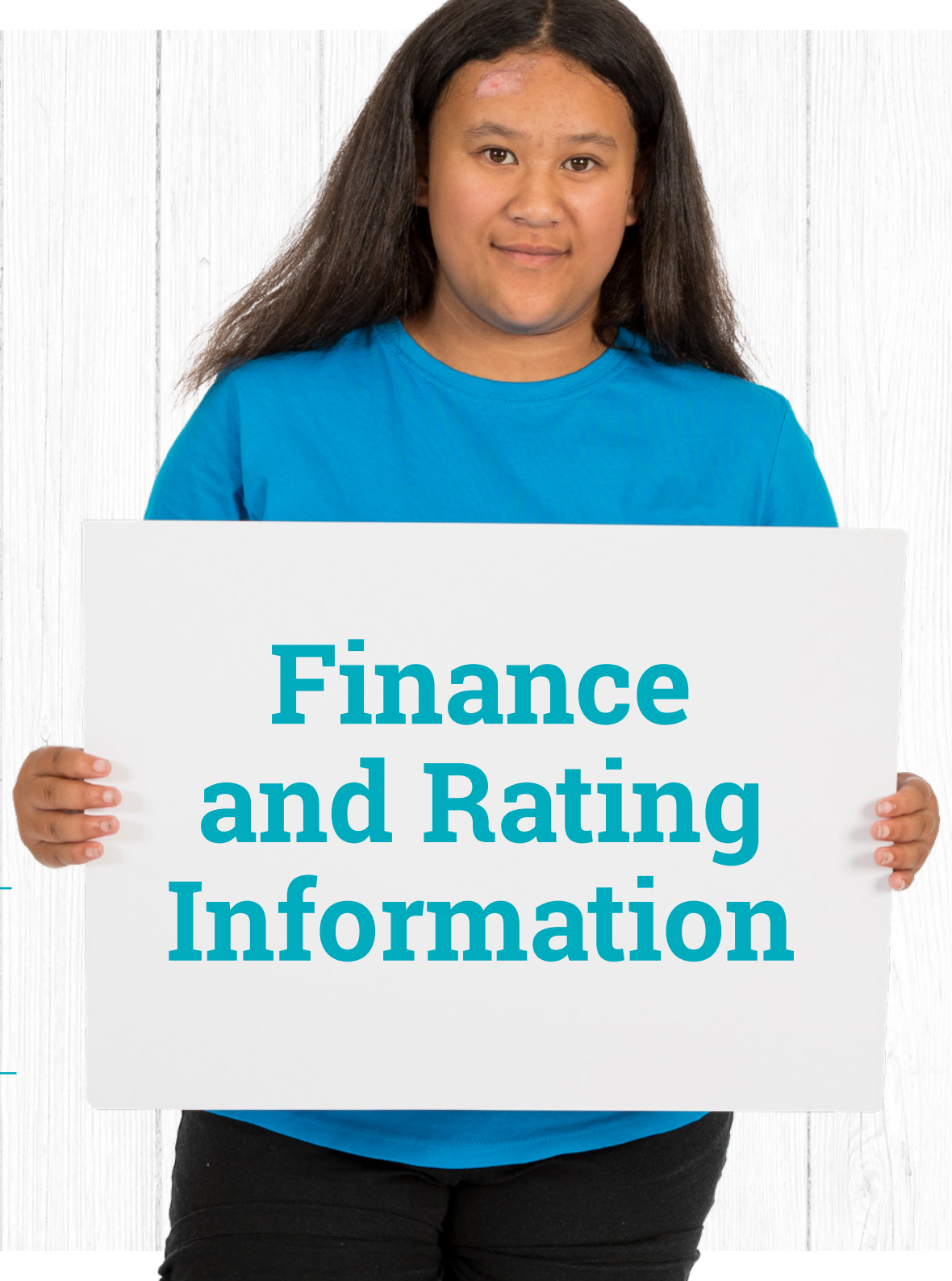
	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Capital Expenditure</b>										
Waipawa	494	637	1,166	1,219	1,275	1,331	0	0	0	0
Waipukurau	2,937	3,429	3,828	1,466	1,169	507	522	1,035	0	0
Water Metering & Demand Management	213	219	597	615	506	521	627	552	549	0
Reticulation & Water Security	836	2,109	2,077	1,188	1,224	698	658	678	699	718
Reservoir Replacement	1,290	0	4,774	820	3,658	0	0	0	0	0
<b>Total applications of capital funding</b>	<b>5,770</b>	<b>6,394</b>	<b>12,442</b>	<b>5,307</b>	<b>7,832</b>	<b>3,057</b>	<b>1,807</b>	<b>2,265</b>	<b>1,248</b>	<b>718</b>



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**Wāhanga 3**  
**Section 3**

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**Finance  
and Rating  
Information**

In this section you'll find what key assumptions we have made in preparing our financial information. You'll also find details about the rating impact and other key policies that have formed the basis of this plan.



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# Our Costs in Detail

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This chapter of the LTP provides a breakdown of some of our costs in more detail and provides some further information about how these costs are calculated and distributed. This information is a culmination of all the information contained within this LTP.

## Financial Prudence Benchmarks

These statements provide the Council's planned financial performance against various benchmarks in relation to revenue, expenses, assets, liabilities and general financial dealings.

## Prospective Financial Statements

These statements provide an overview of the Council's forecasted financial position for the next 10 years. This information should be read alongside the financial information contained in the 'Our Work in Detail' Chapter. The Statements include:

- Statement of Prospective Comprehensive Revenue and Expenses.
- Statement of Prospective Financial Position.
- Statement of Prospective Cash Flows.

## Statement of Accounting Policies

This statement outlines the principles against which we have prepared our financial statements. These policies have been applied to all the 10 years of this plan, unless specifically stated.

## Rating Information

This section includes information about the distribution and payment of rates in our District. This includes:

- Information about the number of rateable properties in our District.
- Due dates for payment of rates and water invoices in 2021/22
- 2021/22 Rates Factors
- Sample Rating Impacts on Properties for 2021/22



## Long-term plan disclosure statement for period commencing 1 July 2021

The purpose of this statement is to disclose the Council’s planned financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings. The Council is required to include this statement in its Long-Term Plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

### Rates Affordability Benchmark

The Council meets the rates affordability benchmark if:

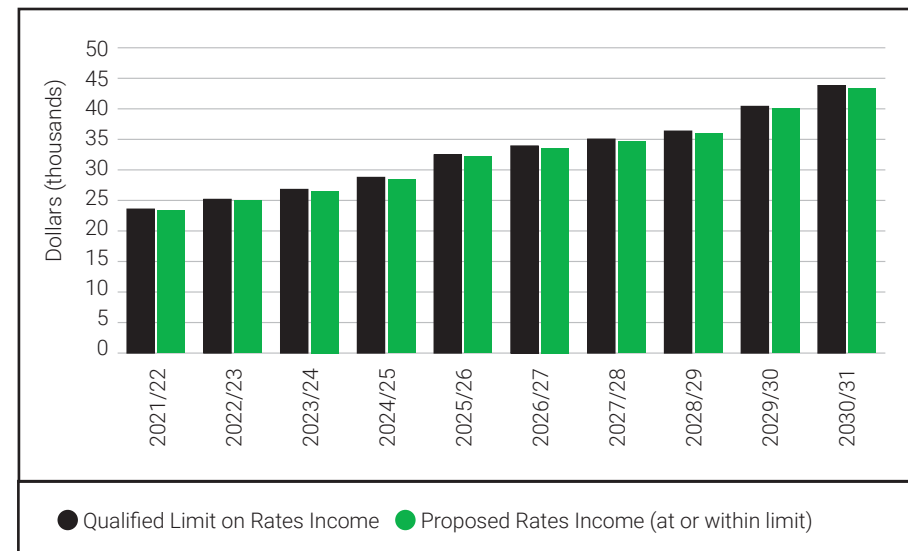
- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

### Rates Income Affordability

the following graph compares the Council’s planned rates with a quantified limit on rates contained in the financial strategy included in this Long-Term Plan.

Totals rates revenue for each year of the ten-year plan will be limited to 101% of the rates in the LTP.

**Rates (Income) Affordability**



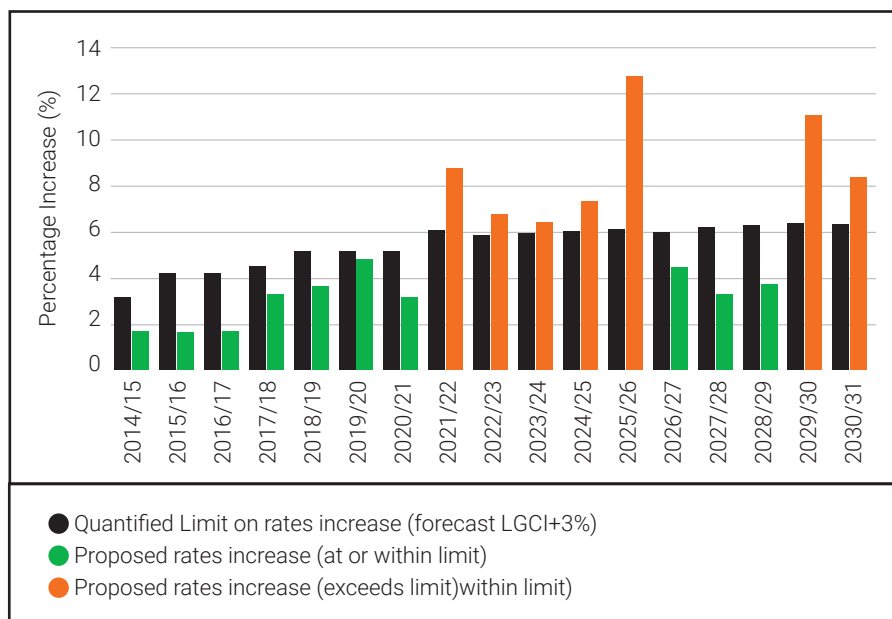
### Rates Increases Affordability

The following graph compares the Council’s planned rates increases with a quantified limit on rates increases contained in the Financial Strategy included this Long-Term Plan.

Quantified Limit on Rates Increases

- The annual percentage increase in the Local Government Cost Index\*
- Plus three percent.

#### Rates Affordability Benchmark



As articulated in the “Facing the Facts Consultation Document” that formed this LTP, years of keeping rates low (below this benchmark) has been achieved through not replacing Council Assets as they age. This combined with non-compliant waste water treatment plants means that Council is having to exceed this benchmark as it catches up on this backlog of capital work.

*\*Using the most recent Local Government Cost Index, published by BERL, available at the time the this ten-year plan was prepared*

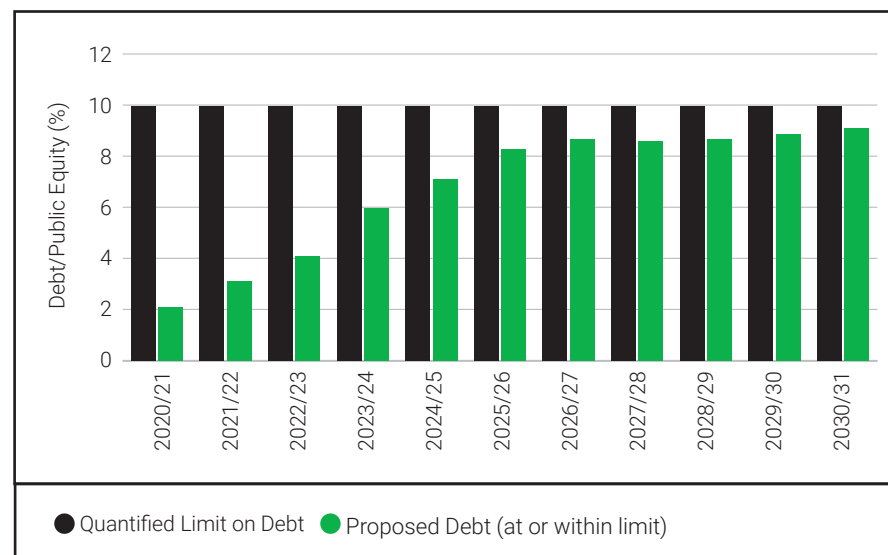
### Debt Affordability Benchmark

The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

#### Our limits for debt

The following graph compares the council’s planned total borrowing with the first quantified limit on borrowing stated in the financial strategy included in this long-term plan. The quantified limit is for total debt to be capped at 10% of rate payers equity.

#### Debt Affordability Benchmark



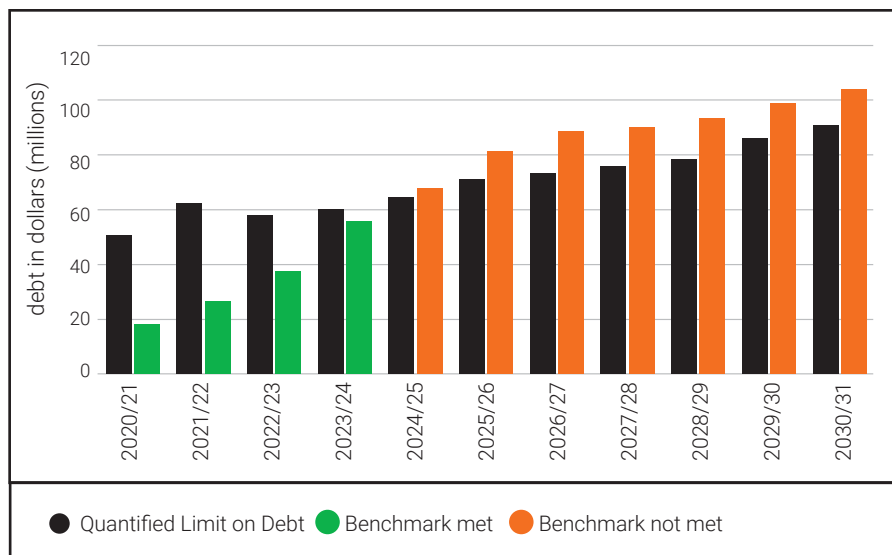
### Quantified Limit on Borrowings

The following graph compares Council's Debt to Council's Operating Revenue as per Council's Treasury Policy.

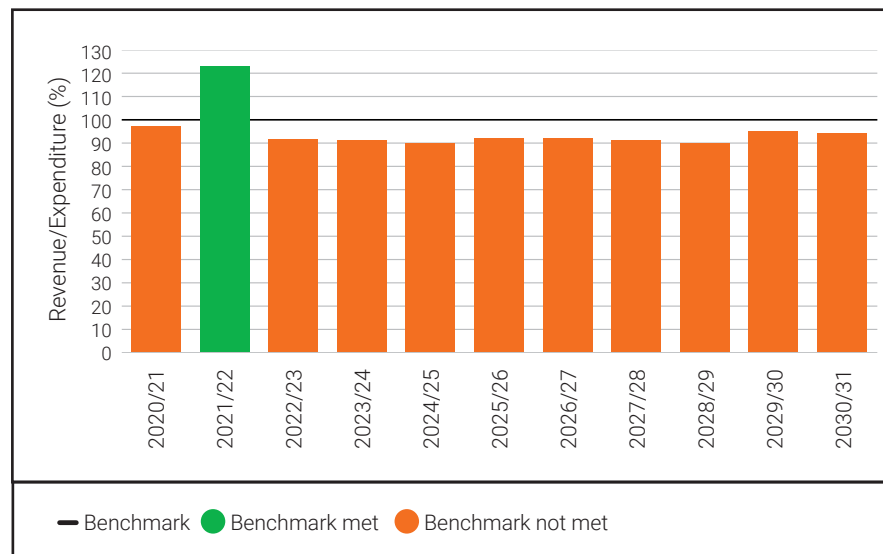
The quantified limit is 150% of Council's Operating Revenue.

This limit will be exceeded in year four of the Long Term Plan. How Council plans to deal with this breach is laid out in the Debt Levels and Borrowing Limits Section on page 155 of this document.

### Quantified Limit on Borrowings



### Balanced Budget Benchmark



Linked to the earlier comments on limits on rates increases, one of the reasons Council has unbalanced budgets is it doesn't rate fully to fund depreciation. Or in other words it doesn't rate to set aside funds to replace assets as they age. This has kept rates lower historically than if it had rated to fund these replacements. The non-funding of depreciation (which is an operating cost) is the reason for the under balanced budget.

Council is borrowing over the first 5 years of this LTP to fund the catch up on asset renewals, and then is having to fund the loan repayments (which is a capital cost, and not an operating cost). For this reason, until Council has substantially repaid its renewal debt, it is unable in the short term to fully fund depreciation as well while keeping a cap on rate increases.

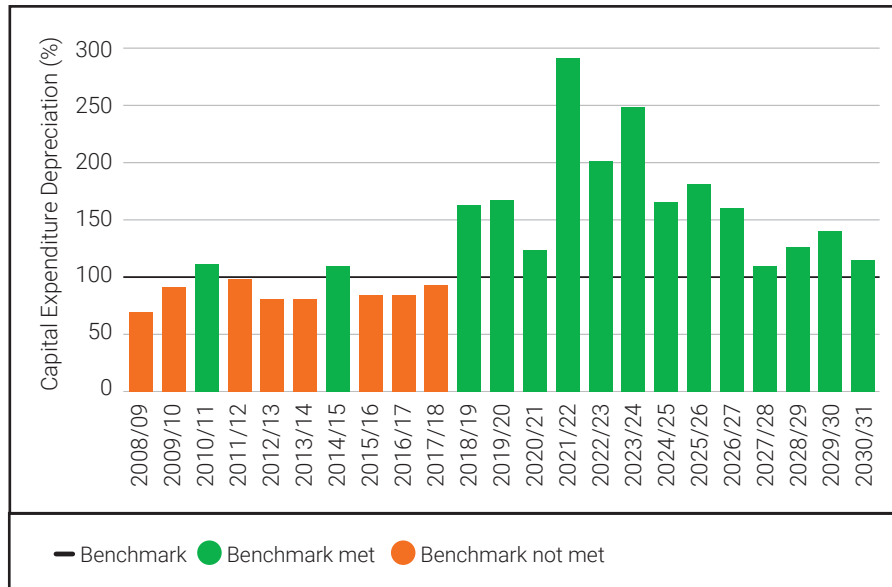
### Balanced Budget Benchmark

The following graph displays the Council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property plant and equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant and equipment). The Council meets the balanced benchmark if its planned revenue equals or is greater than its planned operating expenses.

### Essential Services Benchmark

The following graph displays the Council's planned capital expenditure on network services as a proportion of expected depreciation on network services. The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than depreciation on network services.

#### Essential Services Benchmark



This graph demonstrates the historical underinvestment in asset replacements referred to in the previous benchmark. Here it shows that historically Council's assets have been aging (as measured by depreciation) quicker than it has been replacing them (represented by the benchmark being consistently not met historically). The over delivery during the course of the LTP represents the debt funded catch up on asset replacements that will occur (particularly in the first 5 years of the LTP).

### Debt Servicing Benchmark

The following graph displays the Council's planned borrowing costs as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property plant and equipment). Council meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its planned revenue.

#### Debt Servicing Benchmark





# **Prospective Financial Statements Central Hawke's Bay Long Term Plan 2021 - 2031**

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The statements provide the expected financial position, based on the key documents we have developed as the basis of the Long Term Plan.

## Prospective Statement of Comprehensive Revenue and Expenses for the 10 Years to 30 June 2031

	Annual Report	Annual Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>												
Rates Revenue	20,793	21,453	23,343	24,927	26,537	28,487	32,139	33,580	34,690	35,991	40,001	43,372
Subsidies and Grants	10,004	7,566	18,960	7,665	7,517	8,316	8,670	8,628	8,965	9,240	10,134	9,806
Interest and dividends	215	92	71	42	27	15	16	11	15	9	13	12
Fees and charges	3,781	4,338	5,418	5,746	5,728	5,911	6,126	6,229	6,390	6,618	6,736	6,901
Development Contributions	92	107	2,072	2,133	2,197	2,263	2,331	2,396	2,467	2,541	2,617	2,690
Other Revenue	513	265	249	258	262	271	279	287	295	304	312	321
<b>Total revenue</b>	<b>35,398</b>	<b>33,821</b>	<b>50,111</b>	<b>40,771</b>	<b>42,267</b>	<b>45,263</b>	<b>49,561</b>	<b>51,131</b>	<b>52,823</b>	<b>54,703</b>	<b>59,813</b>	<b>63,101</b>
<b>Expenditure</b>												
Personnel costs	5,567	5,829	7,397	7,725	8,161	8,478	8,978	9,351	9,750	10,166	10,601	11,044
Depreciation and amortisation	12,397	13,065	12,696	14,653	16,333	17,863	19,431	21,160	22,365	23,543	25,209	26,691
Finance costs	429	462	732	1,062	1,411	1,774	2,079	2,330	2,446	2,533	2,676	2,841
Other operating costs	17,490	15,316	18,139	18,786	18,231	19,426	20,644	20,141	20,664	21,720	21,903	23,596
<b>Total operating expenditure</b>	<b>35,883</b>	<b>34,673</b>	<b>38,964</b>	<b>42,226</b>	<b>44,136</b>	<b>47,541</b>	<b>51,132</b>	<b>52,983</b>	<b>55,224</b>	<b>57,962</b>	<b>60,389</b>	<b>64,172</b>
<b>Net Operating Surplus/(Deficit)</b>	<b>(485)</b>	<b>(851)</b>	<b>11,147</b>	<b>(1,455)</b>	<b>(1,869)</b>	<b>(2,278)</b>	<b>(1,571)</b>	<b>(1,852)</b>	<b>(2,401)</b>	<b>(3,259)</b>	<b>(575)</b>	<b>(1,071)</b>
<b>Other (Gains)/Losses</b>												
(Gains)/Losses on Public Debt	0	0	0	0	0	0	0	0	0	0	0	0
(Gains)/Losses on Investments	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Other (Gains)/Losses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Operating surplus/(deficit) before tax</b>	<b>(485)</b>	<b>(851)</b>	<b>11,147</b>	<b>(1,455)</b>	<b>(1,869)</b>	<b>(2,278)</b>	<b>(1,571)</b>	<b>(1,852)</b>	<b>(2,401)</b>	<b>(3,259)</b>	<b>(575)</b>	<b>(1,071)</b>
Income tax expense	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net surplus/(deficit) after tax</b>	<b>(485)</b>	<b>(851)</b>	<b>11,147</b>	<b>(1,455)</b>	<b>(1,869)</b>	<b>(2,278)</b>	<b>(1,571)</b>	<b>(1,852)</b>	<b>(2,401)</b>	<b>(3,259)</b>	<b>(575)</b>	<b>(1,071)</b>
<b>Other comprehensive income</b>												
Gains/(Losses) on the revaluation of property, plant, equipment	1,335	14,928	24,963	32,183	24,616	28,724	41,443	25,775	30,461	46,802	27,671	32,100
<b>Total other comprehensive income</b>	<b>1,335</b>	<b>14,928</b>	<b>24,963</b>	<b>32,183</b>	<b>24,616</b>	<b>28,724</b>	<b>41,443</b>	<b>25,775</b>	<b>30,461</b>	<b>46,802</b>	<b>27,671</b>	<b>32,100</b>
<b>Total comprehensive income for the year</b>	<b>850</b>	<b>14,076</b>	<b>36,110</b>	<b>30,728</b>	<b>22,747</b>	<b>26,446</b>	<b>39,872</b>	<b>23,923</b>	<b>28,060</b>	<b>43,543</b>	<b>27,096</b>	<b>31,029</b>

## Prospective Statement of Changes in Equity for the 10 Years to 30 June 2031

	Annual Report	Annual Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Opening Equity Balance</b>	841,619	861,636	873,015	909,125	939,853	962,600	989,046	1,028,917	1,052,840	1,080,900	1,124,443	1,151,539
Total comprehensive income for the year	850	14,076	36,110	30,728	22,747	26,446	39,872	23,923	28,060	43,543	27,096	31,029
<b>Closing Equity Balance</b>	<b>842,469</b>	<b>875,712</b>	<b>909,125</b>	<b>939,853</b>	<b>962,600</b>	<b>989,046</b>	<b>1,028,917</b>	<b>1,052,840</b>	<b>1,080,900</b>	<b>1,124,443</b>	<b>1,151,539</b>	<b>1,182,568</b>
<b>Components of Equity</b>												
<b>Ratepayers Equity at the beginning of the Year</b>	245,062	244,620	261,149	274,835	274,468	272,416	269,920	268,053	265,896	263,071	259,349	258,288
Net Surplus/(Deficit) for the Year	(485)	(851)	11,147	(1,455)	(1,869)	(2,278)	(1,571)	(1,852)	(2,401)	(3,259)	(575)	(1,071)
Transfers to (from) other reserves	(119)	627	2,540	1,087	(183)	(217)	(296)	(306)	(423)	(462)	(486)	(468)
<b>Ratepayers Equity at end of Year</b>	<b>244,458</b>	<b>244,396</b>	<b>274,835</b>	<b>274,468</b>	<b>272,416</b>	<b>269,920</b>	<b>268,053</b>	<b>265,896</b>	<b>263,071</b>	<b>259,349</b>	<b>258,288</b>	<b>256,749</b>
<b>Special Funds at the beginning of the Year</b>	6,900	7,364	10,491	7,951	6,864	7,047	7,264	7,560	7,865	8,289	8,751	9,237
Transfers to (from) Special Funds	125	(455)	(2,540)	(1,087)	183	217	296	306	423	462	486	468
<b>Special Funds at the end of the Year</b>	<b>7,025</b>	<b>6,909</b>	<b>7,951</b>	<b>6,864</b>	<b>7,047</b>	<b>7,264</b>	<b>7,560</b>	<b>7,865</b>	<b>8,289</b>	<b>8,751</b>	<b>9,237</b>	<b>9,705</b>
<b>Trust Funds at the beginning of the Year</b>	182	172	172	172	172	172	172	172	172	172	172	172
Transfers to (from) Trust Funds	0	(172)	0	0	0	0	0	0	0	0	0	0
<b>Trust Funds at the end of the Year</b>	<b>182</b>	<b>0</b>	<b>172</b>	<b>172</b>	<b>172</b>	<b>172</b>	<b>172</b>	<b>172</b>	<b>172</b>	<b>172</b>	<b>172</b>	<b>172</b>
<b>Revaluation Reserves at the beginning of the Year</b>	589,475	609,480	601,203	626,166	658,349	682,965	711,689	753,132	778,907	809,368	856,170	883,842
Transfers to (from) Revaluation Reserves	1,329	14,928	24,963	32,183	24,616	28,724	41,443	25,775	30,461	46,802	27,671	32,100
<b>Revaluation Reserves at the end of the Year</b>	<b>590,804</b>	<b>624,408</b>	<b>626,166</b>	<b>658,349</b>	<b>682,965</b>	<b>711,689</b>	<b>753,132</b>	<b>778,907</b>	<b>809,368</b>	<b>856,170</b>	<b>883,842</b>	<b>915,941</b>
<b>Total Equity at end of Year</b>	<b>842,469</b>	<b>875,713</b>	<b>909,125</b>	<b>939,852</b>	<b>962,600</b>	<b>989,045</b>	<b>1,028,917</b>	<b>1,052,840</b>	<b>1,080,900</b>	<b>1,124,443</b>	<b>1,151,539</b>	<b>1,182,568</b>



## Prospective Statement of Financial Position for the 10 Years to 30 June 2031

	Annual Report	Annual Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Assets</b>												
<b>Current assets</b>												
Cash and cash equivalents	2,527	4,561	2,527	2,186	1,643	1,688	1,495	1,578	1,853	1,908	1,835	1,811
Accounts receivable	5,104	4,548	4,927	4,981	5,025	5,084	5,194	5,320	5,374	5,397	5,528	5,644
Prepayments	296	238	296	296	296	296	296	296	296	296	296	296
Stock on Hand	22	22	22	22	22	22	22	22	22	22	22	22
Current Investments	11,119	27	119	1,074	119	119	119	119	119	119	119	119
<b>Total current assets</b>	<b>19,068</b>	<b>9,395</b>	<b>7,891</b>	<b>8,560</b>	<b>7,105</b>	<b>7,210</b>	<b>7,126</b>	<b>7,335</b>	<b>7,664</b>	<b>7,742</b>	<b>7,801</b>	<b>7,892</b>
<b>Non-current assets</b>												
Investments	1,322	2,386	3,457	668	1,036	1,198	1,295	1,267	1,322	1,403	1,173	1,058
Property, plant and equipment	854,069	895,164	936,243	979,945	1,022,025	1,060,583	1,114,009	1,145,328	1,174,267	1,221,288	1,254,185	1,290,241
<b>Total non-current assets</b>	<b>855,391</b>	<b>897,550</b>	<b>939,700</b>	<b>980,613</b>	<b>1,023,062</b>	<b>1,061,782</b>	<b>1,115,304</b>	<b>1,146,595</b>	<b>1,175,588</b>	<b>1,222,691</b>	<b>1,255,358</b>	<b>1,291,299</b>
<b>Total assets</b>	<b>874,459</b>	<b>906,945</b>	<b>947,592</b>	<b>989,173</b>	<b>1,030,167</b>	<b>1,068,991</b>	<b>1,122,430</b>	<b>1,153,930</b>	<b>1,183,252</b>	<b>1,230,433</b>	<b>1,263,159</b>	<b>1,299,192</b>
<b>Liabilities</b>												
<b>Current liabilities</b>												
Trade and other payables	7,607	9,239	7,430	7,484	7,528	7,587	7,697	7,823	7,877	7,900	8,031	8,147
Employee entitlements	330	238	330	330	330	330	330	330	330	330	330	330
Current public debt	118	26	4,118	10,118	118	2,118	4,118	118	118	118	118	118
<b>Total current liabilities</b>	<b>8,056</b>	<b>9,503</b>	<b>11,877</b>	<b>17,932</b>	<b>7,976</b>	<b>10,035</b>	<b>12,144</b>	<b>8,270</b>	<b>8,325</b>	<b>8,347</b>	<b>8,479</b>	<b>8,595</b>
<b>Non-current liabilities</b>												
Non-current public debt	20,000	18,157	22,560	27,311	55,465	65,735	77,142	88,542	89,700	93,262	98,709	103,543
Provisions for landfill closure	3,934	3,573	4,029	4,078	4,127	4,176	4,226	4,277	4,328	4,380	4,433	4,486
<b>Total non-current liabilities</b>	<b>23,934</b>	<b>21,730</b>	<b>26,590</b>	<b>31,389</b>	<b>59,591</b>	<b>69,911</b>	<b>81,369</b>	<b>92,819</b>	<b>94,028</b>	<b>97,642</b>	<b>103,142</b>	<b>108,029</b>
<b>Total liabilities</b>	<b>31,990</b>	<b>31,233</b>	<b>38,467</b>	<b>49,321</b>	<b>67,567</b>	<b>79,946</b>	<b>93,513</b>	<b>101,090</b>	<b>102,353</b>	<b>105,990</b>	<b>111,621</b>	<b>116,624</b>
<b>Equity</b>												
Special and other funds	7,025	6,909	7,951	6,864	7,047	7,264	7,560	7,865	8,289	8,751	9,237	9,705
Trust funds	182	0	172	172	172	172	172	172	172	172	172	172
Revaluation reserve of assets	590,804	624,408	626,166	658,349	682,965	711,689	753,132	778,907	809,368	856,170	883,842	915,941
Ratepayers' equity	244,458	244,396	274,835	274,468	272,416	269,920	268,053	265,896	263,071	259,349	258,288	256,749
<b>Total equity</b>	<b>842,469</b>	<b>875,713</b>	<b>909,125</b>	<b>939,852</b>	<b>962,600</b>	<b>989,045</b>	<b>1,028,917</b>	<b>1,052,840</b>	<b>1,080,900</b>	<b>1,124,443</b>	<b>1,151,539</b>	<b>1,182,568</b>
<b>Total Liabilities and Equity</b>	<b>874,459</b>	<b>906,946</b>	<b>947,592</b>	<b>989,173</b>	<b>1,030,167</b>	<b>1,068,991</b>	<b>1,122,430</b>	<b>1,153,930</b>	<b>1,183,252</b>	<b>1,230,433</b>	<b>1,263,159</b>	<b>1,299,192</b>

## Prospective Statement of Cashflows for the 10 Years to 30 June 2031

	Annual Report	Annual Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Cash flows from operating activities</b>												
Cash was provided from:												
Receipts from rates revenue	20,854	20,510	23,300	24,886	26,504	28,443	32,057	33,486	34,649	35,974	39,903	43,285
Subsidies and grants received	3,910	7,566	3,494	3,426	3,372	3,772	3,814	3,805	3,995	4,119	4,858	4,375
Fees and charges received	3,665	3,638	5,403	5,732	5,717	5,896	6,099	6,197	6,376	6,612	6,703	6,872
Interest received	206	92	71	42	27	15	16	11	15	9	13	12
Receipts from other revenue	513	265	249	258	262	271	279	287	295	304	312	321
Development contributions	92	107	2,072	2,133	2,197	2,263	2,331	2,396	2,467	2,541	2,617	2,690
Cash was disbursed to:												
Payments to suppliers of goods and services	(17,664)	(12,136)	(18,034)	(18,683)	(18,138)	(19,318)	(20,485)	(19,965)	(20,558)	(21,646)	(21,719)	(23,427)
Payments to employees	(5,475)	(5,832)	(7,397)	(7,725)	(8,161)	(8,478)	(8,978)	(9,351)	(9,750)	(10,166)	(10,601)	(11,044)
Interest paid	(270)	(462)	(732)	(1,062)	(1,411)	(1,774)	(2,079)	(2,330)	(2,446)	(2,533)	(2,676)	(2,841)
<b>Net cash from operating activities</b>	<b>5,831</b>	<b>13,748</b>	<b>8,424</b>	<b>9,007</b>	<b>10,369</b>	<b>11,090</b>	<b>13,053</b>	<b>14,535</b>	<b>15,045</b>	<b>15,215</b>	<b>19,410</b>	<b>20,243</b>
<b>Cash flows from investing activities</b>												
Cash was provided from:												
Proceeds from sale of property, plant and equipment	19	35	25	26	21	22	22	23	24	24	25	26
Subsidies and grants received	5,507	0	15,466	4,240	4,144	4,544	4,857	4,824	4,970	5,121	5,276	5,431
Proceeds from investments	12,128	68	2,526	1,834	587	0	0	28	0	0	229	115
Cash was disbursed to:												
Purchase of investment	(22,473)	0	0	0	0	(162)	(97)	0	(55)	(81)	0	0
Purchase of intangible assets	(132)	0	0	0	0	0	0	0	0	0	0	0
Purchase of property, plant and equipment	(20,796)	(15,649)	(33,396)	(26,199)	(33,819)	(27,718)	(31,437)	(26,727)	(20,866)	(23,786)	(30,459)	(30,674)
<b>Net cash from investing activities</b>	<b>(25,747)</b>	<b>(15,547)</b>	<b>(15,378)</b>	<b>(20,099)</b>	<b>(29,066)</b>	<b>(23,315)</b>	<b>(26,654)</b>	<b>(21,852)</b>	<b>(15,927)</b>	<b>(18,723)</b>	<b>(24,929)</b>	<b>(25,101)</b>
<b>Cash flows from financing activities</b>												
Cash was provided from:												
Proceeds from borrowing	18,000	2,404	6,954	14,751	28,153	12,270	15,408	11,400	1,157	3,562	5,447	4,834
Cash was disbursed to:												
Repayment of borrowings	(118)	0	(0)	(4,000)	(10,000)	0	(2,000)	(4,000)	0	0	0	0
<b>Net cash from financing activities</b>	<b>17,882</b>	<b>2,404</b>	<b>6,954</b>	<b>10,751</b>	<b>18,153</b>	<b>12,270</b>	<b>13,408</b>	<b>7,400</b>	<b>1,157</b>	<b>3,562</b>	<b>5,447</b>	<b>4,834</b>
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	-2,034	606	0	-341	-544	45	-193	83	275	55	-72	-25
Cash, cash equivalents and bank overdrafts at the beginning of the year	4,561	3,956	2,527	2,527	2,186	1,643	1,688	1,495	1,578	1,853	1,908	1,835
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>	<b>2,527</b>	<b>4,562</b>	<b>2,527</b>	<b>2,186</b>	<b>1,643</b>	<b>1,688</b>	<b>1,495</b>	<b>1,578</b>	<b>1,853</b>	<b>1,908</b>	<b>1,835</b>	<b>1,811</b>

## Prospective Statement of Movements in Reserves for the 10 Years to 30 June 2031

	Long Term Plan 2022 \$000	Long Term Plan 2023 \$000	Long Term Plan 2024 \$000	Long Term Plan 2025 \$000	Long Term Plan 2026 \$000	Long Term Plan 2027 \$000	Long Term Plan 2028 \$000	Long Term Plan 2029 \$000	Long Term Plan 2030 \$000	Long Term Plan 2031 \$000
<b>Reserves Held for Future Asset Purchases</b>										
Opening Balance	6,023	6,066	4,983	5,063	5,178	5,323	5,474	5,742	6,019	6,317
Transfer to Reserves	343	276	255	240	245	251	268	277	299	312
Transfer from Reserves	(300)	(1,359)	(175)	(125)	(100)	(100)	0	0	0	0
<b>Closing Balance</b>	<b>6,066</b>	<b>4,983</b>	<b>5,063</b>	<b>5,178</b>	<b>5,323</b>	<b>5,474</b>	<b>5,742</b>	<b>6,019</b>	<b>6,317</b>	<b>6,630</b>
<b>Reserves Held for Future Operational Costs</b>										
Opening Balance	1,764	1,882	1,878	1,982	2,084	2,235	2,389	2,544	2,730	2,918
Transfer to Reserves	405	174	152	152	151	154	155	186	188	156
Transfer from Reserves	(286)	(179)	(48)	(50)	0	0	0	0	0	0
<b>Closing Balance</b>	<b>1,882</b>	<b>1,878</b>	<b>1,982</b>	<b>2,084</b>	<b>2,235</b>	<b>2,389</b>	<b>2,544</b>	<b>2,730</b>	<b>2,918</b>	<b>3,073</b>
<b>Trust Funds Held</b>										
Opening Balance	175	175	175	175	175	175	175	175	175	175
Transfer to Reserves	6	6	6	6	6	6	6	6	6	6
Transfer from Reserves	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)
<b>Closing Balance</b>	<b>175</b>	<b>175</b>	<b>175</b>	<b>175</b>	<b>175</b>	<b>175</b>	<b>175</b>	<b>175</b>	<b>175</b>	<b>175</b>
<b>Total Reserves / Trust Funds</b>	<b>8,123</b>	<b>7,036</b>	<b>7,219</b>	<b>7,436</b>	<b>7,732</b>	<b>8,038</b>	<b>8,461</b>	<b>8,923</b>	<b>9,410</b>	<b>9,877</b>

# Statement of Accounting Policies

## Prospective Notes to the Financial Statement for the 10 Years to 30 June 2031

### Reporting Entity

Central Hawke's Bay District Council (Council) is a New Zealand territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The Council provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return and accordingly, Council has designated itself as a public benefit entity (PBE) for the purposes of complying with generally accepted accounting practice.

### Basis of Preparation Statement of Compliance

The financial statements of the Council have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R), which include the requirement to comply generally accepted accounting practice in New Zealand (NZ GAAP).

The prospective financial statements have been prepared to comply with Public Benefit Entity Standards (PBE Standards) for a Tier 2 entity. The prospective financial statements incorporated within the ten year plan have been prepared in compliance with PBE Financial Reporting Standards 42: Prospective Financial Statements (PBE FRS 42).

The preparation of prospective financial statements in conformity with PBE Standards requires

management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### Measurement Base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets, investment property, and financial instruments.

### Functional and Presentation Currency

The financial statements are presented in the functional currency of New Zealand, which is New Zealand dollars, and all values are rounded to the nearest thousand dollars (\$'000).

### Changes in Accounting Policies

PBE IPSAS 41 Financial Instruments (PBE IPSAS 41) becomes effective for the year ending 30 June 2023.

Council has decided to adopt this standard early with an effective date of 1 July 2021.

### Significant Accounting Policies.

#### Revenue

Revenue is measured at the fair value of consideration received. Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

Revenue may be derived from either exchange or non-exchange transactions.

#### Exchange Transactions

Exchange transactions are transactions where the Council receives assets (primarily cash) or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services, or use of assets) to another entity in exchange.

#### Non-Exchange Transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange revenue transaction, the Council receives value from another entity without directly giving approximately equal value in exchange.

An inflow of resources from a non-exchange transaction recognised as an asset, is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. A liability arises only when there is a condition attached to the revenue which requires the entity perform in a certain way, or return the asset.

As Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange revenue transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

## Non-Exchange Revenue

### Rates Revenue

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced quarterly within the financial year to which the rates have been set. Rates revenue is recognised when payable.

### Government Subsidies

Council receives government grants from NZ Transport Agency, which subsidises part of Council's costs in providing the local roading infrastructure services. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

### Vested Assets

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in Council are recognised as revenue when control over the asset is obtained.

### Fees and Charges

Non-exchange revenue from the rendering of services consists of services in activities where Council subsidise the activity. Such revenue is

recognised by reference to the stage of completion of the transaction at balance date based on the actual service provided as a percentage of the total services to be provided only when there are conditions attached that require the funds to be returned if performance does not occur. When no conditions are attached revenue is recognised when receivable.

## Exchange Revenue

### Contribution Revenue

Development contributions are recognised as revenue when the Council provides, or is able to provide, the service that gave rise to the charging of the contribution. Otherwise development contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.

### Rates Revenue from Water by Meter

Water meter revenue is based on actual usage charged at the time of use.

### Provision of Services

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

### Sale of Goods

Sales of goods are recognised when a product is sold to the customer. Sales are usually in cash.

## Interest and Dividends

Dividends are recognised when the right to receive payment has been established. Interest revenue is recognised using the effective interest method.

### Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

### Grant Expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council's decision.

### Operating Leases as Lessor

Assets leased to third parties under operating leases are included in property, plant and equipment in the Statement of Financial Position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental revenue (net of any incentives given to lessees) is recognised on a straight line basis over the lease term.

### Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts where applicable are shown within borrowings in current liabilities in the statement of financial position.

### **Trade and Other Receivables**

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation, and default in payments are considered indicators that the debtor is impaired.

When the receivable is uncollectible, it is written off against the provision account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

### **Inventories**

Raw materials and stores, and finished goods are stated at the lower of cost and net realisable value costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### **Financial Assets**

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in surplus or deficit in the Statement of Comprehensive Revenue and Expense.

Purchases and sales of financial assets are recognised on trade-date, the date on which Council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

Council classifies its financial assets into the following categories: fair value through surplus or deficit, held-to-maturity investments, loans and receivables and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

### **Financial Assets at fair value through surplus or deficit**

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses recognised in the surplus or deficit.

### **Financial Assets at Amortised Cost**

Financial Assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets. Council's Financial Assets at amortised cost

comprise cash and cash equivalents, trade and other receivables, term deposits, and related party loans. After initial recognition, they are measured at amortised cost using the effective interest method less impairment. Impairment results from expected credit loss modelling based on expected future recoverability. Gains and losses when the asset is impaired or derecognised are recognised in surplus or deficit in the Statement of Comprehensive Revenue and Expense.

### **Fair Value**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

### **Impairment of Financial Assets**

At each balance sheet date Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in surplus or deficit in the Statement of Comprehensive Revenue and Expense.

### **Loans and Other Receivables**

Impairment of financial assets at amortised cost is established when there is objective evidence that Council will not be able to collect amounts due according to the original terms. Significant financial difficulties of the debtor/issuer, probability that the debtor/issuer will enter into bankruptcy, and default

in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows.

For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in surplus or deficit in the Statement of Comprehensive Revenue and Expense. When the receivable is uncollectable, it is written off against the allowance account.

Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due).

For term deposits, local authority stock, government stock and community loans, impairment losses are recognised directly against the instruments carrying amount.

Impairment of term deposits, local authority, government stock, and related party and community loans is established when there is objective evidence that the Council will not be able to collect amounts due to the original terms of the instrument. Significant financial difficulties of the issuer, probability the issuer will enter into bankruptcy, and default in payments are considered indicators that the instrument is impaired.

#### **Non-Current Assets Held for Sale**

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use and that the sale is highly probable. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in

surplus or deficit in the Statement of Comprehensive Revenue and Expense.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

#### **Property Plant and Equipment**

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses. Property, plant and equipment consist of:

- **Operational Assets**  
These include land, buildings, landfill post closure, library books, plant and equipment, and motor vehicles.
- **Infrastructure Assets**  
Infrastructure assets are the fixed utility systems owned by Council. Each asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.
- **Intangible Assets**  
These include Software and GIS District Imagery.
- **Restricted Assets**  
Restricted assets are parks and reserves owned by Council which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

#### **Additions**

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential

associated with the item will flow to Council and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

#### **Disposals**

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Revenue and Expense. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

#### **Subsequent Costs**

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably.

#### **Depreciation**

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

Land, land under roads, restricted assets, assets under construction, and the museum assets are not depreciated.

The useful lives and associated depreciation and amortisation rates of major classes of assets have been estimated as follows:

## Depreciation by Activity

	Annual Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Community Leadership	-	-	-	-	3	3	8	8	5	5	-
Land Transport	7,854	8,005	7,616	8,551	9,008	9,464	9,964	10,363	10,680	11,011	11,357
Planning and Regulatory	1	50	1	1	15	15	15	15	15	15	15
Recreation and Community Facilities	1,463	1,351	1,375	1,387	1,447	1,390	1,396	1,411	1,451	1,496	1,561
Solid Waste	337	310	305	334	360	374	428	490	489	501	503
Stormwater	287	298	381	424	509	602	667	718	794	828	864
Wastewater (Sewerage)	1,360	1,415	1,457	1,634	1,809	2,017	2,180	2,373	2,606	2,734	2,931
Water Supplies	784	916	1,014	1,155	1,309	1,601	1,743	1,925	2,003	2,033	2,103
Overheads	310	719	546	1,168	1,875	2,399	3,031	3,857	4,323	4,920	5,876
<b>Total</b>	<b>12,397</b>	<b>13,065</b>	<b>12,696</b>	<b>14,653</b>	<b>16,333</b>	<b>17,863</b>	<b>19,431</b>	<b>21,160</b>	<b>22,365</b>	<b>23,543</b>	<b>25,209</b>



Asset Category	Useful Life	Depreciation Rate
<b>Infrastructural Assets</b>		
<b>Roading</b>		
Base Course	50-75	1.3%-2%
Bridge (Deck)	70-140	.7%-1.4%
Crossing	75	1.3%
Drainage	30-80	1.3%-3.3%
Footpath	30 -75	1.3%-3.3%
Marking	2	50%
Minor Structure	75	1.3%
Railing	20-40	2.5%-5%
Retaining Wall	35-75	1.3%-2.9%
SW Channel	75	1.3%
Sign	15	6.7%
Street Light (Bracket)	25	4%
Street Light (Light)	6	16.7%
Street Light (Pole)	25	4%
Sub Base [urban]	50-75	1.3%-2%
Sub Base [rural]	50-75	1.3%-2%
Top Surface	3-25	4%-33.3%

<b>Sewerage Network</b>		
Pipes and manholes	60-135	0.7%-1.7%
Manholes	100	1%
Treatment ponds and pumps	15-100	1%-3.8%
Flow monitoring equipment	10	10%
<b>Stormwater</b>		
Pipes	30-100	1%-3.5%
Manholes	100	1%

<b>Water Network</b>		
Monitoring equipment (hardware)	5-20	5%-20%
Monitoring equipment (software)	5-20	5%-20%
Pipes, hydrants, valves	25-50	2%-4%
Treatment plants and pumps	5-20	5%-20%
Items under construction	Non-depreciable	

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

#### Revaluations

Council accounts for revaluations of property, plant and equipment on a class of asset basis.

Revaluations	Frequency
Roads (except land under roads)	Annually
Bridges	Annually
Sewerage	Every 3 years
Stormwater	Every 3 years
Water	Every 3 years
Land, excluding land under roads	Every 3 years
Restricted Assets	Every 3 years
Buildings	Every 3 years

Land, buildings (operational and restricted), and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially

from fair value. All other asset classes are carried at depreciated historical cost.

Council assesses the carrying values of its revalued assets annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Statement of Comprehensive Revenue and Expense. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Statement of Comprehensive Revenue and Expense will be recognised first in the Statement of Comprehensive Revenue and Expense up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

#### Infrastructural Asset Classes: Roads

Roading assets are revalued at fair value determined on a depreciated replacement cost basis and reviewed by an independent valuer. The most recent valuation was performed by Pauline True, Consultant, BBS Economics, PGDipArts (GIS), Stantec through their professional services contract.

#### Infrastructural Asset Classes: Water, Sewerage and Stormwater Systems

Water, sewer and stormwater infrastructure assets are revalued at fair value determined on a depreciated replacement cost basis. The valuation was completed internally using commercial rates provided by and reviewed by an independent external consultant (Stantec).

### **Operational and Restricted Land and Buildings**

These are revalued at fair value as determined from market-based evidence by an independent valuer. The most recent valuation for land was performed by Registered Valuer, David Nagel, B.Agr.Sc (RVM), SPINZ, ANZIV, and Ashton Gibbard BBS (VPM), MPINZ from QV Asset & Advisory.

Two properties (Waipukurau Library and Memorial Hall) have been partly impaired due to seismic concerns during 2020 based on the expected cost to strengthen to 67% of building code.

### **Land Under Roads**

Land under roads is based on cost less impairment.

### **Unformed or Paper Roads**

An unformed or paper road is a term for a road that is legally established and recorded in survey plans, but has not been formed, and that ownership of the land associated with the paper road resides with Council.

Council does not recognise land under unformed paper roads in the statement of financial position because there is no service potential from the majority of paper roads. The public good of having access routes is very difficult to value. In addition, there is a very limited market for sale to the surrounding or adjacent property owner, and cannot be measured reliably because of the small individual area of many paper roads to those adjacent or surrounding properties, and the high cost of sale.

## **Intangible Assets**

### **Carbon Credits**

Purchased carbon credits are recognised at cost on acquisition. They are not amortised, but are instead tested annually for impairment. They are derecognised when they are used to satisfy carbon emission obligations.

### **Creditors and Other Payables**

Trade and other payables are measured by amortised cost using the effective interest method. Trade payables are usually paid within 30 days of recognition. Due to their short-term nature they are not discounted.

## **Employee Benefits**

### **Short-Term Benefits**

Employee benefits are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements able to be settled within 12 months, and sick leave.

Council recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that Council anticipates it will be used by staff to cover those future absences.

### **Long-Term Benefits**

These are long-term employee benefits that are assessed on an actuarial entitlement basis at current rates of pay.

### **Provisions**

Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

**Borrowing**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using EIR method. Gains and losses are recognised in surplus or deficit when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of Comprehensive Revenue and Expense.

**Equity**

Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Ratepayers equity
- Revaluation reserves
- Special funded reserves
- Trust funds.

**Special Funded and Council Created Reserves**

Special funded reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

**Trust Funds**

Trust funds are those subject to specific conditions accepted as binding by Council. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

**Good and Service Tax (GST)**

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

**Cost Allocation**

Council has derived the cost of service for each significant activity of Council using the cost allocation system outlined below.

- Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity.
- Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using specific allocation ratio.

**Statement of Cash Flows**

Cash means cash and cash equivalent balances on hand, held in bank accounts, demand deposits and other highly liquid investments that are readily convertible to known amounts of cash and which are

subject to an insignificant risk of changes in value. The Council invests such assets as part of its day to day cash management.

Operating activities are the principal revenue-producing activities of the entity and other activities that are not investing or financing activities. They include cash received from all revenue sources (such as rates, taxes and operating government grants) and record the cash payments made for the supply of goods and services (including payments to other public benefit entities to finance their operations, but not loans). Agency transactions are not recognised as receipts and payments in the Statement of Cash Flows as they do not represent transactions that Council can control.

Investing activities are those activities relating to the acquisition and disposal of non-current assets, which are intended to generate future income and cash flows. Investing and financing activity transactions have had their respective sources and applications of cash netted off where roll over of financing has occurred and where there have been transfers between Council bank accounts.

Financing activities comprise activities that change the equity and debt capital structure of the Council.

**Critical Accounting Estimates and Assumptions**

In preparing these financial statements Council has made estimates and assumptions concerning the future.

These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Overdue Receivables Provision**  
The appropriate note discloses an analysis of the exposure of Council in relation to the estimates and uncertainties surrounding impairment provision for overdue receivables.
- **Landfill Aftercare Provision**  
The appropriate note discloses an analysis of the exposure of Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.
- **Infrastructural Assets**  
There are a number of assumptions and estimates used when performing Depreciated Replacement Cost valuations over infrastructural assets. These include:
  - the physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
  - estimating any obsolescence or surplus capacity of an asset; and
  - estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather

patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue and Expense.

To minimise this risk Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives Council further assurance over its useful life estimates.

Experienced independent valuers are used in performing or reviewing the Council's infrastructural asset revaluations.

#### **Critical Judgements in Applying Council's Accounting Policies**

Management has exercised the following critical judgements in applying the Council's accounting policies for the periods ending 30 June 2022-2031.

#### **Classification of Property**

Council owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of the Council's housing policy. These properties are accounted for as property, plant and equipment.

#### **Prospective Financial Information**

Public Benefit Entity Financial Reporting Standard 42 Prospective Financial Statements (PBE FRS 42)

The Council has complied with PBE FRS 42 in the preparation of these prospective financial statements. The purpose for which it has been prepared is to enable ratepayers, residents and any other interested parties to obtain information about the expected future financial performance, position and cash flow of Council.

The actual results achieved for any particular financial year is also likely to vary from the information presented, and may vary materially depending on the circumstances that arise during the period.

#### **Cautionary Note**

The forecast financial statements are prepared based on best estimates available at the time of preparing the accounts. Actual results are likely to vary from information presented and the variations may be material.

#### **Financial Information**

##### **Rounding**

There will be rounding of numbers in the Report as the model used calculates to the dollar but the Report is rounded to the nearest thousands.



# All About Rates

## Rateable properties in our District

The Council's rating requirement (the amount we need to collect from rates) is divided among the available "rateable properties" in the District. Our District is made up of 7,725 rateable properties.

Projected Number of Rateable Rating Units	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Residential	4,495	4,615	4,735	4,855	4,975	5,090	5,190	5,290	5,390	5,490	5,590
Commercial/Industrial	399	399	399	399	399	399	399	399	399	399	399
Lifestyle	1,252	1,277	1,302	1,327	1,352	1,377	1,402	1,427	1,452	1,477	1,502
Other Rural	1,579	1,578	1,578	1,577	1,577	1,576	1,576	1,575	1,575	1,574	1,574
<b>Total</b>	<b>7,725</b>	<b>7,869</b>	<b>8,014</b>	<b>8,158</b>	<b>8,303</b>	<b>8,442</b>	<b>8,567</b>	<b>8,691</b>	<b>8,816</b>	<b>8,940</b>	<b>9,065</b>

The table below shows the number of rateable properties in our District as at 18 May 2021.

Properties are valued every three years by an independent valuer, and were last valued in September 2018. The next review will take place in September 2021.

Type	Number of Rateable Rating Units	Rateable Land Value \$ Million	Rateable Capital Value \$ Million
Residential	4,495	\$462.8	\$1,415.2
Commercial/Industrial	399	\$61.6	\$231.9
Lifestyle	1,252	\$239.5	\$555.2
Other Rural	1,579	\$2,849.7	\$3,543.1
<b>Total</b>	<b>7,725</b>	<b>\$3,613.6</b>	<b>\$5,745.4</b>

## Rates due dates

There will be four equal instalments for the 2021/22 rates and the due dates are as follows:

Instalment	Due Date	Penalty Date
Instalment 1	20 August 2021	21 August 2021
Instalment 2	20 November 2021	21 November 2021
Instalment 3	20 February 2022	21 February 2022
Instalment 4	20 May 2022	21 May 2022

A 6% instalment penalty will apply to any rates which are not paid by the instalment due dates. A further 6% will be added on 1 July 2021 to the amount of rates assessed in previous financial years and remaining unpaid as at 30 June 2021.

## Water due dates

The following are the due dates for water invoices:

Read	Read Date	Due Date
Commercial/Large Users	Monthly	20 <sup>th</sup> following month
Waipawa/Waipukurau	September, December, March, June	20 <sup>th</sup> following month
Takapau/Otāne	August, November, February, April	20 <sup>th</sup> following month
Pōrangahau/Te Paerahi	July, October, January, April	20 <sup>th</sup> following month


A 6% penalty will apply if any water rates payments remain outstanding after each of the above water rates due dates

**2021/22 Rate Factors**

The table below lists the rate factors for the 2021/22 year (1 July 2021 to 30 June 2022) that are proposed to be set by the Council.

Description	Land Liabe	Differential	Factor of Liability	Factor	Rate Value	Amount Sort (including GST \$)
<b>District Wide Rates</b>						
General Rate	All Rateable Property outside Waipawa and Waipukurau CBD	1	Capital Value	5,689,756,600	0.001314101	\$7,476,912
General Rate	All Rateable Property in Waipawa and Waipukurau CBD	1.1	Capital Value	55,687,500	0.001445504	\$80,497
Uniform Annual Charge	All Rateable Property	1	Fixed Amount per SUIP	6,879	309.00	\$2,125,611
Land Transport	All Rateable Property	1	Land Value	3,613,686,100	0.002217199	\$8,012,263
<b>Targeted Rates</b>						
Refuse Collection	Service Available	1	Fixed Amount per SUIP	4,237	29.07	\$123,127
Kerbside Recycling Collection	Service Available	1	Fixed Amount per SUIP	3,806	88.35	\$336,070
Water Supply	Connected/Service Available	1.00 / 0.50	Fixed Amount per SUIP	4,329.50	846.80	\$3,671,200
Sewerage	Connected/Service Available	1.00 / 0.50	Fixed Amount per SUIP, per Pan	4,135.50	834.67	\$3,459,719
Stormwater	All properties in Waipawa and Waipukurau Catchment	1	Capital Value	983,831,400	0.000874768	\$860,559
Stormwater	All properties in Otāne Catchment	0.16	Capital Value	127,441,000	0.000139963	\$17,829
Stormwater	All properties in Takapau Catchment	0.12	Capital Value	47,711,000	0.000104972	\$5,005
Drainage	Te Aute Catchment	1	Fixed Amount per Point	73,614	0.624881137	\$46,000
Water by Meter	Properties with Water Meters	Volumetric	Fixed Amount per cubic meter		\$3.85 / \$2.65	\$599,070
<b>Total Sought</b>						<b>\$26,813,861</b>





	Coastal Residential		Rural								Urban Residential											
	Te Paerahi		Lifestyle residential		Aramoana		Ruahine		Ruataniwha		Ongaonga		Otāne		Pōrangahau		Takapau		Waipawa		Waipukurau	
Based on: Capital Value	\$495,000		650,000		\$4,880,000		\$2,950,000		\$5,000,000		\$315,000		\$315,000		\$121,000		\$345,000		\$400,000		\$455,000	
Land value	\$295,000		205,000		\$4,240,000		\$2,300,000		\$4,000,000		\$50,000		\$118,000		\$59,000		\$64,000		\$77,000		\$116,000	
	20/21	21/22	20/21	21/22	20/21	21/22	20/21	21/22	20/21	21/22	20/21	21/22	20/21	21/22	20/21	21/22	20/21	21/22	20/21	21/22	20/21	21/22
General Rate District	539	650	708	854	5,314	6,413	3,213	3,877	5,445	6,571	343	414	343	414	132	159	376	453	436	526	496	598
District Land Transport Rural	645	654	448	455	9,273	9,401	5,030	5,100	8,748	8,869	109	111	258	262	129	131	140	142	168	171	254	257
Refuse Collection Service Available	30	29	-	-	-	-	-	-	-	-	30	29	30	29	30	29	30	29	30	29	30	29
Sewerage Operations Rate Service Available	827	837	-	-	-	-	-	-	-	-	-	-	827	837	827	837	-	-	827	837	827	837
Stormwater Operations Catchment	-	-	-	-	-	-	-	-	-	-	-	-	-	44	-	-	-	36	364	350	414	398
Water Supply Operations Service Available	789	848	-	-	-	-	-	-	-	-	-	-	789	848	789	848	789	848	789	848	789	848
Recycling Collection Rate Service Available	-	-	-	-	-	-	-	-	-	-	-	88	-	88	-	-	-	88	100	88	100	88
District UAC UAC	291	309	291	309	291	309	291	309	291	309	291	309	291	309	291	309	291	309	291	309	291	309
<b>TOTAL</b>	<b>3,121</b>	<b>3,327</b>	<b>1,447</b>	<b>1,618</b>	<b>14,878</b>	<b>16,123</b>	<b>8,533</b>	<b>9,285</b>	<b>14,484</b>	<b>15,748</b>	<b>773</b>	<b>951</b>	<b>2,538</b>	<b>2,831</b>	<b>2,198</b>	<b>2,312</b>	<b>1,626</b>	<b>1,906</b>	<b>3,005</b>	<b>3,157</b>	<b>3,200</b>	<b>3,364</b>
Total \$ Change		206		171		1,245		752		1,264		178		293		115		280		152		164
Total % Increase		6.6%		11.8%		8.4%		8.8%		8.7%		23.0%		11.5%		5.2%		17.2%		5.1%		5.1%

# Central Hawke's Bay District Council Financial Strategy Long Term Plan 2021 -2031

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This Strategy sets out our financial goals for the 2021–2031 Long Term Plan. It sets out where we are now and where we will be at the end of the ten-year term.

Alongside the Infrastructure Strategy, it is a core document that outlines how we consider and approach the funding of expenditure proposals outlined in the Infrastructure Strategy in this Financial Strategy.

# Executive summary

Overall, the district is in good shape, compared to other areas in New Zealand significantly affected by Covid-19. Despite still facing the fallout of drought, Central Hawke's Bay's economy is resilient. Consenting levels remain strong, which indicates the District is still an attractive place to live. It is forecast that the number of households will grow by 1,340 residents over the next ten years.

While we welcome the growing prosperity of the district, we know that parts of our community are struggling. Rates rebates and remissions are effective tools for helping the vulnerable households in our community. The completion of our rating review will ensure that rates affordability and any inequities are addressed.

The Council has recognised that while the direction set in the 2018-28 long term plan started addressing our aged infrastructure as part of the #BigWaterStory, we still need to continue this work. The focus of the 2021-31 financial strategy is to complete this capital investment programme, focusing on infrastructure that supports resilience, managed growth, and catches up on years of underinvestment in asset renewals. We are planning to spend just under \$285 million on capital expenditure during the first 10 years of the plan, which equates to an average of \$29 million a year.

This capital investment program will see external debt grow to \$98.8 million by 2031 (peaking at \$103.7 million by 2032 just beyond this LTP), after which we will be in a position to start paying down this debt.

Year 1 of the LTP has a required rate increase of 8.8%, broken down between general rate/uniform annual charge of 10.5%, and 5.7% in targeted rates (driven mainly by the three waters programme). For the remaining 9 years, the average rate increase is 7.2% per annum. These increases are largely driven by our renewals programme (across three waters and community facilities) which goes from \$9.5m this year to \$22.2m in Year 3 of the LTP (a 235% increase). This increase looks even higher if you exclude Waka Kotahi NZ Transport Agency's \$6 million contribution to this figure. This reflects the age and quality of our infrastructure assets. This balances our focus of upgrading our infrastructure, capping our debt, with keeping rates increases at a manageable level.

## Introduction

### 1. What is a financial strategy?

Our financial strategy sets out the overall financial goals of the Council for the 2021-31 Long Term Plan. The strategy builds on our current financial position by setting out where we want to be positioned during, and at the end of, the ten year period.

The Local Government Act 2002 (LGA) is the guiding legislation for all councils' planning and activities for the next 10 years. We recognise the importance of planning for our long term future as the decisions we make today can have significant impacts on future generations.

The financial strategy also provides guidance on how we consider and approach funding of expenditure proposals in the current long term plan, and informs all subsequent activity decisions made for the duration of the 2021-31 LTP.

### 2. Council's long-term vision

The Council's LTP strategy identified the challenges the District faces, including the affordability of Council services and the sustainability of the District economy. While all activities which are planned to move the District forward will have a financial component, the financial strategy focuses on the core financial actions.

The main areas of focus are the Big Water Story; Waste Free CHB; Improved Roading and Sustainable Transport; Sustainable Water Supply Management; Community Facilities for the Future; Housing for all; Responding to growth; and Open Spaces for the Future; while at the same time balancing the cost of this against what is affordable for the District. Part of this is ensuring that Central Hawke's Bay District Council makes the most of all funding opportunities presented that aren't ratepayer funded, such as the Provincial Growth Fund and the Crown Infrastructure Fund.

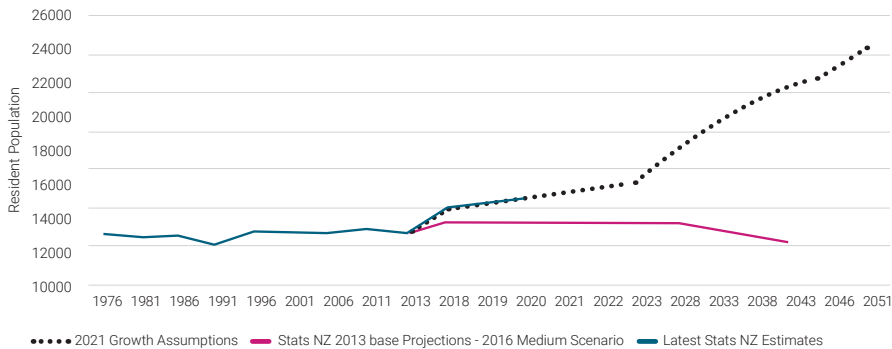
The key outcomes these actions will support aim to put the Council's finances on a more sustainable footing, increase the resilience of our assets and plan for the future.

# Strategic context

## 3. Growth in population

The chart below shows the population growth projections supplied by Squillions’ data analysts in May 2020. The high projection forecasts a growth of 2,700 people over the next ten years. The modelling indicates a slowing of migration initially due to Covid-19, but recovering from mid-2022. The high forecast is what we are using to underpin our modelling for the 2021-31 Long Term Plan.

Population Actuals and Forecasts



Source – Squillions Growth Predictions Presentation May 2020

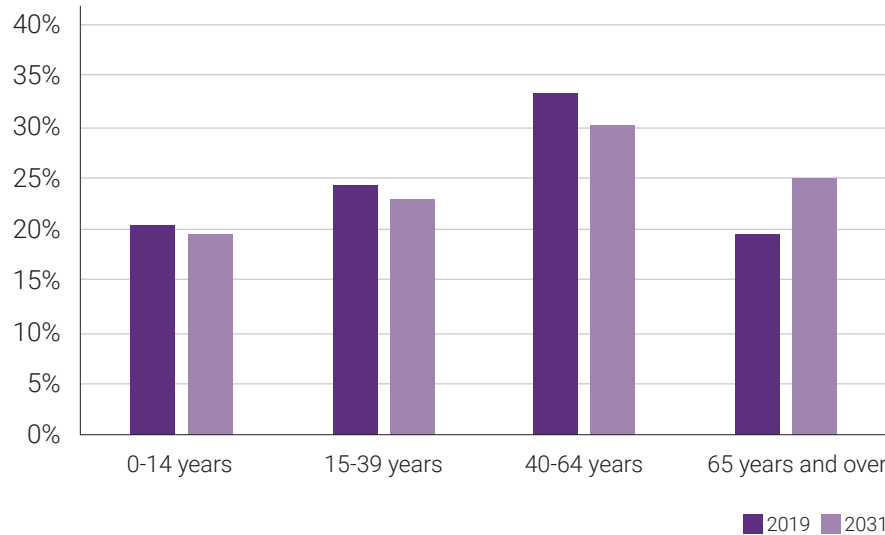
	2021 Households	2031 Households	Forecast Change	% Increase
Waipawa	853	968	115	13.5%
Waipukurau	1,793	2,253	460	25.6%
Otāne	258	408	150	57.9%
Pōrangahau	83	143	60	72.3%
Takapau	222	296	74	33.2%
District Wide	5,530	6,870	1,340	24.2%

The drivers of population growth are lower house prices; the proximity to Napier-Hastings, which provides a wide range of employment opportunities for commuters and semi-remote workers; and flight connections through Hawke’s Bay Airport. The result is a population that ages less rapidly than the New Zealand average, featuring more families with children moving to the district and maintaining average household size.

### Population by age

The forecasts also anticipate 26% of the population to be aged 65 and over by 2031, compared with 20% in 2019. Our infrastructure strategy shows how the Council intends to meet the changing infrastructure needs of its community as the population ages.

The chart below shows the predicted age range of the population for the district.



Source – Squillions Growth Projections May 2020

### Ratepayer growth

The link between the District population and the number of ratepayers is the average number of people per household, which determines the number of dwellings that are required. The lower the average household size, the greater the number of dwellings required. For the purposes of forecasting, the number of dwellings is used as a proxy for the number of rating units (ratepayers).

The aging population and smaller family sizes are expected to put downward pressure on the average household size over the next 30 years.

However, the current economic uncertainty leads to a slight increase in the average household size towards 2025/26 under our medium and high scenarios. After the Global Financial Crisis, the average household size rose in the years that followed (Kiernan, 2017). The Covid-19 crisis is expected to affect people's income and financial security in a similar way.

The lift in household size over the next few years, illustrated in our medium and high scenarios, is only of a small magnitude due to growing demographic pressures from an older population. These same pressures see the average size ease over the outer years in our medium scenario.

Year	Total Households	Average Household Size
2018*	5,418	2.6
2019E	5,570	2.7
2020	5,650	2.7
2021	5,730	2.7
2022	5,820	2.7
2023	5,920	2.7
2024	6,020	2.8
2025	6,130	2.8
2026	6,260	2.8
2027	6,380	2.7
2028	6,490	2.7
2029	6,610	2.7
2030	6,720	2.7
2031	6,870	2.7
2036	7,370	2.7
2041	7,890	2.7
2046	8,410	2.7
2051	9,070	2.6

The predicted growth in the number of dwellings is the key forecasting tool we use to support our expectations for ratepayer growth.

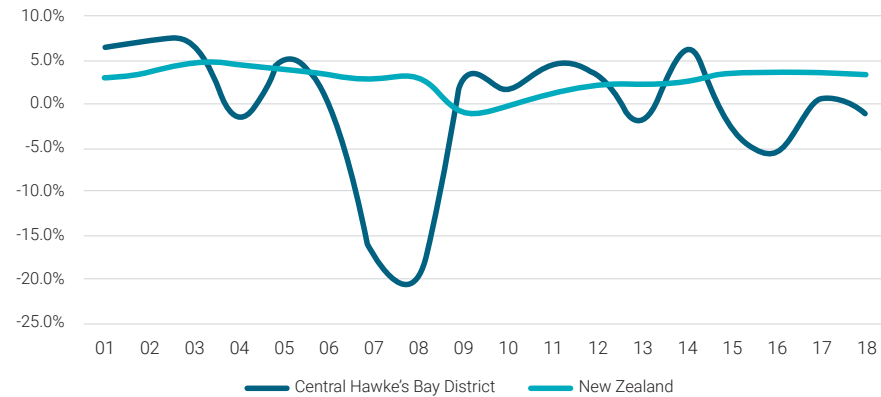
This anticipated growth is supported by the house price and consent data in the next section.

## 4. Economic growth

### National and international context

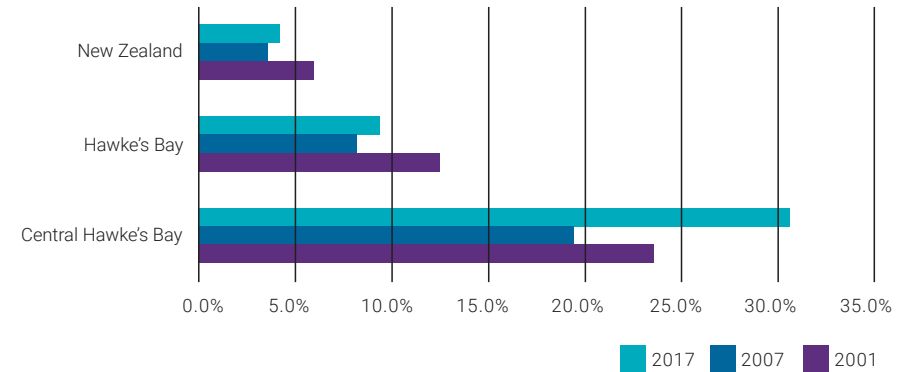
Covid-19 could cast a shadow over the economy for years after the virus has passed. Consumers and businesses could go into their shells amid potential high unemployment, falling house prices, and damaged balance sheets. The farm sector could suffer an income hit due to potential global recession. And the dearth of international tourists will be keenly felt. Scarring from the Covid-19 recession could permanently damage New Zealand’s long-run productivity, meaning GDP and wellbeing may never fully return to their pre-Covid-19 trends.

The table below shows real GDP growth in Central Hawke’s Bay District, compared to New Zealand as a whole. Central Hawke’s Bay District was particularly hard hit during 2006-2008 by a widespread drought and weak agricultural exports. But when New Zealand was struggling with the Global Financial Crisis, agriculture-heavy Central Hawke’s Bay was in the initial stages of a recovery. However economic growth in Central Hawke’s Bay District has fluctuated since.



Source MBIE real GDP estimates – annual growth rate

The importance of agriculture to the Central Hawke’s Bay economy – over 30% of GDP in 2017 compared to 4.2% for New Zealand – makes it particularly vulnerable to adverse growing conditions and conditions in export markets. But conversely, agriculture will make Central Hawke’s Bay District more resilient to the Covid-19 crisis as the world and the country still need to eat.



Agriculture as a percentage of total (nominal) GDP

GDP is only part of the picture for Central Hawke’s Bay District’s economy, as it measures where production is occurring. Commuters who earn their income outside the district will contribute to Central Hawke’s Bay District in many ways, socially, culturally, and financially.

Central Hawke’s Bay District has a unique mix of agriculture and service industries. Nearby, Napier and Hastings offer a wider range of non-agricultural industries.

Industry (4-digit)	Central Hawke's Bay District		Napier - Hastings		Hawke's Bay Region	
Meat and Meat Product Manufacturing	1,150	18.9%	1,470	2.0%	3,200	3.9%
Sheep, Beef Cattle and Grain Farming	750	12.3%	665	0.9%	2,100	2.6%
Fruit and Tree Nut Growing	640	10.5%	5,330	7.3%	6,000	7.3%
Agriculture and Fishing Support Services	360	5.9%	3,160	4.4%	3,600	4.4%
School Education	270	4.4%	3,450	4.8%	4,000	4.9%
Supermarket and Grocery Stores	190	3.1%	1,740	2.4%	2,050	2.5%
Dairy Cattle Farming	160	2.6%	120	0.2%	310	0.4%
Road Freight Transport	120	2.0%	1,000	1.4%	1,150	1.4%
Residential Care Services	110	1.8%	2,160	3.0%	2,300	2.8%
Other Food Product Manufacturing	110	1.8%	165	0.2%	270	0.3%
All Others	2,240	36.7%	53,340	73.5%	57,020	69.5%
<b>Total Industry</b>	<b>6,100</b>		<b>72,600</b>		<b>82,000</b>	

ANZSIC 1 – digit industries by employee count 2019. Source: Squillions Growth Projections May 2020

A key consideration for planning is which industries are creating jobs and which are static or declining in terms of employee count.

Agriculture, while still vitally important to the economy (see Figure 4) was not the largest creator of jobs over the last three years.

Industry Name	Central Hawke's Bay	Napier - Hastings	Hawke's Bay Region
Manufacturing	490	600	900
Agriculture, Forestry and Fishing	150	700	500
Construction	50	1,150	1,200
Professional, Scientific and Technical Services	40	550	650
Public Administration and Safety	30	700	700
Administrative and Support Services	25	250	300
Financial and Insurance Services	20	10	-
Electricity, Gas, Water and Waste Services	20	115	130
Retail Trade	10	400	400
Other Services	10	120	100
Accommodation and Food Services	-	600	550
Wholesale Trade	-	290	300
Arts and Recreation Services	-	(50)	(100)
Rental, Hiring and Real Estate Services	-	140	150
Mining	(5)	(21)	(25)
Information Media and Telecommunications	(7)	(140)	(150)
Health Care and Social Assistance	(10)	100	200
Education and Training	(20)	200	100
Transport, Postal and Warehousing	(20)	400	350
<b>Total Industry</b>	<b>800</b>	<b>5900</b>	<b>6,400</b>

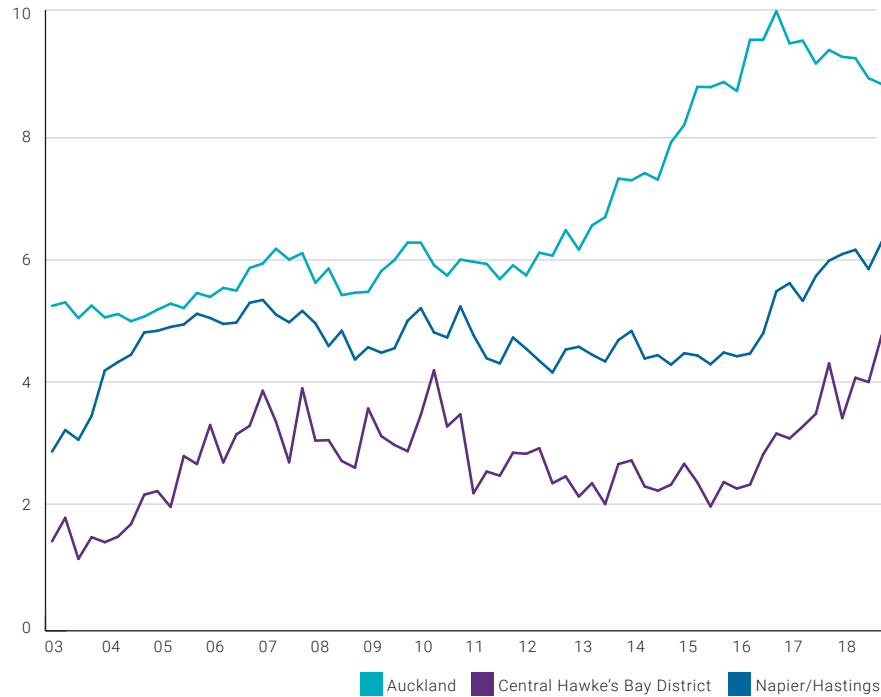
Employee count change by ANZSIC 1 – digit industry, 2016-2019 (Business Demography)

Source: Squillions Growth Projections May 2020



## 5. Affordability

Housing in the regions tends to be more affordable than the main centres



Housing (un)affordability: Medium house sale price/Medium household income, 2003-2018

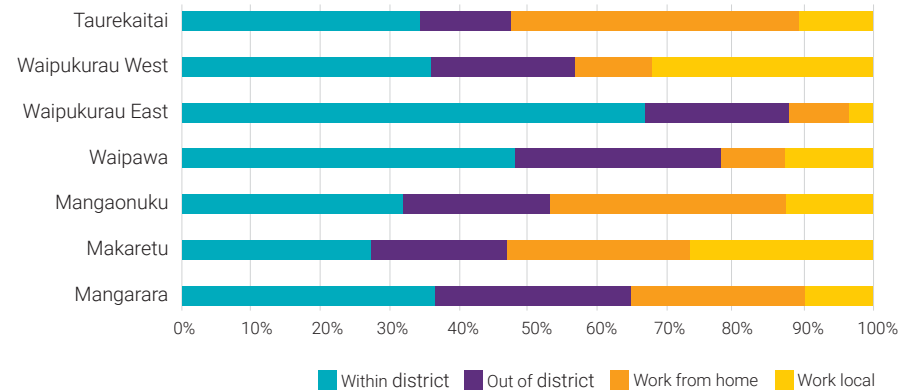
Area	Affordability	Median Sales Price	Median HH Income
Auckland	9.0	852,250	94,200
Central Hawke's Bay District	5.8	352,500	60,700
Napier-Hastings	7.0	475,000	67,700

Key housing market indicators

## Commuting

Many workers commute to Napier and Hastings (more on commuting in the following section) and cheaper housing is a key consideration for commuters. The comparison with Auckland also lends support to the anecdotal reports of “cashed-up” Auckland homeowners moving to regions like Central Hawke’s Bay District.

### Where did workers commute in 2018?

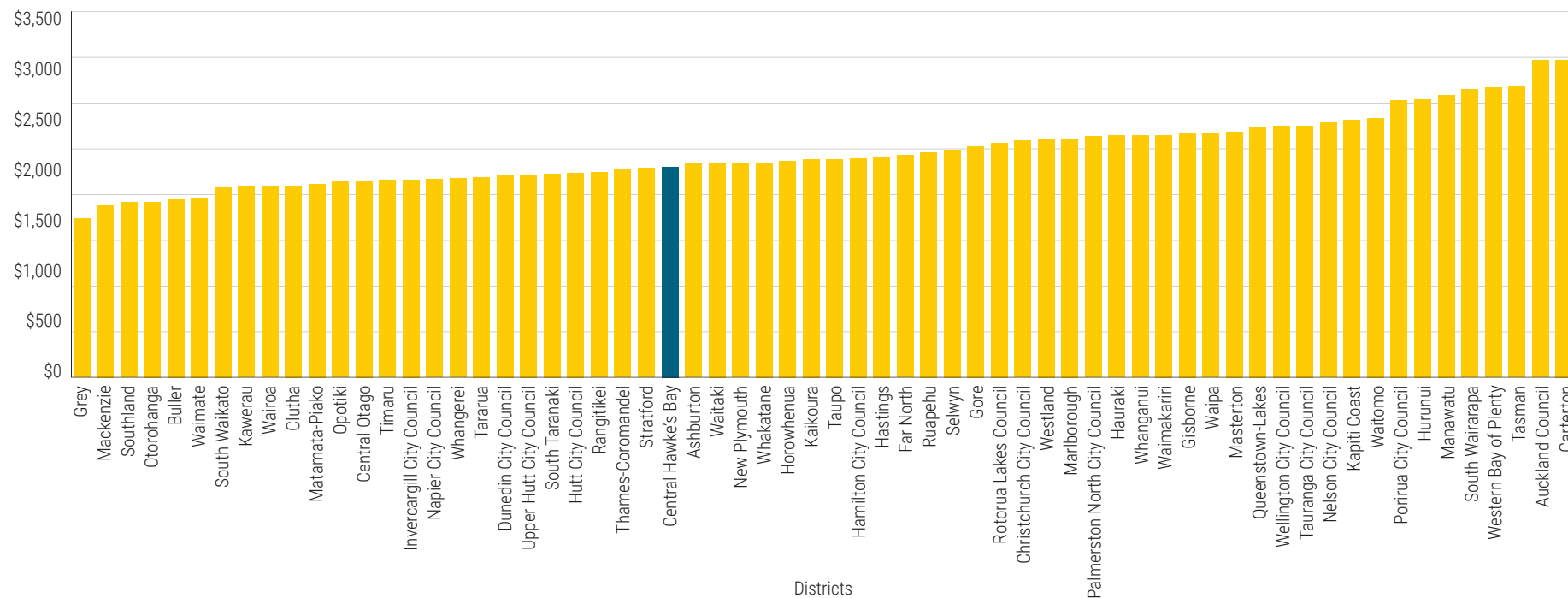


Propensity to commute: Percentage of workers by commuting category

### Rates affordability

The chart below indicates the level of our rates when compared with the other councils.

#### Average Annual Residential Rates



Source Tax Payers Organisation 2020

At an overall level, Central Hawke's Bay District Councils rates are in the mid quartile of all Council rates across New Zealand, which means that rates are similar to our neighbouring Councils.

While rates may appear high, Central Hawke's Bay District Council only has 7,950 rateable units and from these rate payers it is responsible for maintenance and upkeep of 1,264 km of roads, six water treatment plants, and six wastewater treatment plants.

## 6. Review of rating system

As part of the Long Term Plan process, we undertook a review of our rating system. The aim of the review was to make our rates more equitable. We were concerned whether the central business district was receiving a higher level of service than the rest of the district, and, with growth in some satellite townships, whether stormwater rating boundaries needed to be reviewed, and if a small proportion of stormwater should be funded by the general rate representing the wider public good of flood protection.

## 7. Infrastructure strategy

### What is an infrastructure strategy?

The purpose of the infrastructure strategy is to identify the significant infrastructure issues facing Central Hawke's Bay and options for managing them over a period of at least 30 years.

The infrastructure strategy must describe how we intend to manage our infrastructure assets, and associated expenditure needs, over the period of the strategy. It takes into account a range of factors that affect the nature and cost of infrastructure provision.

The full infrastructure strategy follows this document in this Long Term Plan Document.

### Known infrastructural issues

The most significant issue faced by the district is the aging non-compliant sewage treatment ponds.

Our preferred option is to pipe the waste from Otāne, Waipawa, and Waipukurau to a single upgraded sewage treatment plant in Waipawa. The indicative costs of doing this are \$60 million. Given our need to balance our resilience investments against our financial constraints, this programme will require external funding (non-ratepayer funds) to complete.

### Planned major projects

Council is planning significant water upgrades across the district over the life of this LTP covering both drinking water and waste water networks.

Major Project	Value
Wastewater – Waipukurau, Waipawa, Otāne Treatment upgrade	\$46.8m
Wastewater – Te Paerahi, Pōrangahau Treatment upgrade	\$18.9m
Wastewater – District I&I Project	\$3.4m
Drinking Water – Reticulation Renewals	\$7.5m
Drinking Water – Waipukurau Second Supply	\$7.4m
Drinking Water – Fire Fighting Improvements Waipawa, Waipukurau	\$9.4m

In addition to the drinking water/wastewater upgrades/renewals listed above, we will spend a further \$191.4 million on new/replacement assets over the life of the LTP.

### Renewals profile

Our below ground (water, stormwater and wastewater) assets have an average remaining useful life of 40-45 years. For roading (excluding surface coats) the average remaining life is between 37-48 years, depending of the category. As a risk minimisation strategy, the Council doesn't run its assets to failure, so this LTP includes a significant renewal programme to replace the oldest of these assets that pose the highest risk of failure.

It is important that the Council is in a strong financial position going into this major renewals period, and that we retain sufficient debt headroom to accommodate these renewals in a sustainable and managed fashion.

## 8. Land use changes

With the Spatial plan just being adopted and woven into the proposed district plan, and the district plan itself not being operational until 2021, its full impacts are yet to be known. The plan provides for the on-going growth and development of the Central Hawke's Bay District and does not anticipate any significant changes of land use.

## 9. Development impact fees

Development impact fees are a combination of:

- development contributions, required under the provisions of the Council's development contributions policy (as amended in the 2021-31 LTP); and
- financial contributions provided for under the Resource Management Act 1991 and the Council's district plan (part E).

### Development contributions

Development contributions are forecast according to how we expect the district to grow. They contribute to the cost of capital expenditure for core infrastructure required as a result of growth. The Council's policy on development contributions states that 100% of the cost of capital expenditure that is needed to meet growth requirements is paid for by development. Or more simply – growth pays for growth. The Council funds some costs of development in advance of receiving the development contributions.

Having significant development contributions can be a disincentive for developers and adversely impact housing affordability. Equally, large rates increases to fund growth costs would not be fair to our existing ratepayers so the Council needs to find a balance.

As required by the Local Government Act 2002, we have reviewed and consulted on the changes made to Council's development contributions policy as part of the LTP submission process.

The proposed development contribution takes into account the high population and household growth forecasted for the region, alongside the significant growth component of the Council's proposed Capital programme. This requires a lift in development contributions required per new Household Equivalent (HUE).

### Financial contributions

Financial contributions consist mainly of reserves contributions, which are used to fund reserve development activities, such as the management of natural areas and the creation of recreation resources.

## 10. Intergenerational equity

Intergenerational equity requires each generation that benefits from an investment, to contribute to the cost of that investment. Councils should generally only borrow to fund capital investment such as the building of infrastructure and amenities that benefit current and future generations. Debt is one way of smoothing the cost of construction over the generations that make use of, or benefit from, the service. It is a way of meeting the principle of 'intergenerational equity'.

## 11. Financial strategy

The financial strategy aims to achieve a balance to deliver affordable rates to the community, while minimising council borrowings and optimising capital spend. This balance is represented by the three financial components of rates, capital expenditure and borrowings as levers, as shown in the diagram below:



The size of the triangle represents the level of service provided by the Council. A bigger triangle means an increased level of service (or new services). The triangle is affected by the three levers: rates, capital expenditure and debt. Changing only one lever can be achieved without affecting service levels by allowing the other components to adjust. Changing more than one component means the third lever also has to change, and thus service levels will change too.

### Other sources of revenue

The non-rates revenue that we can draw upon comprises mainly fees and charges, grants and subsidies, and development and financial contributions. Outside of Waka Kotahi NZ Transport Agency roading subsidies, fees and charges are the largest contributors of non-rates revenue and include building and resource consent fees, landfill and transfer station fees, trade waste fees, community housing rental income, and library and swimming pool charges.

## 12. What has happened since the 2018-28 long term plan?

The Council has delivered a significant programme of works and operations since the 2018–28 long term plan was approved, with investment in our roads, footpaths, as well as improvements to our drinking water, stormwater and wastewater infrastructure #BigWaterStory.

Pre-Covid19 the economy was strong and the attractiveness of living in Central Hawke's Bay grows further as house prices continue to rise in Hastings and Napier. The Council is getting on with its three waters upgrades as signalled in its #BigWaterStory.

Covid-19 threatens to push the world economy into recession, however Central Hawke's Bay is in a good place to weather the storm compared with other regions. The primary activity and employer in the region is farming. The worldwide demand for food hasn't changed. Likewise, Central Hawke's Bay isn't reliant on international tourism so is less impacted than neighbouring Councils such as Napier with their Conference Centre, Aquarium, and Art Deco. That's not to say Central Hawke's Bay will get away unscathed, but it should face less impacts than other regions.

## 13. A focus on debt

The Council has actively chased funding through the Provincial Growth Fund and Crown Infrastructure Fund, realising that with the limited number of Rate Payers in the District the cost of necessary water and sewage treatment plants is beyond normal funding mechanisms of debt.

To date the Council has been successful in attracting over \$50 million of external funding into the region. However, not all of this funding is for infrastructure and this is where we will need to focus our funding applications for the next 10 years.

During the 2021-2031 Long Term Plan it is expected, even with external non-ratepayer funding that debt levels will increase to \$103.7 million (which is beyond our current allowable debt cap). This is because of the legislative requirement to replace the Waipawa, Waipukurau, and Otāne Wastewater treatment ponds which no longer comply with consent conditions.

In an ideal world by capping debt and restricting capital expenditure must have, this would allow rates to be kept within proposed limits without affecting the current levels of service. However, due to both drinking water standards and wastewater discharge consents this won't be possible.

The Council recently updated its treasury management policy (consulted on as part of the LTP), which sets out a framework for the Council to manage its borrowing and investment activities in accordance with Council objectives. It also incorporates legislative requirements. The updated policy supports the strategy by introducing targets and setting new limits on the amount of money that the Council can borrow.

Measure	Council's Treasury Policy Limits	LGFA's Lending Limits
Debt to Revenue	<150%	<175%
Interest to Total Revenue	<10%	<20%
Interest to Rates Revenue	<20%	<25%

Based on the above debt cap of 150%, and the Council's 2020/21 budgeted revenue of \$33.7 million (excluding PGF grants) this would make Council's debt cap \$50.5 million.

As a Council that is not credit rated, we can borrow up to 175% of revenue which is \$58.9 million.

If the Council was to get a credit rating (from Standard and Poors, Fitch, or Moodys at a cost of approximately \$60k per annum) then the Council's LGFA's (Local Government Funding Agency – the Council's banker) lending limit would lift to 250% of revenue, or \$84.2 million. In addition, the Council will get a preferential interest rate from the LGFA, saving 0.1% per annum for any loan drawn once the credit rating is in place. Based on \$103.7 million of debt (2032), this could save the Council as much as \$103.7k per annum in interest, once all the Council's debt is refinanced after obtaining a credit rating (which would offset some of the cost of holding a credit rating).

The calculations on this page are based on the Council's current revenue budget, however over the course of the LTP, revenue will increase, which will increase the Council's ability to borrow.

Based on the LTP debt and revenue profiles in the proposed budgets, the Council will exceed its existing treasury policy debt limit of 150% of revenue at the end of Year 4. At this point the Council will need to take action to remedy this situation. See borrowings section for more information on what range of actions will be considered.

## 14. The three financial levers

### Capital expenditure

The Council's proposed capital expenditure budget of just under \$284 million provides the key focus for the 2021-31 LTP.

The forecast capital expenditure over the next 10 years of the plan is shown in the following charts. The capital expenditure figures stated in the financial strategy are gross figures, that is they exclude the impacts of external capital funding that the Council receives from, for example, Waka Kotahi NZ Transport Agency or the PGF.

The capital expenditure programme is driven by the infrastructure strategy, which prioritises a programme of capital work necessary to meet the ongoing needs of the community. The infrastructure strategy is constructed from the activity management plans for our core infrastructure (roads, three waters and solid waste, as well as some of our community facilities), which considers the age, condition and useful lives of our assets, and the costs of renewing and/or upgrading them.

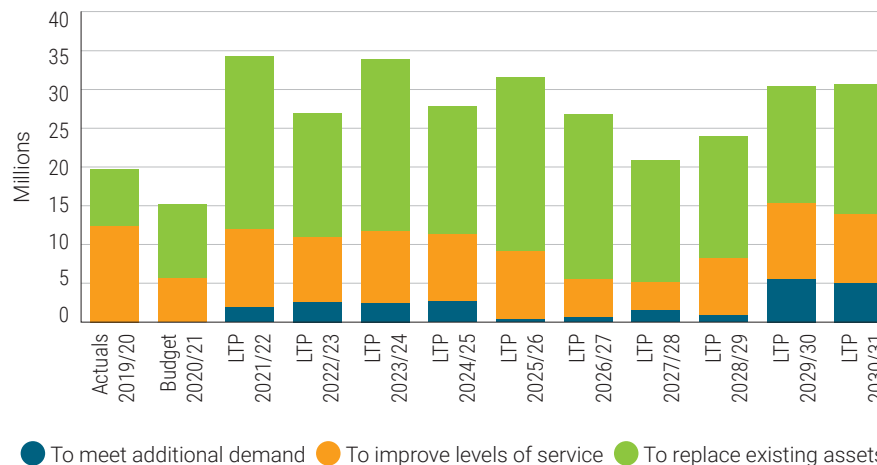
Therefore, a key part of the financial strategy is to balance the requirements of the infrastructure strategy with the financial limits that the Council is proposing to work within. The infrastructure strategy covers a 30-year period to ensure that we are planning our asset requirements well into the future and that we are resourced to meet the requirements.

There are two main areas of capital expenditure – renewals and upgrades. Asset renewals are paid for by rates-funded depreciation. Upgrades may be required either as a result of growth or because we need to increase the level of service of a particular asset. Upgrades that are required as a result of growth should be funded entirely through development contributions; upgrades that are due to a level of service increase are funded largely through debt.

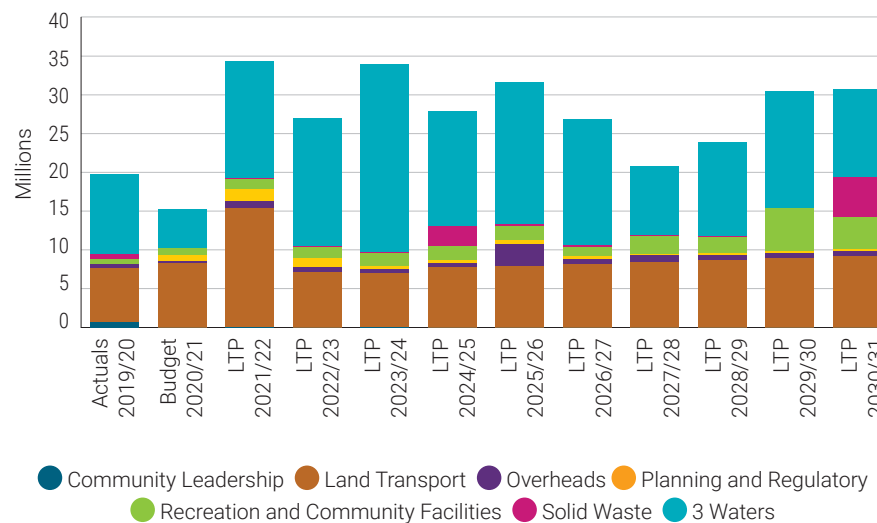
### Renewals

We have \$853.7 million in assets, mainly relating to our core infrastructure of roads, three waters and solid waste. Our activity management plans identify the timing for renewals, based on the condition of the assets. We are undertaking a continuous programme of condition assessments to help us build a more detailed picture of all our assets. This is so that we can renew them all at the right time – before they deteriorate significantly or fail, but not while they still have a significant useful life.

Capital Program over 2019-2031



Capital Program over 2019-2031

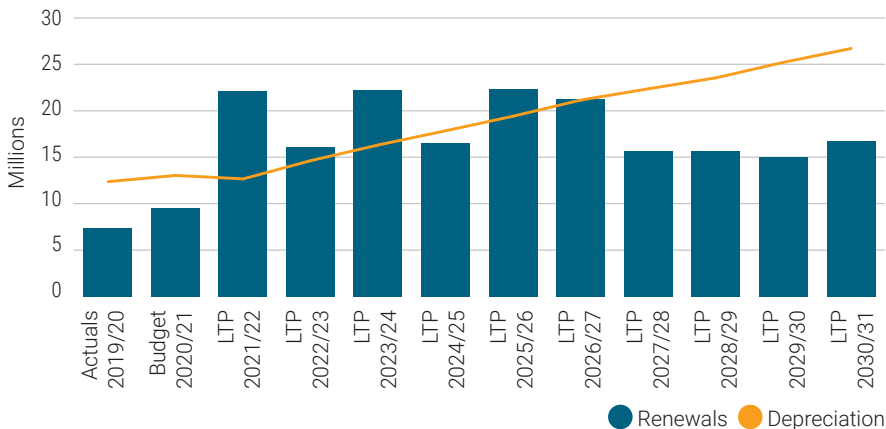


In the 2021-31 LTP we are planning to spend an average of \$18.4 million a year on renewals (a step change from the \$9.5 million budgeted for the 2020-21 year). We are still maintaining our assets to a good standard with timely, but not early, replacement of assets.

A number of our assets are nearing the end of their useful life, which is the reason for this significant renewals cycle.

When we look at our planned renewals and our forecast depreciation together, the annual depreciation can be considered a reasonable estimate of the annual renewals cost, as shown in the chart below.

**Depreciation as a proxy for renewals**



If, over time, renewals expenditure is approximately equal to depreciation, it can reasonably be assumed that the assets and the services that they are providing are sustainable.

For the Council, the estimated cost of renewals is significantly more than the forecast depreciation for the earlier part of the LTP. This reflects the fact that the Council has under invested in renewals in previous years and is now having to catch up. By year 7-10 of the LTP, renewals begin to decline and dip back below depreciation, indicating that all the urgent renewal programme is complete. It is important to remember that while depreciation is charged in a smooth and even manner, while actual asset replacement expenditure can be lumpy in nature (see funding depreciation for further commentary).

You will notice that the depreciation charge increases significantly over the course of the LTP. This represents the new portfolio of assets the Council will be looking after (including new wastewater plants, toilet blocks, and playgrounds). In time these new assets will need replacing.

**Upgrades**

In this Long Term Plan we plan to spend \$8 million a year on upgrades (Levels of Service Improvements).

Some hard decisions have had to be made to finalise the proposed capital expenditure budgets of just over \$121 million for the first four years of the LTP. Further difficult decisions, including prioritising expenditure and managing risk, will have to be made if the Council’s goal of capping debt growth is to be achieved.

**Funding depreciation**

Including depreciation in our operating expenses each year is a way of ensuring ratepayers pay their fair share, and only their fair share, of the assets they use and benefit from – it ensures intergenerational equity.

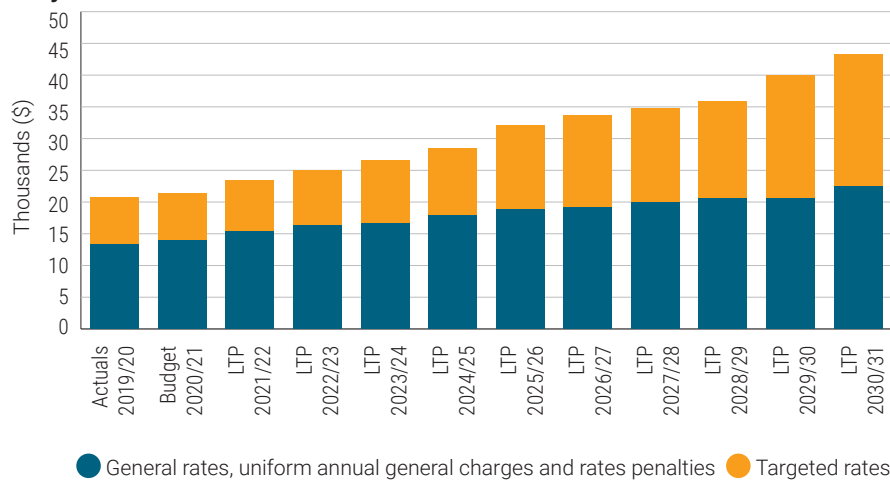
In previous LTPs the council has opted not to fully fund depreciation, on the basis that the asset renewals and rates funding thereof was not required until later. The cumulative effect of the non-funded depreciation is significant, and will have to be matched with additional debt to replace assets.

Because the Council is having to catch up on renewals in years 1 to 6 of the LTP, the Council has no capacity to fully fund depreciation in this LTP. However, should Central Government Three Waters Reform occur in 2023/24, we will use this opportunity to revisit budgets with a view to fully funding depreciation at this point. Otherwise this will be revisited in the 2025-2034 Long Term Plan.

### Rates

This LTP proposes an average rates increase of 8.8% for Year 1 of the plan (general rate/uniform annual charge of 10.5%, and 5.7% in targeted rates increase), and then an average increase of 7.0% for the remaining nine years of the LTP. This chart shows that our forecast rates increases and highlights the rates increase attributable to targeted rates (mainly a three waters issue).

### Projected Rates

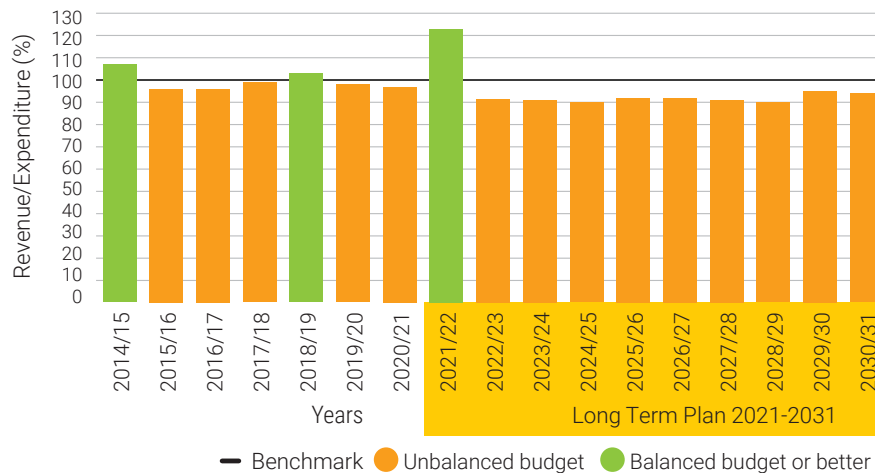


This LTP does not include any significant changes in levels of service (outside of some improvements to water reticulation and sewerage treatment). The forecast rates increases over the term of the plan are largely due to the catch up on deferred renewals, and the operating impacts of our capital expenditure programme, and regulatory compliance changes.

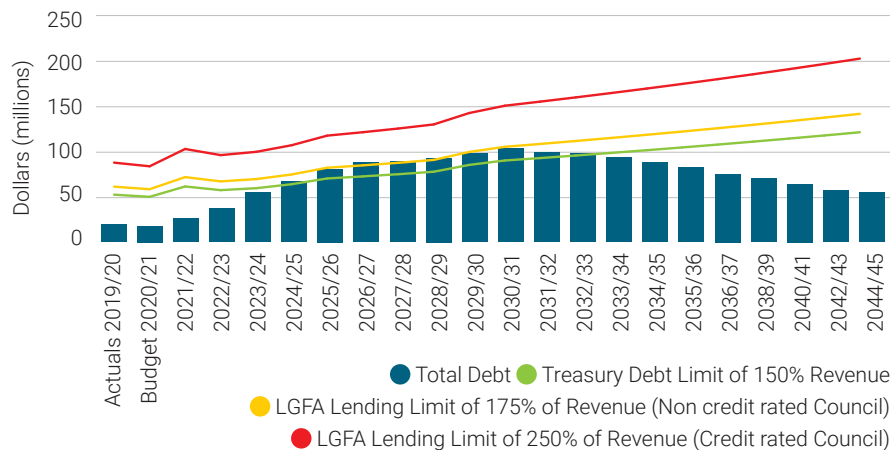
The non-funded depreciation also means that the Council does not currently have a balanced budget (see graph below). This benchmark compares Council's revenues (excluding development contributions) to its operating costs (including depreciation). What this indicates is that Council is unable to fully fund depreciation, and therefore run a balanced budget at present. Nor has it been able to in recent years.

Council has made the decision to debt fund asset renewals in the short term (years 1-5 of the Long Term Plan), and then switch to rate funding in years 6-10. That is why the Council is closer to balanced in these later years.

### Balanced Operating Budget Benchmark



### CHBDC Debt vs Debt Limit – LTP 2021/31



To be fully balanced Council would require further rate increases to those proposed in the Long Term Plan. It is Councils intention to repay its debt that this Long Term Plan creates as quickly as possible, so that it has the rates headroom beyond year 12 to start fully rate funding depreciation and returning to a balanced budget in later Long Term Plans.



## Borrowings

The chart above reflects our forecast borrowings profile based on the achievement of our capital expenditure limits. The solid green line in the chart represents our treasury management policy borrowings preferred limit where net external debt over total operating income is less than 150%.

This borrowing cap jumps in year 1 of the LTP due to the projected rates increase of 8.8% in year 1.

A capping of borrowings is the key outcome of the Council's proposed plan. This will help to manage the capital expenditure programme and lessen the burden on rate payers. Before this happens, funding aged non-compliant infrastructure must be addressed. Thereafter, the Council can start to rate-fund for surpluses, to start paying down the debt.

New Zealand Councils borrow through the Local Government Funding Agency (LGFA), and they operate a multi-tier lending limit system. Tier 3 Councils can only borrow up to \$20 million, Tier 2 Councils can borrow up to 175% of their annual operating income (the orange line on the graph), and Tier 1 Councils can borrow up to 250% of their operating revenue (the red line on the graph).

Until recently Central Hawke's Bay District Council was a Tier 3 Council, but in anticipation of the capital programme, we have moved to Tier 2 and are proposing, as part of this consultation, to update the Treasury Policy to so we can borrow up to 150% of our operating revenue, which is lower than the LGFA's 175% limit (the green line on the graph).

This will allow us to deliver the first three years of our capital programme, however at year four we will again run out of debt headroom. Before this headroom is exhausted in year 5 of the Long Term Plan, Council will need to exercise one or more of the following options:

1. Councils preferred option is to become a Tier One Council with the Local Government Funding Agency. While Council could simply adjust its own internal treasury policy to allow for the debt to operating revenue cap to be 175% rather than the current 150% that decision would see Council sitting at a hard debt limit set by the Local Government Funding Agency (LGFA) and not provide any headroom to be able to respond to a unforeseen event (such as floods,

pandemics, and earthquakes). Therefore the preferred option is to become a Tier One Council with the Local Government Funding Agency (LGFA) and at the same time revise Council's Treasury Policy to allow borrowing to 200% of Council's revenue. To allow this to occur, Council would need to obtain a credit rating from a credit agency such as Standards and Poors. Once this is obtained, the LGFA would allow borrowings of up to 250% of revenue (the red line in the graph).

2. Require a capital contribution towards the construction of the new wastewater treatment plants from every connected property. This would be in addition to the ongoing annual rates each property pays. This capital contribution would be utilised to complete the capital programme without incurring further debt.
3. There is a Central Government Three Waters Reform process occurring separate to this Long Term Plan. Depending on the outcome of the Government reforms, the Council may be required to transfer its water assets and associated debt in 2023/24 and as a result the Council will not need to substantially borrow any further funds for the implementation of three waters upgrades.
4. The fourth option is to halt the infrastructure upgrades it proposes and seek an alternative funding avenue before continuing with the upgrades.

## 15. Security for borrowings

Our liability management policy (part of our treasury policy) has recently been updated and is included for consultation as part of the LTP Consultation.

The Council's external borrowings and interest rate risk management instruments will generally be secured through a Debenture Trust Deed. Under a Debenture Trust Deed, the Council's borrowing is secured by a floating charge over all Council rates levied under the Local Government Rating Act. The security offered by the Council ranks equally with other lenders. From time to time, and with Council approval, security may be offered by providing a charge over one or more of the Council's assets.

### Investments

The Council's primary objective when investing is the protection of its investment capital. Accordingly, the Council may only invest in approved creditworthy counterparties.

## **16. Level of service statement**

As outlined in this strategy, for the 10 years to 2031, the expenditure incurred to maintain existing services, increase service levels and provide for additional capacity falls within the limits set in this strategy and its associated financial policies.

## **17. Insurance**

The Central Hawke's Bay District Council, together with other Hawke's Bay Councils, Manawatu/Wanganui LASS, and Bay of Plenty LASS, collectively purchase insurance for their respective assets on a combined basis. This syndicate provides scalability to the benefit of accessing wider domestic and off-shore insurers.

The Council is facing a number of emerging potential financial risks. They include an increase in insurance premiums due to the perception of increased risk profile for the Hawke's Bay Region following the Kaikōura and Christchurch earthquakes.

To address the increased risk, the Council is undertaking a number of mitigation strategies, including buying syndicates beyond just Hawke's Bay LASS, completing loss modelling, insurance valuations and risk profiling.

# Balancing the budget

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The Local Government Act 2002 (LGA) requires the Council to budget each year for operating revenue at a level sufficient to meet the operating expenses budgeted for that year. This is known as the “balanced budget” requirement.

Council intends to achieve a balanced budget in Year 1 of the Long Term Plan 2021 -2031 and unbalanced budgets for the period of Year 2 to Year 10.

This document outlines the rationale for why Council believes it is financially prudent to not deliver a balanced budget over Year 2 to 10 of the Long Term Plan, and describes the levers Council is using to work towards achieving a balanced budget.

## Introduction

The Local Government Act 2002 (LGA) requires the Council to budget each year for operating revenue at a level sufficient to meeting the operating expenses budgeted for that year. This is known as the “balanced budget” requirement.

The LGA does allow the Council to budget for a deficit, if it resolves that it is financially prudent to do so.

Council intends to achieve a balance budget in Year 1 of the Long Term Plan 2021 -2031 and unbalanced budgets for the period of Year 2 to Year 10.

In assessing the unbalanced budget as being a financially prudent decision, consideration is to be given to:

- the estimated expenses of achieving and maintaining the predicted levels of service provision set out in the Long-term Plan, including the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life
- the projected revenue available to fund the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life
- the equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life
- the funding and financial policies adopted under Section 102 of the Local Government Act 2002.

The Council acknowledges that it runs deficits from a balanced budget perspective, because it does not fully rate fund depreciation. The following fiscal levers will be used to move progressively towards achieving a balanced budget within the life of this LTP:

- fees and charges
- rating for depreciation
- development and financial contributions
- efficiencies
- debt repayment
- rates setting

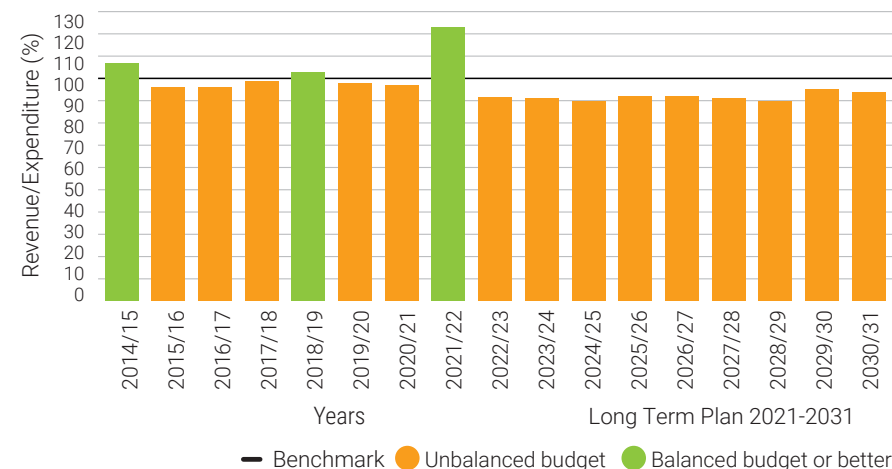
In 2014, Government introduced a number of amendments to the LGA, including the Local Government 2014 Financial Regulations, which established eight benchmarks against which all councils must report.

One of these benchmarks is the balanced budget, defined as “Council Revenue – excluding development contributions, vested assets, gains on derivatives and revaluations of PBE as a proportion of operating expenses – excluding losses on derivatives and revaluations”. This definition includes Waka Kotahi NZ Transport Agency capital subsidies as revenue and assumes councils fully rate for depreciation. Central Hawke’s Bay District Council however does not fully rate for depreciation.

Historically, Council has been running year-upon-year deficits, which is not sustainable. Historically Council has also been working hard at reducing the amount of the annual deficit through efficiencies and delaying capital replacements, while holding rates low. These actions alone were not sufficient, and has seen average asset conditions deteriorate to the point that Council now has to catch up on prior years’ underinvestment. This overlaid with ever increasing water quality standards coming from Central Government (both in drinking water standards and wastewater discharge standards) has seen significant compliance cost increases. This coupled with cost increases in other areas, such as insurance rises following Christchurch and Kaikoura earthquakes, has put increasing pressures on Councils finances.

Ignoring the 2021/22 financial year, which benefits from one-off Central Government funding, Council is forecasting to continue run operating deficits throughout this Long Term Plan (as shown in the graph below).

**Balanced Operating Budget Benchmark**



Section 100 and clause 14 of Schedule 10 of the Local Government Act 2002, requires us to have a balanced budget for all years of the LTP. We acknowledge that we will not achieve this for nine of the next ten years. This is because Council is undertaking significant catch up in deferred asset renewals and is unable to fully fund depreciation (the funding of asset replacements as they wear out) through rates during the course of this Long Term Plan without further financially stressing its ratepayers.

Throughout this Long Term Plan, despite Council not fully funding depreciation through rates, Council is undertaking assets renewals at a rate faster than they are depreciating, meaning on average Councils assets are getting younger. This is achieved through a combination of rates and debt funding the renewals.

While this strategy increases debt, Council maintains sufficient debt headroom and this temporary funding of renewals through debt does not financially distress the Council. It is Councils intention to revert to fully rate fund depreciation and renewals beyond 2031, thus returning Council to a balanced budget after this date. For these reasons Council believes it is prudent to run unbalanced budgets for 2023-2031.

The Council continues to believe the gradual changes proposed will result in the best fiscal and sustainable outcome for Council and the Community. While rates will be higher than people would like for the next few years, it will Council to achieve the capital investment required for the District, while maintaining the existing levels of service that residents expect.

Throughout the Long Term Plan 2021-2031, Council has programmed some significant rates increases, and the graph above shows that over time Council's budgets get closer to balanced than the earlier years as a result – 95% at Year 9 of a 100% benchmark. Despite getting closer to achieving a balanced budget, what this graph also shows is that this won't be achieved by 2031 and that rate increases beyond inflation will need to continue beyond 2031, in order for Council to become fully balanced and to be fully funding depreciation. Despite this Council doesn't forecast to get back to fully balanced till 2036.

## Key levers to achieve a balanced budget

The following are key levers that Council are using to work towards long-term achieving a balanced budget:

## Depreciation

### Principle

1. Depreciation is recognition of the current use of the asset by residents and ratepayers.
2. Depreciation is a charge that today's ratepayers should meet as it provides the funds for renewal of the asset. Applied like this it recognises the key issue of intergenerational equity and will ensure that future generations are not left with an unsustainable fiscal burden.
3. The Council will steadily increase the amount of depreciation that is rate funded.
4. Debt will be used where funds from depreciation, capital subsidy and development contributions are insufficient to meet the capital programme expenditure.

### Logic

Depreciation spreads the capital cost of assets over their useful lives, so that each generation of ratepayers pays for their fair share of use of the asset. By not rate funding, it places an unfair burden on future ratepayers, who have to pay for the asset replacement.

Rate funding depreciation supports the intergenerational equity principle whereby everyone who benefits from use of the asset pays their fair share over the assets' useful life.

By rating for depreciation, we are providing cash to fund the capital renewal programme.

### Rate funding for depreciation

In order to run a balance budget, Council has determined it wishes to move towards fully rating for depreciation. With our roading assets, it is not necessary to rate-fund fully for depreciation of this asset class.

The table below shows the capital program over the Long Term Plan, and how this program is going to be funded.

The Development Contributions/Subsidies line is made up through:

1. Waka Kotahi NZ Transport Agency partly funds the replacement of roading assets. In year one they'll fund \$0.61 in the dollar, decreasing to \$0.60 year two, and \$0.59 years three onwards. Council is only required to rate fund "its share" of this cost.

	LTP YR1 \$000	LTP YR2 \$000	LTP YR3 \$000	LTP YR4 \$000	LTP YR5 \$000	LTP YR6 \$000	LTP YR7 \$000	LTP YR8 \$000	LTP YR9 \$000	LTP YR10 \$000
<b>Capital Expenditure by year</b>	<b>33,371</b>	<b>26,173</b>	<b>33,798</b>	<b>27,696</b>	<b>31,414</b>	<b>26,704</b>	<b>20,843</b>	<b>23,762</b>	<b>30,434</b>	<b>30,648</b>
This is funded by:										
Rates	8,879	9,049	9,303	8,619	10,819	12,085	12,248	12,538	17,095	17,693
Debt	6,954	10,751	18,153	12,270	13,408	7,400	1,157	3,562	5,447	4,834
Development Contributions/Subsidies	17,538	6,373	6,341	6,807	7,188	7,219	7,437	7,662	7,893	8,121
<b>Percentage of Capital Expenditure that is Rate Funded</b>	<b>27%</b>	<b>35%</b>	<b>28%</b>	<b>31%</b>	<b>34%</b>	<b>45%</b>	<b>59%</b>	<b>53%</b>	<b>56%</b>	<b>58%</b>

- Council operates the strategy that assets required due to district growth should be paid for by developers creating the growth, and this is what development contributions are for. Existing rate payers only pay for the upkeep of existing assets and improvements to levels of service.

In order to keep rate increases sustainable, Council has agreed to loan fund significant asset replacements in years 1-5 of the Long Term Plan and revert back to rate funding in years 6-10 of the Plan. This is represented by that fact that the rate funded proportion of the capital program transitions from 27% of total funding in year one to 58% by year ten with the balance coming from Developers, Waka Kotahi NZ Transport Agency, or debt. Due to rates affordability constraints, Council won't get to fully funding depreciation in this LTP. However, should Central Government Three Waters Reforms occur in 2023/24, we will use this opportunity to revisit budgets with a view to fully funding depreciation at this point. Otherwise this will be revisited in the 2025-2034 LTP.

Council has assumed that no new Central Governments funding (that isn't already committed outside of the NZTA mentioned above) will be received during the Long Term Plan.

## Debt

### Principle

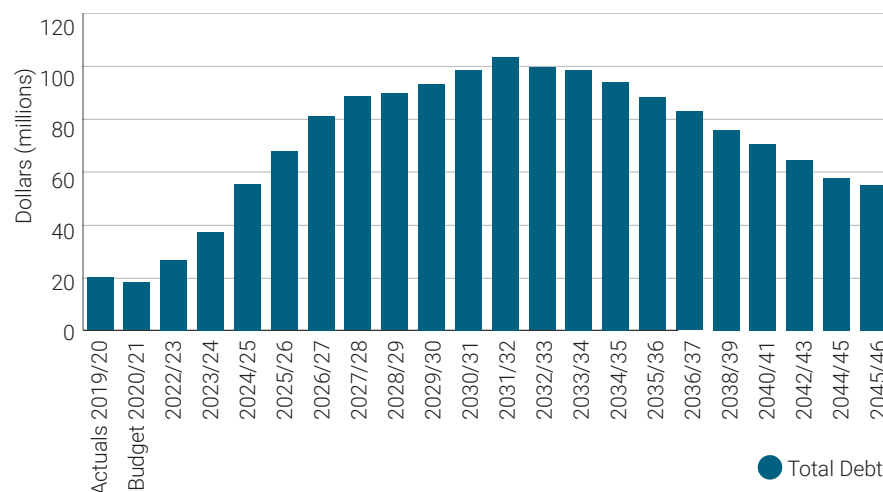
- Debt is a fiscal tool to achieve intergenerational equity.
- Debt to fund capital (and where rated depreciation is not available) will typically be raised and repaid over a 20–25 year period.
- The financial impact of new debt (interest and debt repayments) will require to be reflected in rate levels.
- Debt is a tool that helps manage risk.

### Logic

A certain level of debt is considered prudent financial management. Debt is a key component of recognising intergenerational equity. The 2021-2031 Long Term Plan provides for the interest cost for \$98.8 million of debt in year ten.

Having no debt (without stopping capital expenditure) places an unacceptable burden on current ratepayers as it would require rates to increase significantly. Similarly, unlimited debt is not a sensible approach.

### CHBDC debt required over the next 20 years



The actual level of debt is a decision based upon the capital requirements, the impact of the servicing of the debt (interest charge) on rates, and the ability to repay principal. The first ten years of the LTP see significant increase to debt to support the replacement of aged infrastructure and to bring the water and wastewater treatment plants up to compliance levels. Beyond year 10 Council will begin to pay down the new debt (see the graph to below).

### Debt levels and borrowing limits

Council's existing internal treasury policy limits offer security for its borrowings by way of a charge over its rates through its Debenture Trust Deed. The Council joined the Local Government Funding Agency (LGFA) as a borrower in 2011, and has since secured long-term funding of \$20 million through the LGFA at attractive margins. In 2021 Council has moved from a Tier Three borrower to a Tier Two Borrower which has seen Council cap with the LGFA lifted to 175% of operating revenue, and Council become a guarantor to the LGFA.

Council current own internal treasury policy limits Council's ability to borrow to the following caps:

- Debt/Operating Revenue Ratio - 150%
- Interest Costs/Operating Revenue - 10%

By year four of the Long Term Plan Council will breach its current Treasury Policy and will need to adjust its debt to operating revenue cap of 150% to align with LGFA's 175% cap. However by year five even this cap will be breached. Therefore Council has assumed in its prospective financial statement modelling that Council becomes a Tier One Council with the Local Government Funding Agency (LGFA) and revises its Treasury Policy to allow Council to borrow to 200% of its revenue. To allow this to occur, Council would need to obtain a credit rating from a credit agency such as Standards and Poors. Once this is obtained, the LGFA would allow borrowings of up to 250% of revenue

Other options Council considered but discounted due to the undesirable outcomes on the community, or the uncertainty were:

- Require a capital contribution towards the construction of the new wastewater treatment plants from every connected property. This would be in addition to the ongoing annual rates each property pays. This capital contribution would be utilised to complete the capital programme without incurring further debt.

- There is a Central Government Three Waters Reform process occurring separate to this Long Term Plan. Depending on the outcome of the Government reforms, the Council may be required to transfer its water assets and associated debt in 2023/24 and as a result the Council will not need to substantially borrow any further funds for the implementation of three waters upgrades.
- Halt the infrastructure upgrades it proposes and seek an alternative funding avenue before continuing with the upgrades.

The increase in the Council's debt is the result of funding major infrastructural renewal. For example, water supply, stormwater, wastewater reticulation and solid waste and libraries.

Council plans to spend \$284.8m on replacing or creating new assets over the ten years of the Long Term Plan. This will be funded from rates, loans, development contributions and cash reserves.

Notwithstanding raising the level of debt during the Long-term Plan, the Council will throughout the Plan retain the capacity to raise additional debt in the event of a major failure or significant event during this period. However, to do so would result in an increase in rates above the limits set in the Long-term Plan for the servicing of such additional loans. The Council has carefully considered the timing of its capital programme and the associated borrowing requirements to ensure that this best meets the needs of current and future generations.

## Intergenerational equity

### Principle

1. Intergenerational equity will ensure that present and future generations of ratepayers will be treated fairly with neither bearing an unnecessary share of debt or rate burden.
2. Rating for depreciation is a key tool to allow intergenerational equity.
3. Council's debt profile should be considered and managed in the context of the level of debt that best facilitates intergenerational equity.
4. The Council endorses the concept of intergenerational equity and it will be a factor considered when developing annual and long-term plans to ensure an appropriate balance of cost and benefit for present and future generations.

	Long Term 2022 \$000	Long Term 2023 \$000	Long Term 2024 \$000	Long Term 2025 \$000	Long Term 2026 \$000	Long Term 2027 \$000	Long Term 2028 \$000	Long Term 2029 \$000	Long Term 2030 \$000	Long Term 2031 \$000
<b>Total comprehensive income for the year</b>	<b>36,110</b>	<b>30,728</b>	<b>22,744</b>	<b>26,437</b>	<b>39,863</b>	<b>23,913</b>	<b>28,050</b>	<b>43,536</b>	<b>27,089</b>	<b>31,021</b>
Add Back Non-cash Asset Revaluations	24,963	32,183	24,616	28,724	41,443	25,775	30,461	46,802	27,671	32,100
<b>Net Operating Surplus/(Deficit)</b>	<b>11,147</b>	<b>(1,455)</b>	<b>(1,872)</b>	<b>(2,287)</b>	<b>(1,580)</b>	<b>(1,862)</b>	<b>(2,411)</b>	<b>(3,266)</b>	<b>(582)</b>	<b>(1,078)</b>

## Operating surplus (deficit)

Throughout the LTP, under the Public Benefit Entity – International Public Sector Accounting Standards (PBE – IPSAS) reporting standards Council is recording a comprehensive income surplus (see the table below), however this is largely due to asset revaluations. If these are back out, only year one is in surplus.

	Long Term 2022 \$000	Long Term 2023 \$000	Long Term 2024 \$000	Long Term 2025 \$000	Long Term 2026 \$000	Long Term 2027 \$000	Long Term 2028 \$000	Long Term 2029 \$000	Long Term 2030 \$000	Long Term 2031 \$000
<b>Net Operating Surplus/(Deficit)</b>	<b>11,147</b>	<b>(1,455)</b>	<b>(1,872)</b>	<b>(2,287)</b>	<b>(1,580)</b>	<b>(1,862)</b>	<b>(2,411)</b>	<b>(3,266)</b>	<b>(582)</b>	<b>(1,078)</b>
Add Back Development Contributions	2,072	2,133	2,197	2,263	2,331	2,396	2,467	2,541	2,617	2,690
<b>LGA Prudential Balanced Budget Benchmark</b>	<b>9,075</b>	<b>(3,588)</b>	<b>(4,069)</b>	<b>(4,550)</b>	<b>(3,910)</b>	<b>(4,258)</b>	<b>(4,878)</b>	<b>(5,807)</b>	<b>(3,199)</b>	<b>(3,768)</b>

However the Local Government Act 2002 prudential benchmark also requires that Development Contributions are also excluded, which means Council doesn't met this benchmark for years 2-10 of the Long Term Plan.

While Council is moving towards fully funding its depreciation (excluding that covered by Waka Kotahi NZ Transport Agency), as presented by the table rate funding for depreciation above), this Long Term Plan only gets Council part way along this journey. The table above indicate that Council would require at least \$3.8m of additional rates in year ten to achieve this goal.

## Conclusion

With average rate increases of 7.2% through the life of the long term plan, Council is reluctant for affordability purposes, to get to the goal of a fully balanced prudential budget any faster than outlined above.

Council believes the deficits in the Long Term Plan 2021-31, Year 2 to 10 is financially prudent as it works through this fundamental shift in policy over time. This approach does not exhaust Councils debt headroom and ability to react to major failure or significant event during this period.





# Central Hawke's Bay Infrastructure Strategy 2021 – 2051

This strategy sets out to identify the significant infrastructure issues facing Central Hawke's Bay and options for managing them over a period of at least 30 years.

Describe how we intend to manage our infrastructure assets, and associated expenditure needs, over the period of the strategy.

Key Terms	
<b>Asset Management</b>	The coordinated activities of an organisation to realise value from assets
<b>Asset Management Policy</b>	A document to translate the organisations wider objectives into a set of guiding principles for how assets across the organisation will be managed.
<b>Asset Management Plan</b>	Plans prepared for each asset grouping at the portfolio (e.g. Water, Wastewater, Roading, Community Facilities). The plans provide detail on the assets, their status and base information, the approaches taken to make decisions about investing in the assets and then show the outcome of those decision making processes by presenting a costed forward works programme.
<b>Infrastructure Strategy</b>	This document - Subordinate to the Policy and other documents and contains the 30yr strategy for managing key asset classes at a higher level of detail than individual asset management plans
<b>Financial Strategy</b>	Councils specified approach to funding the activities of the business.
<b>Renewal</b>	The replacement of assets due to age or condition. Importantly assets are replaced close to like for like and there is no targeted improvement or change in the levels of service delivered by the asset
<b>Service Level or Level of Service</b>	Measures on the services provided by Council through various activities. Measured and reported on regularly and a key part in setting programmes of work through the Long Term Plan.
<b>Development Contribution</b>	An amount paid by private developers as a one off charge to contribute to the capital costs of infrastructure investment to accommodate growth.

# About the Strategy

## Purpose

The purpose of the 30-year Infrastructure Strategy (the Strategy) is to identify significant infrastructure challenges for Central Hawke’s Bay District Council (the Council) over the next 30 years, and to identify the principal options for managing those challenges and the implications of those options.

To meet provisions of the Local Government Act 2002, the Strategy must set out how Council, in managing its infrastructure assets, will:

- respond to growth or decline in demand
- manage the renewal or replacement of existing assets over their lifetime
- allow for planned increases or decreases in levels of service
- maintain or improve public health and environmental outcomes and
- address natural hazard risks in terms of infrastructure resilience and financial planning.

## Scope

This Strategy applies to Councils management of infrastructure supporting the delivery of three waters, land transport, landfill, and at a basic level – community facilities and open spaces services across the District.

## Strategic Context



# Principles

In setting the Strategy, Council commit to the below listed principles for managing infrastructure. These principles are intended to guide decision making at a strategic and operational level and most importantly provide clarity to Asset Managers in creating their unique Asset Management Plans for respective asset classes.



## Principle 1 – Dig Once

Council will seek to optimise and integrate its various infrastructure investment programs so that disruption to our residents is minimised and that projects or programmes of work are as cost effective as possible. In simple terms this means that Council will take every effort to ensure that through its careful planning we are not sealing a road one year and digging it up the next to replace a pipe.



## Principle 2 – No Band Aids

If a job is worth doing it is worth doing right. Investing ratepayer's funds to repair, renew or upgrade infrastructure carries a burden of responsibility. Council will ensure that infrastructure investment decisions do not chase a quick or easy fix but instead provide a long-term solution to identified challenges.



## Principle 3 – Enabling Smart Growth

Growth is a critical component of Central Hawke's Bays current success. Council, through its investments in infrastructure wish to enable and support growth where possible. 'Smart' growth is the term that Council have given to describe growth that makes sense for Central Hawke's Bay in the broadest of terms. This means growth that supports our residents, supports the environment, supports the economy and is deliverable with our infrastructure. Enabling this growth means removing barriers and planning ahead collaboratively.



## Principle 4 – Community and Environmental Bottom Lines

Council have committed to delivering infrastructure that is beyond the minimum requirements of our various regulating bodies in many cases. Regulatory compliance is a must, but Council will exceed this where possible to meet community and environmental requirements and ambitions through its investment in infrastructure.



## Principle 5 – Fiscal Responsibility

Council will act within its own financial means and ensure that infrastructure investment decisions are financially sustainable for Council and its community.



## Principle 6 – Innovation and Technology

Council will leverage innovation and new technology to improve levels of service and reduce cost through its investments in infrastructure.

**Design of this Strategy**

This Strategy is configured in a logical flow progressing in detail and specificity. It begins with an acknowledgement of targeted community outcomes of project thrive and then discusses key areas of focus for infrastructure investment and planning. It then details at a high level the programmes of investment over the 30 year period.



# Community Outcomes

Council's project thrive has become synonymous with all things related to Council's vision, values and the direct translation of community aspirations into Council action.

Project thrive has resulted in the creation and clarification of listed outcomes and intent for Council that are embodied in this Strategy and the way in which Council manages its infrastructure. The Community Outcomes that are supported by the effective strategic management of infrastructure are:



**PROUD DISTRICT**  
HE ROHE POHO KERERŪ



**PROSPEROUS DISTRICT**  
HE ROHE TŌNUI



**STRONG COMMUNITIES**  
HE HAPORI KAHA



**CONNECTED CITIZENS**  
HE KIRIRARAU WHAI HONONGA



**SMART GROWTH**  
HE TIPU ATAMAI



**ENVIRONMENTALLY RESPONSIBLE**  
HE WHAKAARO NUI KI TE TAI AO



**DURABLE INFRASTRUCTURE**  
HE HANGANGA MAUROA

# Infrastructure Focus Areas

To meet the challenges identified with managing Council infrastructure, and to achieve the listed Community Outcomes, Council has committed to prioritising the following Focus Areas for infrastructure planning and investment:

The diagram provides the structure for the discussion in this Strategy. Each focus area is discussed in the following sections of this Strategy. The discussion identifies significant capital decisions that are anticipated over the next 30 years and options that will need to be considered as part of these decisions. The key external factors that may impact infrastructure investment opportunities and timing are discussed in the external factors section. Examples of types of partnerships and the challenges and opportunities that the Council faces using them for delivery of infrastructure is discussed in the using partnership opportunities section.

## OUR OBJECTIVES

**Proud District**

**Prosperous District**

**Connected Citizens**

**Strong Communities**

**Smart Growth**

**Environmentally Responsible**

**Durable Infrastructure**

## FOCUS AREAS

Focus Area 1:  
**Delivering the Renewals Programme**

Focus Area 2:  
**Meeting New and Existing Compliance Standards**

Focus Area 3:  
**Improving Infrastructure Resilience**

Focus Area 4:  
**Planning for Responding to Growth Opportunities**

Focus Area 5:  
**Prioritising Community Centered and Partnership Opportunities**

## Focus Area 1: Delivering the Renewals Programme

Assets need to be replaced when they reach the end of their useful lives and can no longer continue to perform their intended function reliably, safely or within set parameters or compliance requirements. For some asset classes this is typically represented by a physical and sometimes catastrophic failure (e.g. the bursting of an aged water pipe). For other asset classes it can be less obvious and less dramatic (e.g. the degradation of a pump over time meaning it is no longer reliable and poses intolerable risk to the achievement of objectives).

Renewals are applicable to all asset classes covered within the scope of the Strategy and typically include:

Asset Class	Typical Renewal Activities
<b>3 Waters Assets</b>	Replacement of aged pipes, pumps and valves
<b>Transport Assets</b>	Renewal of pavements through re-sealing or area wide treatments and the replacement of aged structures
<b>Landfill and Solid Waste Assets</b>	Replacement of hard surfaces at landfill and transfer station sites and replacement of large bins/containers.
<b>Places and Open Spaces Assets</b>	Renewal of aged and deteriorating public assets including buildings, halls, playground equipment.

The determining driver for renewal is asset performance against performance standards or objectives. Simply put, if the asset is not performing to any one of many required criteria, then it should be replaced or another intervention taken as necessary (e.g. refurbishment/rehabilitation). While measuring the actual performance of individual assets is typically only possible retrospectively, it is possible and commonplace to use proxies to determine the future performance of assets. The most common proxy used to determine current or future asset performance is asset age. While not perfect, age is an identified and widely used indicator of asset condition and performance. Key asset age data is provided below:

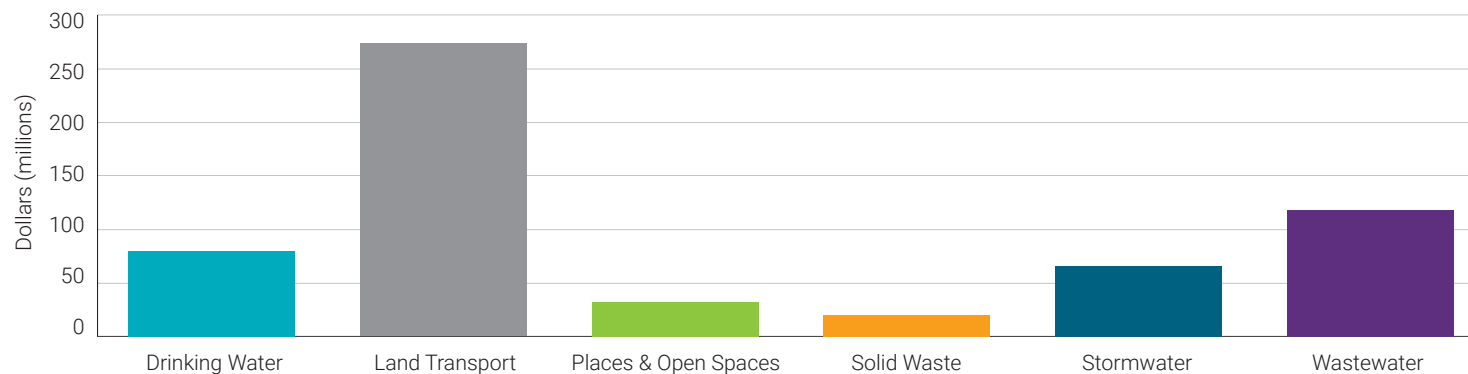
Asset class	Average asset age (yrs)	Average asset remaining useful life (yrs)	
Drinking Water Reticulation	40	48	
Wastewater Reticulation	52	42	
Stormwater Reticulation	39	59	
Transport Assets	Drainage	30	42
	Footpaths	34	48
	Sealed Surfaces	9	6
	Sealed First Coats	27	40
	Sealed Base Course	27	39
	Sealed Sub Base	29	37
	Unsealed Wearing Course	4	2
	Unsealed Pavement	55	45
	Bridges	36	39
Culverts	35	37	
Landfill and Solid Waste Assets		Not available	
Places and Open Spaces Assets		Not available	

It is often the case that organisations struggle to match funding with the continuing degradation of assets and the need to renew them. Council is no exception to this and for several planning periods has failed to invest appropriate amounts to match the degradation of assets. Asset and Activity Management Plans prepared for the 2021 LTP have sought to provide a bottom-up view of asset risk and have developed programmes of renewal to manage that risk. The renewal planning approach is logically more sophisticated for some asset classes than others as is prudent based on respective levels of risk (e.g. three waters compared with open spaces).

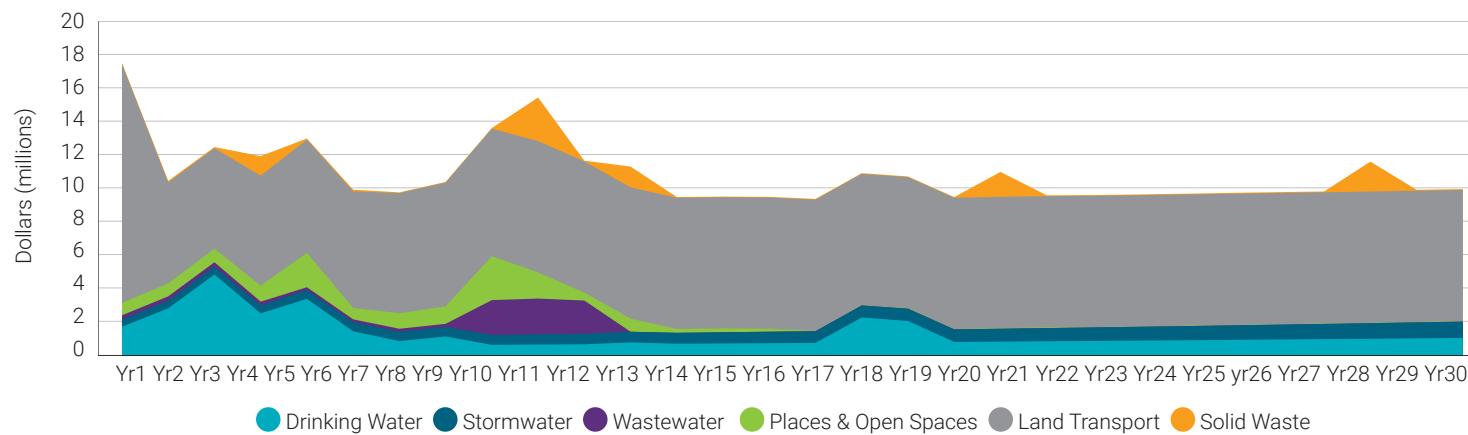


The baseline renewal requirements for each asset class are shown in the chart below.

**Total renewal expenditure (30 years) by activity**



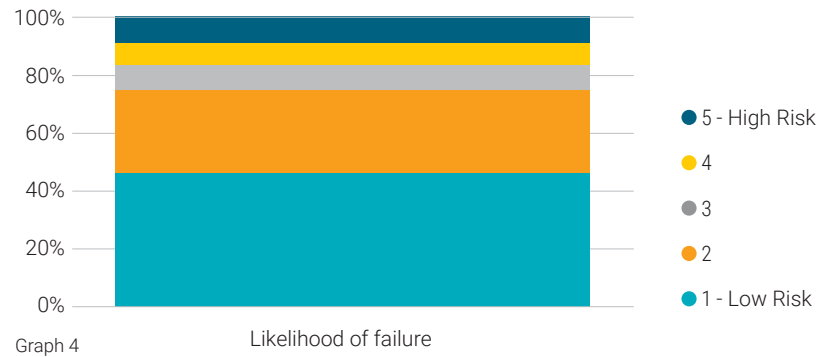
**Renewal investment by year by activity**



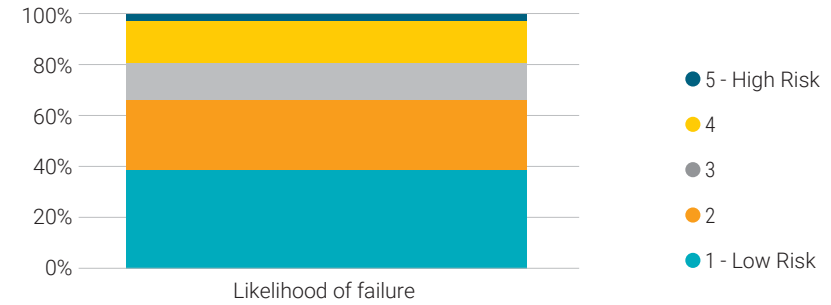
Beyond asset age, additional performance and condition metrics are used to inform investment decisions. There are a number of different ways an asset can be condition assessed with some very simple methods (e.g. visual inspection) and some complex and sophisticated methods (e.g. laser used to measure road roughness). The type of condition assessment carried out is primarily based on the risk in the asset. E.g. higher risk assets (bridges, treatment plants) have higher sophistication condition assessments than lower risk assets (lateral pipes, valves). As discussed prior, asset age is always a fall back when richer condition data is not available.

Various methods of condition assessment, and asset age can be combined to provide a single view on the assets status and its likelihood of failure. This calculated likelihood of failure for 3 waters assets is shown in the charts below:

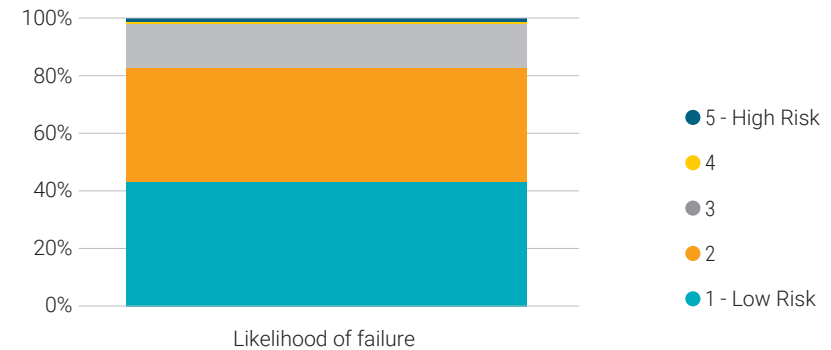
### Drinking water assets likelihood of failure



### Wastewater assets likelihood of failure



### Stormwater assets likelihood of failure



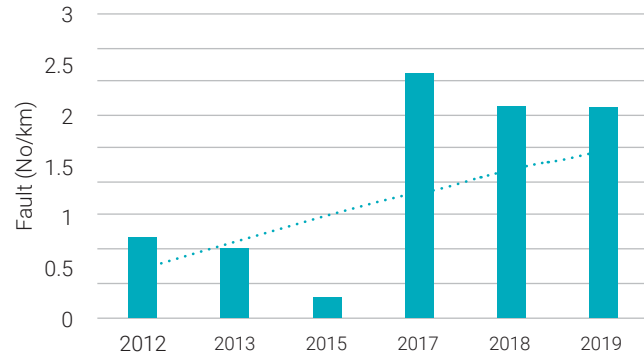
For transport/roading assets a similar approach is taken with the best available condition data ultimately informing investment decisions. A full network survey was completed to include all high-volume roads in 2008, 2010, 2013, 2015, 2017 and 2019.

For these assets, condition rating involves visually inspecting 10% of the high-volume road network at regular intervals, with the rating process identifying types of pavement and surface faults and trending these over time.

Underlying															
<p><b>Shoving in sealed network</b></p> <table border="1" style="margin-top: 10px; width: 100%; border-collapse: collapse;"> <caption>Shoving in sealed network (m/km)</caption> <thead> <tr> <th>Year</th> <th>Fault (m/km)</th> </tr> </thead> <tbody> <tr><td>2012</td><td>3.2</td></tr> <tr><td>2013</td><td>2.5</td></tr> <tr><td>2015</td><td>2.1</td></tr> <tr><td>2017</td><td>0.3</td></tr> <tr><td>2018</td><td>0.5</td></tr> <tr><td>2019</td><td>3.9</td></tr> </tbody> </table>	Year	Fault (m/km)	2012	3.2	2013	2.5	2015	2.1	2017	0.3	2018	0.5	2019	3.9	<p><b>Shoving:</b> Waving or bulging of the pavement.</p> <p>This is a sign of failure along a shear surface at some depth within the road formation. High values indicate, renewal/strengthening of the pavement is required. The graph shows a decreasing trend 2012 to 2018. There is a significant increase in shoving faults for 2019. It is believed that the slumps in 2017 and 2018 is a result of underreporting not a reflection of the actual performance.</p>
Year	Fault (m/km)														
2012	3.2														
2013	2.5														
2015	2.1														
2017	0.3														
2018	0.5														
2019	3.9														
<p><b>Rutting in sealed network</b></p> <table border="1" style="margin-top: 10px; width: 100%; border-collapse: collapse;"> <caption>Rutting in sealed network (m/km)</caption> <thead> <tr> <th>Year</th> <th>Fault (m/km)</th> </tr> </thead> <tbody> <tr><td>2012</td><td>4.2</td></tr> <tr><td>2013</td><td>4.0</td></tr> <tr><td>2015</td><td>4.5</td></tr> <tr><td>2017</td><td>1.1</td></tr> <tr><td>2018</td><td>1.1</td></tr> <tr><td>2019</td><td>8.4</td></tr> </tbody> </table>	Year	Fault (m/km)	2012	4.2	2013	4.0	2015	4.5	2017	1.1	2018	1.1	2019	8.4	<p><b>Rutting:</b> The longitudinal depression in the wheel path of the traffic lane.</p> <p>In most cases rutting indicates deteriorating pavements; however extreme rutting is also a safety concern leading to loss of control accidents. There are a number of potential causes including the breakdown of a weak gravel base material, an insufficient strength in the shoulder of the road or the failure of the subgrade material.</p> <p>It is believed that the slumps in 2017 and 2018 is a result of underreporting not a reflection of the actual performance.</p> <p>The low visual rating of rutting may be due to a number of reasons as rutting may be identified as edgebreak, shear failure, deformation and depression (subsidence) rather than rutting. This will require further investigation.</p>
Year	Fault (m/km)														
2012	4.2														
2013	4.0														
2015	4.5														
2017	1.1														
2018	1.1														
2019	8.4														

**Underlying**

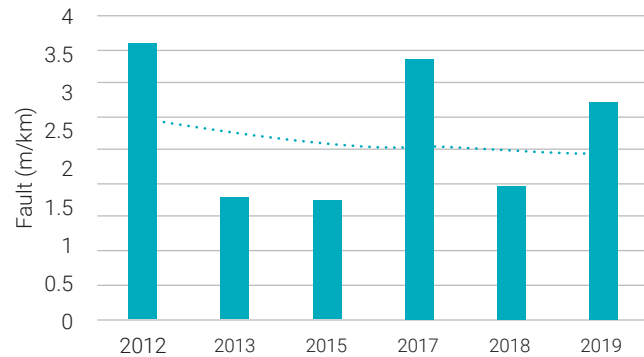
**Potholes network**



**Pothole:** A hole in the pavement, resulting from loss of pavement material caused by the action of traffic and in some cases insufficient camber.

This is one of the indicators of a resealing requirement. The graph shows a slight increase trend of number of potholes through to 2017 which has slightly reduced since. Potholes have increased despite increased investment in repair work. The increase in potholes and subsequent expenditure is largely related to logging haulage. There is an intent to shift from reactive to proactive pavement maintenance to manage temporary repair costs.

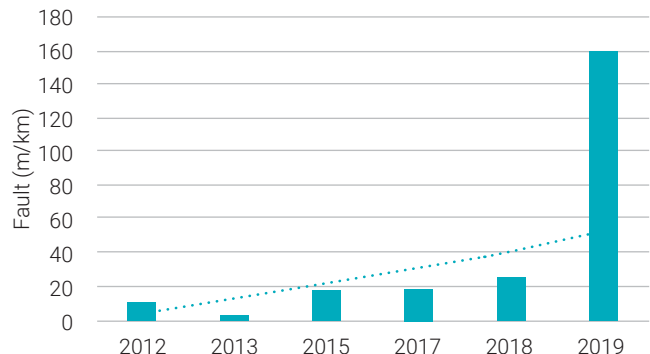
**Alligator cracking in sealed network**



**Cracking:** The appearance in the road surface of small, regular, or irregular shaped continuous cracked areas. Cracking includes alligator (or chicken wire) cracking, block cracking, reflective cracking, longitudinal and transverse cracking, shrinkage cracking and slippage cracking. Cracking occurs when pavements are subjected to repeated loadings causing flexing and ultimately cracking. The increase in Alligator cracking from 2015 most probably reflects the growth in heavy vehicle and traffic loading.

Surface

Scabbing in network

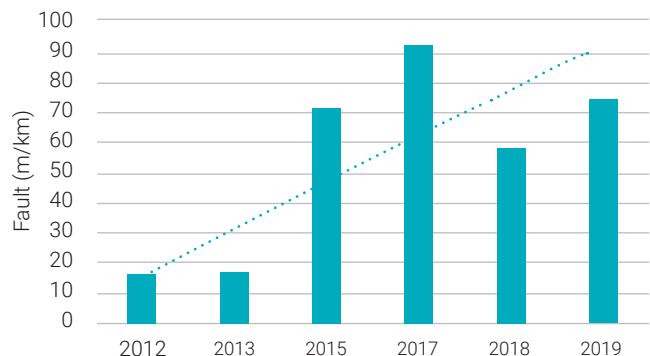


**Scabbing:** The progressive loss of chip from a chipseal, often in patches.

Can be exacerbated by cold weather and the action of increased traffic. Mostly scabbing will occur through poor construction technique, methodology or programming. This can be due to poor compaction, low binder application, rain within the first few days of the sealing.

Other factors such as traffic travelling too fast over the new seal, dirty or poor graded chip or aging of the seal. The graph indicates an increasing trend of scabbing after 2013, which can be attributed to the increase in heavy vehicle and traffic loading combined with the age of some of the seals. There is a significant increase in Scabbing in 2019.

Flushing in network



**Flushing:** A pavement surface defect in which the binder is near or above the uppermost surface of aggregate particles.

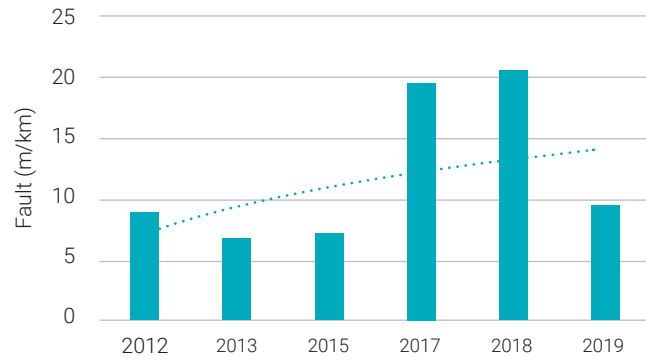
Flushing can occur due to excess binder used during sealing, hot weather causing the binder to melt or surface chips getting pushed down by traffic into a softened basecourse.

Flushing will occur through poor construction technique and methodology and programming. This can be due high binder application, insufficient compaction of the basecourse layer and rain within the first few days of the sealing. The graph indicates an increasing trend of Flushing after 2013, which can be attributed to the increase in heavy vehicle and traffic loading.

Flushing also reflects multiple seal layers are present within some of the network.

Surface

Edgebreak in the network



**Edgebreak:** Fretting or breaking of the edge of a bituminous surface.

The edgebreaks are a sign of inadequate pavement width. High values indicate, seal widening is required. There is an increased amount since 2013 with a reduction in 2019. Two aspect may have influenced this;

- In the last few years the Council has started considerable chemical control of its edge of seal environments which reduced the effect of the binding effect of vegetation, thus reducing edge strength.
- Wheel damage to seal edges caused by increase in over-width heavy vehicles.
- Budget has not allowed all edge break to be repaired as priority as on other pavement issues.

**Confidence in Condition Data**

As above, condition data is a key driver for investment decisions and is important to know when it can and cannot be relied upon. To manage the risk of poor decision making, Council rely on a range of condition data and ensure that high risk assets or high risk decisions are given preference. Further, it is common practice that during the more advanced stages of investment planning or preparation (e.g. project design), that further investigation and analysis is completed on the assets to verify any data or previously held assumptions.

The Table below outlines the confidence grading system for data.

Confidence in accuracy	Description
<b>A – Highly Reliable</b>	Data based on sound records, procedure, investigations, and analysis which is properly documented and recognised as the best method of assessment.
<b>B – Reliable</b>	Data based on sound records, procedures, investigations, and analysis which is properly documented but has minor shortcomings.
<b>C – Uncertain</b>	Data based on sound records, procedures, investigation, and analysis which is incomplete or unsupported, or extrapolation from limited sample for which grade A or B data is available.

For Waters Assets, capital planning based on condition is completed annually through a series of models that use data from core asset information systems (namely GIS and Asset Finda) as well as supplementary data (such as that made available from ad hoc or specifically commissioned condition assessments).

Asset Class	Confidence Level	Justification
<b>3 Waters Reticulation</b>	<b>B-C</b>	Limited availability of sophisticated condition information means age is used as the primary driver for preliminary decision making.
<b>3 Waters Treatment</b>	<b>A</b>	Sophisticated assessment techniques used on primary high risk assets at treatment plants as part of routine daily operations and maintenance practices
<b>3 Waters Pumping</b>	<b>B</b>	Detailed condition assessment carried out in 2019 but not repeated since.

For Roding assets, uses the RAMM system as a central repository for storing information on the transportation assets. RAMM contains a schedule of all roads in the network and information on carriageway widths, surfacing types and ages, pavement composition, traffic volumes and loadings and road condition data. Information on all other assets is also stored in the RAMM system.

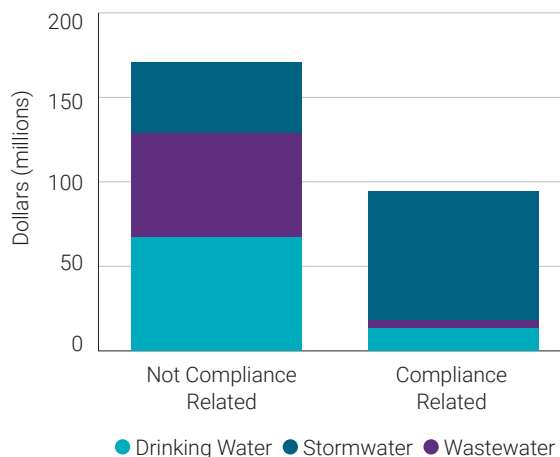
The accuracy of asset inventories in RAMM is critical in the development of strategies for each of the asset groups within this Transportation Activity Management Plan. The confidence level for all asset groups is “B – Reliable.”

## Focus Area 2: Meeting New and Existing Compliance Standards

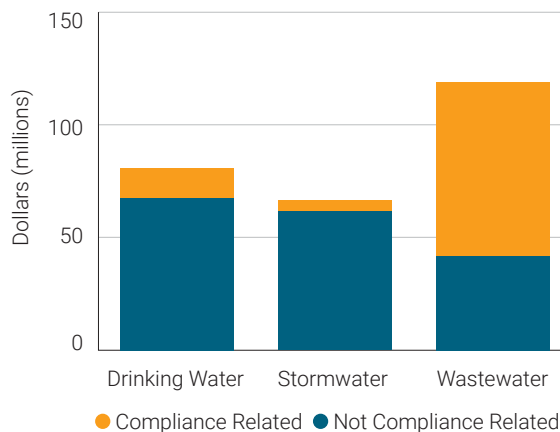
The costs to comply with new and existing standards continue to place strain on Councils resources. Council has chosen to make every effort to comply with standards in all cases and the Strategy provides the outline of continued investment in infrastructure to continue to comply.

The impact of compliance related costs is felt most heavily with respect to 3 waters infrastructure. While 'compliance' is not a typically reported against category at a project or programme level, it is possible to split out compliance related projects for these activities. The chart below shows the split between compliance-driven and non compliance-driven investment for the three waters activities over the 30 year period.

**Compliance driven investment – 3 waters**



**Compliance driven investment – 3 waters**





### **Drinking Water Standards**

The Drinking Water Standards for New Zealand (revised 2018) prescribe the availability of safe drinking-water for all New Zealanders, irrespective of where they live, as a fundamental requirement for public health.

The Drinking-Water Standards for New Zealand provide requirements for drinking-water safety by specifying the:

- maximum amounts of substances or organisms or contaminants or residues that may be present in drinking-water
- criteria for demonstrating compliance with the Standards
- remedial action to be taken in the event of non-compliance with the different aspects of the Standards.

These standards supersede previous versions and follow the outfall of the 2016 Havelock North Water Crisis. The new standards represent a step-change in terms of compliance thresholds by promoting a multi-barrier approach and by requiring significant increases in the need to demonstrate compliance. Council focusses heavily on its own compliance with these standards as evidenced through the investment in treatment infrastructure and capability during the period of the previous LTP. This Strategy continues to prioritise investment in the provision of safe drinking water and demonstrable compliance with existing and forecasted standards.

### **Resource Consent Conditions**

Council own and operate six wastewater plants plus landfill that are required to comply with the conditions of allocated resource consents. These assets span drinking water, wastewater, stormwater as well as the operative and closed landfills.

Council consider that all assets/activities that require resource consent are largely already consented in some form. That is, Council does not plan in this Strategy or other Strategies/Plans to invest significantly in new consents for activities that are not already consented. With that said however, the nature of consents and consented activities is changing rapidly and as Councils existing activities continue to grow in scale and scope, the complexity of consenting is growing in turn.

While the wastewater discharge activity has historically been consented, Council is planning for consent renewals and new consents in that activity. Similarly, Council is planning for consent renewals and new consents in other already consented activities including stormwater, drinking water and landfill. Council also plans in almost all cases that consent renewals will come with new and increased levels of compliance requirements.

### **Seismic Performance**

The Building (Earthquake-prone Buildings) Amendment Act 2016 introduced major changes to the way earthquake-prone buildings are identified and managed under the Building Act. The system is consistent across the country and focuses on the most vulnerable areas and buildings in terms of people's safety. Council are continuing to work through a programme of engineering assessments of relevant Council owned buildings prioritised based on risk. This work is resulting in additions to Councils programme of investment in buildings in some cases.

## Focus Area 3: Improving Infrastructure Resilience

Councils infrastructure is exposed to numerous and changing demands, pressures and sometimes physical forces. Resilience for infrastructure is the respective assets ability to recover quickly from any difficulties or challenges. In most cases this means returning to normal levels of service following any type of event.

The following approaches are used across Councils key asset classes to ensure that infrastructure is resilient:

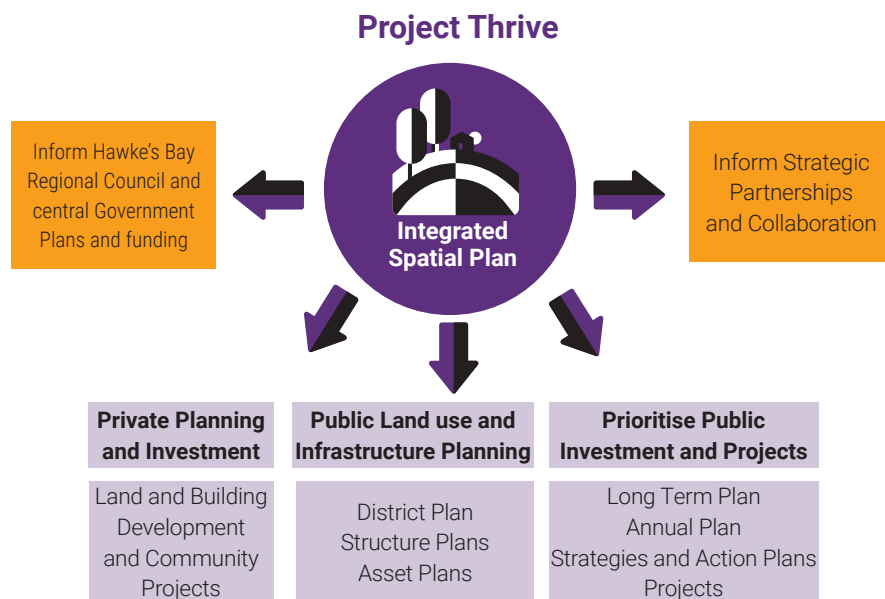
Approach	Description
<b>Renewals</b>	Assets are routinely condition assessed and renewed to reduce the likelihood of failure in service. This supports resilience whereby poor conditioned assets are often more likely to fail during adverse events or when they are challenged.
<b>Operations and Maintenance</b>	It is often through effective maintenance and operations procedures that asset managers, operators or engineers learn most about our infrastructure. Effective procedures and approaches to maintenance and operations can ensure that when something goes wrong, the mechanisms are in place to respond quickly and effectively.
<b>Asset Design</b>	Each asset should be designed in a way that it will not fail but if it does that the impact is minimised as far as practicable. This can be as simple as ensuring that spare parts are readily available or that assets are located in places where they are not exposed to undue risk.
<b>Network Design</b>	Networks or hierarchies of assets should be designed to add resilience to 'the system'. This can be installing redundant or duty spares, alternate routes etc.

## Focus Area 4: Planning for and Responding to Growth Opportunities

Central Hawke’s Bay is growing – fast. In fact, it is growing at a rate that is unprecedented and far out-strips recent plans and provisions to accommodate it. Having effective plans in place to precede growth with necessary infrastructure is vitally important to achieving targeted community outcomes. Allowing agility and responsiveness in plans to accommodate growth when it occurs outside of projections is also important.

In 2020 Council completed a holistic revision of its existing planning approaches relating specifically to growth. A project, the Integrated Spatial Plan (ISP), was designed to fill gaps and build bridges between existing work in the business that connected to growth. The ISP work connected existing infrastructure plans, joined up and guided sporadic modelling and data sets, completed community-led focussed analysis and design of town centres and comprehensively revised numerical growth projections for the District.

The ISP and its context is depicted below:



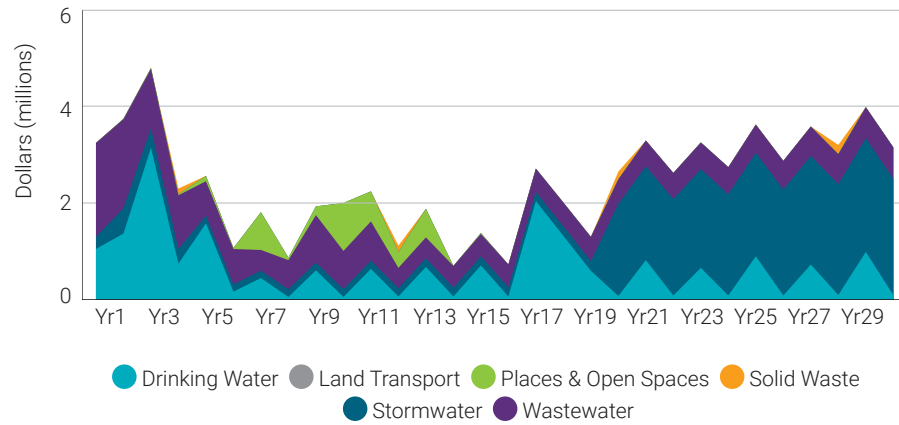
The ISP work contained three primary growth scenarios that could be utilised for further modelling, analysis and planning. Council adopted the ‘high growth’ scenario. This scenario forms the basis of our key assumptions as part of the Long Term Plan 2021 - 2031. The detailed growth projections can be found here.

This scenario has been used to inform detailed planning at an activity-level within Council and importantly has informed infrastructure needs to service and accommodate growth. The ISP work largely focussed on the Districts three main urban centres (Otāne, Waipawa and Waipukurau) beyond these however, the growth projections are more widely applicable.

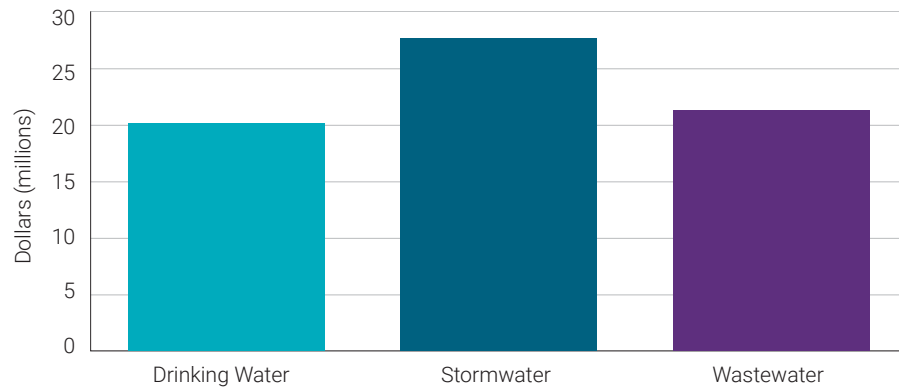
The ISP provided listed tables of actions for each of the three main urban centres aligned with Councils THRIVE objectives. The objective most relevant to this Strategy is ‘Durable Infrastructure’.

The chart below shows planned infrastructure investment to accommodate growth over the 30 year period.

**Growth investment by activity**



**Total growth expenditure – 3 waters (30 years)**



## Focus Area: 5

### Prioritising Community-Centred and Partnership Opportunities

Council's strength is in its partnerships. Enshrined in Councils driving vision of 'E ora nga tahi ana' Together we Thrive, Council knows that in order to succeed it cannot do it alone. This has specific relevance to the way in which Council manages its infrastructure.

From setting levels of service specifically to ensure that end-users needs are met, to designing, building and operating assets with stakeholders and industry experts. Council is steadfast in its drive to partner and engage in all facets of its management of infrastructure.

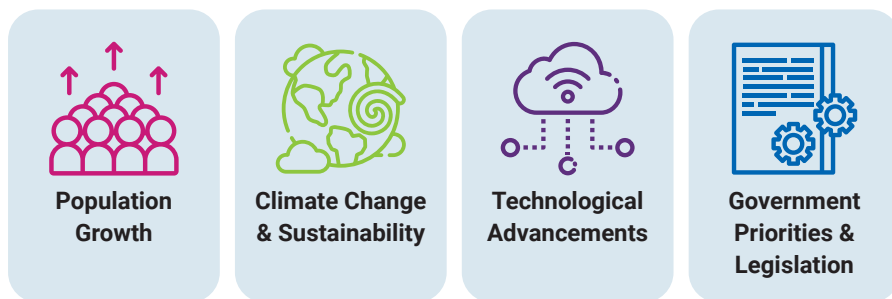
Below are examples of practical applications of partnering creating community value specific to infrastructure as set against a typical asset lifecycle.

Asset Lifecycle Stage	Partnering Approach	Community Outcomes
<b>Design</b>	Assets are designed with end-users in mind, often collaboratively, to meet specified levels of service that in turn are also often established in partnership with stakeholders.	Assets designed to meet end-users needs
<b>Procure</b>	When procuring works (physical or otherwise), Council seeks to find partners rather than fly-in and fly-out contractors. By partnering, giving and taking, Council is often able to provide better infrastructure and community outcomes.	Partners engaged who understand Councils and Communities values and expectations
<b>Construct</b>	Council leverages the skills, expertise and resources of numerous service providers to construct physical assets. Council seeks to work with all partners in a collaborative fashion.	Assets built with community outcomes in mind.
<b>Operate/ Maintain</b>	Assets are operated and maintained by relevant trained and skilled operators from Council or many of its partner organisations. Council ensures that at all times the operation of assets is carried out to ensure that community outcomes are at the centre.	Assets being used to deliver value to community.

## External Factors

There are several factors that can influence Councils ability to achieve its goals and in the case of this strategy, the community outcomes given effect to by the provision and management of infrastructure. While external factors are in some ways, by definition, beyond Councils control, it is important to recognise them and to prepare where possible.

The key external factors identified by Council relevant to this Strategy are:



### Population Growth

Councils consideration of population growth is detailed in previous sections referencing the 2019 Integrated Spatial Plan and growth modelling work.

## Climate Change And Sustainability

In New Zealand, changes in climate, such as temperature and rainfall, are already occurring. These changes will occur to differing extents in different places. Climate change is considered as part of the Council's long-term asset management planning processes within relevant asset and activity management plans.

Current models predict storms of greater frequency and intensity in the future for much of New Zealand and we are already experiencing these in our district with particularly noticeable impacts on our roading assets. Beyond roading, climate and environmental change will particularly impact the Council's water, wastewater and stormwater assets. Council staff review new studies and guidance as part of their ongoing planning for assets.

Our Asset Management Planning has been influenced by climate change in the following ways:

### Drinking Water

Intense dry periods places strain on Council Drinking water networks both in the capacity of our consented takes as well as the ability of our reticulated networks to meet demand in hot periods. A significant 'second supply' project for the township of Waipukurau is programmed in year 1 of the Long Term Plan to address existing shortfalls in supply to Waipukurau and design for this work has allowed for climate change parameters. Routine operational and minor capital works have been increased through the period of the plan to address small-medium pipe leaks which reduce supply and put added pressure on already strained networks. Significant investment in energy and resource is also placed into partnering with other relevant local agencies and authorities to share climate messaging and the sustainable use of fresh water. Councils new Sustainable Water Demand Management Plan provides an action plan for investment in demand management initiatives and this has been specifically created to meet climate change impacts.

### Stormwater

Significant investment in Stormwater upgrades has been tagged in the Long Term Plan (>\$66M over the period). This work has been designed to reflect the current known capacity and performance issues of the Districts Stormwater systems and known difficulties to meet existing demand, planned growth and the impacts of climate change. Severe weather events and heavy downpours cause flooding in low lying areas. Comprehensive modelling of all Stormwater catchments is being completed with 50-100yr event thresholds modelled to include climate change parameters.

### Wastewater

Significant pipe renewals and upgrades have been completed and are planned in the early part of the Long Term Plan to address capacity and performance issues. A focus on separating Stormwater and groundwater from the wastewater network through targeted Infiltration and Inflow (I&I) reduction programmes is programmed to reduce demand on the wastewater network. This is particularly important during storm events which will become more common with continued climate shifts. These storm events cause 'peaking' factors at our wastewater plants and can make them incapable of effectively treating the high volumes. The very large upgrades planned for all six of Councils wastewater treatment plants in the first 15 years of the plan include design limits to account for climate change.

### Land Transport

Severe weather events cause significant damage to roading assets. Heavy downpours and 'cloudburst' events are becoming more regularly experienced on Central Hawke's Bays network and between 2018-2020 have caused over \$6M in damage to road assets. The Long Term Plan includes provision for a number of bridge and culvert upgrades as these are often the assets most highly affected by these extreme weather events. Modelling used in the design of these upgrades is completed to account for 100yr rain event scenarios using climate change parameters.

## Technological Advancements

Technology can be disruptive or advantageous to Council and its infrastructure. New technology or changing uses of technology can have a direct impact on the type and timing of infrastructure required and can also be used to help deliver services differently and alter what infrastructure is required. Managing infrastructure systems in a smarter way could reduce the need to construct new assets in the face of increasing demand. Also, technology can increase the effective capacity of our infrastructure, reduce maintenance and operating costs and improve reliability and safety.

New technology may increase the demand for certain infrastructure, redefine how we use infrastructure, or even lead to an entirely new infrastructure system. This would need to be supported by an accessible and sustainable charging infrastructure system.

Council does not have dedicated plans focussed on changing technologies but instead ensures that relevant asset and activity management plans consider technological change on both the demand and supply side.

## Government Priorities And Legislation

The most significant external factor facing Council being driven by Central Government is the in-progress National 3 Waters Reform work programme. Council are an active and engaged participant in the reform work having been a key part of the Hawke's Bay Regions collaborative work to review 3 waters service delivery arrangements in 2019 and 2020. Council are actively contributing to the governments reform work through various means. Council are also the grateful recipient of \$11.1 million in funding to expedite 3 waters work programme in recognition of its continued contributions to the reform work.

Importantly, while acknowledging that fundamental change is possible and even probable in the period of this Strategy, Council have not planned for the changing of the 3 waters delivery model in any parts of this Strategy, as outlined in our key assumptions that form part of the Long Term Plan 2021 - 2031.



## Partnerships and Opportunities

“E ora nga tahi ana – Together we Thrive” is at the heart of Councils values system. Scale and ambition combine at Council in a way that mean Council simply cannot deliver on its own objectives without the support of committed partners. This section details Councils strategic approach to working with partners to support the effective delivery of infrastructure services.

### Community Organisations

Council partners with numerous groups who represent parts of the community in order to drive understanding and collaboration both ways with respect to all Council activities and specifically infrastructure. Council partners with community groups and sometimes forms groups (e.g. wastewater community reference group) to workshop infrastructure management issues and activities.

### Developers

Growth in the rohe continues in most cases to exceed expectation and in all cases to exceed previous formal plans. Council works with these at the centre of much of the growth (Land Developers) to influence and understand current and future pressures on infrastructure. Examples of current partnering with Developers include work on the District Plan and the Integrated Spatial Plan.

### Other local authorities

Council work particularly close with the other Hawke’s Bay Councils to leverage resources and ideas. Beyond Hawke’s Bay, Council are involved in numerous National and sub-National working groups and forums to promote collaboration and innovation and the sharing of ideas. For infrastructure it is common for Council to leverage the work of others with respect to procurement or design and construction.

# Asset Class Plans

## Most Likely Scenario

This strategy provides the overview of Council's most likely scenario for the management of its infrastructure. This scenario has been determined by:

- Including the funded capital and operating budget forecasts from the draft 2021-31 Long Term Plan. The timing of projects and budget provisions have been informed by the 30-Year AMPs.
- Identifying projects through the Long Term Plan that are unable to fit within the financial provision set by the Financial strategy. These projects are assumed to be required in the future and this is reflected in the Financial Strategy.
- Using the assumptions for levels of service, demand and renewals as outlined in each activities AMPs.

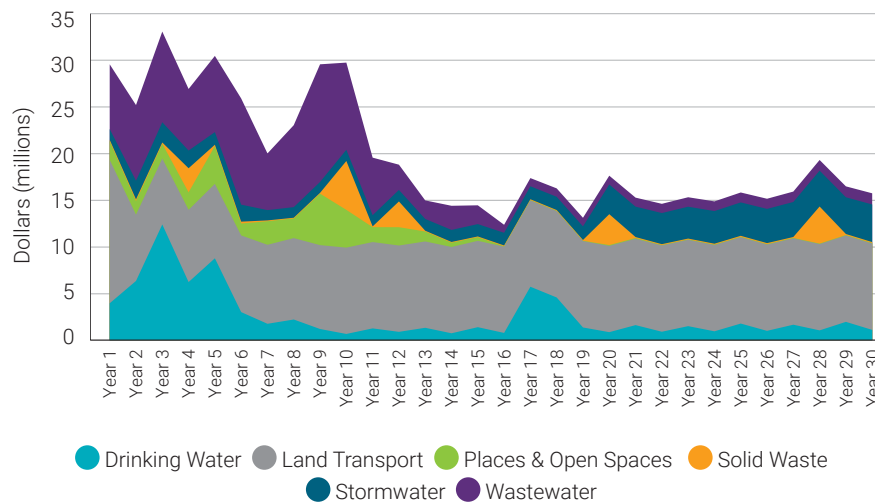
The plans and forecasts for the first three years have the most detail and confidence as the greatest amount of planning has taken place. The investments identified between 4 and 10 years are an outline and have a reasonable degree of confidence. The forecasts beyond year 10 should be viewed as indicative estimates and will be developed further as time passes and more information is obtained.

Changes to the requirements and management of infrastructure is expected to occur and the Council will consider the appropriate approach as part of the future relevant 10-Year Plan process. This uncertainty and need for ongoing refinement is acknowledged in the tiered framework for forecast expenditure contained in the Local Government Act 2002.

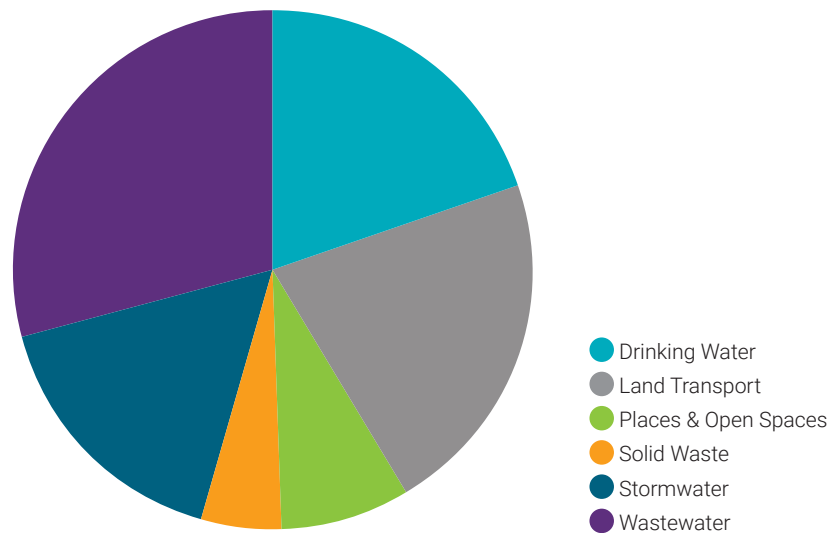
The forecasted expenditure is significantly higher than historical expenditure. For each of the next ten years, the forecasted annual capital expenditure is over \$28.7 million. The most significant driver of this expenditure is the investment required in infrastructure to meet new compliance requirements as well as to maintain levels of service that are compromised by aging and deteriorating assets.

The estimated requirement for capital investment over the next 30 years has been prepared and is shown below.

30Yr CAPEX by activity



Total CAPEX (30yrs) by activity



The forecasted expenditure from 2021 to 2030 represents a period of significant investment over and above historic levels. While there are significant increases in the expenditure forecasted, there is also a large increase in growth related revenue (through Development Contributions from developers and new ratepayers). This helps pay for growth and creates some additional capacity for borrowing.

There is a high likelihood that over time the indicative estimates beyond ten years in this Strategy will need to change to reflect:

- changes in assumed growth rates
- changes to standards and compliance requirements not anticipated
- new technologies and options for provision of infrastructure
- new models for the funding and delivery of infrastructure (these may include the Council not funding and / or owning infrastructure)
- greater certainty about the nature and timing of the projects that are required
- affordability and ability for the Council to deliver the programme.

The Council's Financial Strategy has been updated through the development of the 2021-31 LTP. The Financial Strategy has a ten-Year horizon and helps the Council and the community to understand the long-term financial impacts and sustainability of the Council's budget and plans. The Financial Strategy describes the impact on debt and rates of the Council's budget.

# Water Supply

There are eight public water supply systems in the district; Otāne, Waipawa, Waipukurau, Takapau, Pōrangahau, Te Paerahi, Pourerere and Kairakau. Water is also supplied to the Pourerere Camping Ground, Pourerere toilet block and two private dwellings, however is not managed by the network operators. Otāne and Waipawa are sometimes referred as one supply as both towns are fed from the same reservoirs. This is the same for Pōrangahau and Te Paerahi as they are fed from the same treatment plant.

## Water Supply Reticulation

Water supply reticulation includes water mains, submains, hydrants, valves, fittings and connections. Asset management effort focusses on mains and submains as these make up the majority of the value of the reticulation network. Valves, hydrants, fittings and other auxiliary assets connected to the mains and submains generally last as long as the main or submain and are renewed as part of a main or submain renewal.

A new renewal framework is being used for the first time greater decision-making transparency. The following criteria is assessed for each pipe in the database:

- Likelihood of Failure
- Consequences of Failure
- Failure Risk
- Replacement cost

The output of the renewal framework is used for two separate purposes.

1. to set an appropriate long-term reticulation renewal budget
2. to provide a prioritised list of renewal candidates on a pipe by pipe basis

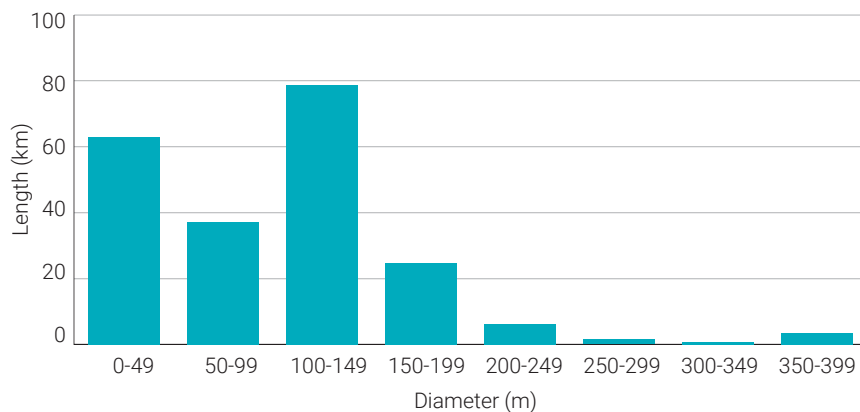
## Water Supply Reticulation

The key issues for the water reticulation network and how they are addressed is outlined in the table below.

Key Issue	Priority for this Plan
Large proportion of pipes at the end of their estimated useful life (particularly AC pipes)	Addressing the renewal of pipes at the end of their useful lives, focussing on high failure risk
Ensuring water supply works are coordinated with other works (stormwater, wastewater and roading)	Overlay areas of priority water renewal with areas showing other works to identify where combined projects will deliver better outcomes
Reducing water consumption	Implementing pressure management and increased focus on leak detection. Installing water meters to track water use
Reducing reactive maintenance	Prioritising pipe renewal based on risk and begin collecting maintenance data in a form that supports renewal decisions
Increase maturity and transparency of investment decision-making	Use the risk based outputs of the renewal criteria and integrate with growth and improvement criteria
Additional Water meters	Replacing standard meters with smart meters when submains are renewed

Graph 1 shows the length of pipe installed in the district by diameter. The total length of pipe is 215 km.

**Drinking water reticulation length by diameter**



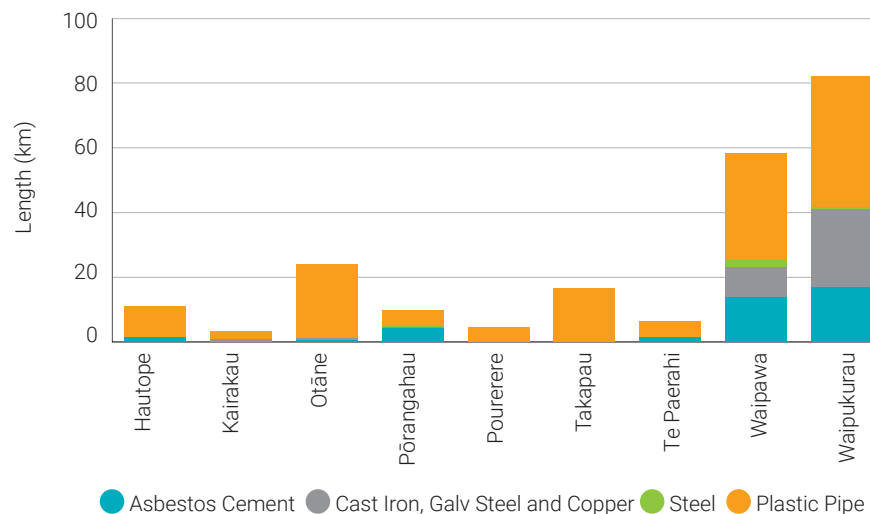
Graph 1

The largest cohort of pipe is 100 mm diameter. There are also significant lengths of pipes smaller than 100 mm diameter pipe that are used for service connections. This is typical for smaller schemes each individually servicing a community.

Over half of the pipe network is UPVC or MDPE. The proportions of the network likely to have condition-related performance issues are cast iron (CAST I), asbestos cement (AC, AC-E and AC-F), and galvanised steel (GI).

Graph 2 shows the distribution of pipes by type between each community scheme.

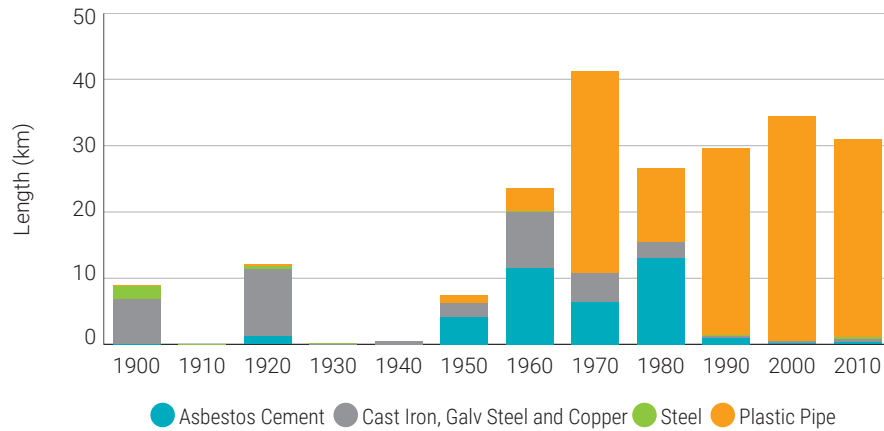
**Drinking water reticulation length by community**



Graph 2

Graph 3 below shows the length of pipe installed during different decades and is coloured according to the pipe material.

**Drinking water reticulation length by install decade**



Graph 3

This shows the cast iron pipe installed in 1900 - 1930, the period of asbestos cement pipe installation in 1950 – 1980 and the increased use of plastic pipes from 1960 onwards.

As described in this Strategy, Council currently uses asset age as a proxy for determining the likelihood of failure of many assets.

Graph 4 shows the likelihood of failure distribution for water supply pipes.

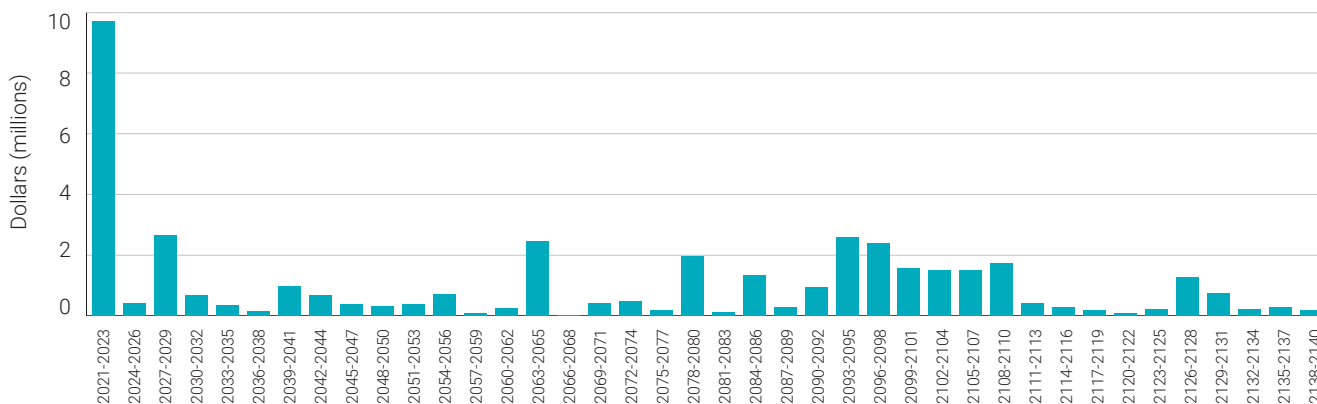
**Drinking water assets likelihood of failure**



Graph 4

There is a significant portion of assets that have already exceeded their theoretical useful lives and this is represented in the large spike in costs for the first period. Budgets are presented in three year periods.

### Drinking water assets renewal profile

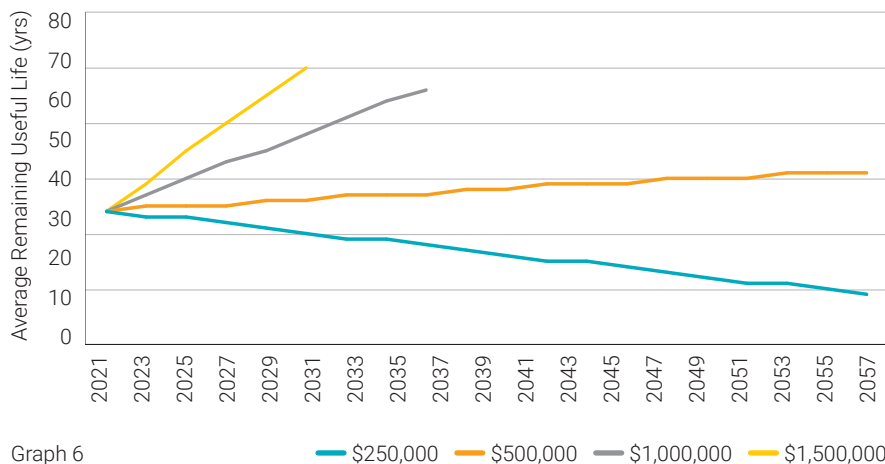


Graph 5

### Renewal investment profiles and risk.

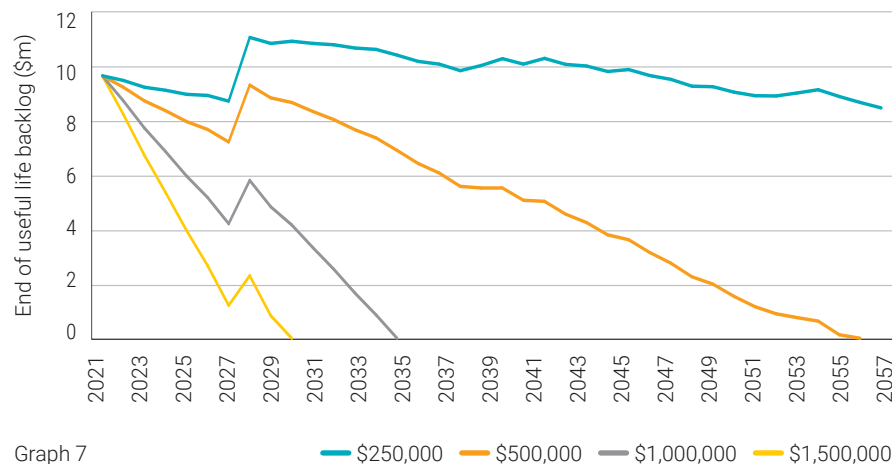
Graph 5 illustrates the impact of differing levels of reticulation renewal investment on indices commonly regarded as suitable proxies for risk. These are capital weighted average asset remaining useful life, and total assets beyond normal useful life. The charts show a total decrease in asset remaining useful life for annual renewal investment at \$250,000 and an approximate flattening of the aging curve at \$502,000 per year. The charts also show the speed at which assets currently beyond the end of their remaining useful life are replaced under each investment scenario. Both charts are viewed and used together to inform investment decisions.

### Water supply: average remaining useful life at different levels of renewal investment



Graph 6

### Water supply: end of useful life "backlog" over time at different levels of renewal investment



Graph 7

### Water Supply Pumping

The pumping, storage and treatment assets are grouped by the following operational sites:

- Johnson Street WSTP
- Kairakau Water Supply Reservoirs
- Kairakau WSTP
- Otāne Water Supply Reservoirs
- Pōrangahau Water Supply Reservoirs
- Pōrangahau WSTP
- Pourerere Water Supply Reservoirs
- Pourerere Water Supply Spring
- Takapau Water Supply Reservoirs
- Takapau WSTP
- Tikokino Road WSTP
- Waipawa Water Supply Reservoirs
- Waipukurau Water Pumping Stations
- Waipukurau Water Supply Reservoirs
- Waipukurau WSTP

### Water Supply Pumping storage and treatment key issues

The key issues for waste supply pumping storage and treatment are shown in the table below.

Key Issue	Priority for this Plan
The key issues for water supply pumping storage and treatment are shown in the table below.	
Several reservoirs and suction tanks are in very poor condition and pose water safety and seismic vulnerability concerns.	Assessment, refurbishment and replacement of these assets where required. Several priority repairs are already identified as well as full replacement of the Pukeora and Hunter Park reservoir sites
Pump failures	Prioritise replacement of the older more critical pumps. Prioritise renewal budget spending to accumulate a set of critical spare parts.
Asset data for stations is poor. Current O&M data is not easily useful for long term decision-making	Resourcing to: a) collect and update inventory data that supports asset management planning, b) refine and update valuation process and how costs are applied, c) collect O&M data that can be analysed network-wide to determine strategy for proactive/reactive split
Instrumentation renewal needs to account for increased regulatory monitoring requirements	Replacement and upgrade of instrumentation to latest regulatory standards
Several pumping and treatment assets require replacement or upgrade due to non-renewal drivers. Works on these sites needs to be optimised with respect to the future upgrades and capital works	Identify crossover issues where renewal needs to either be brought forward or delayed due to interaction with other planned upgrades or capital works
Security of Council SCADA system	Dedicated programme for upgrading SCADA data security

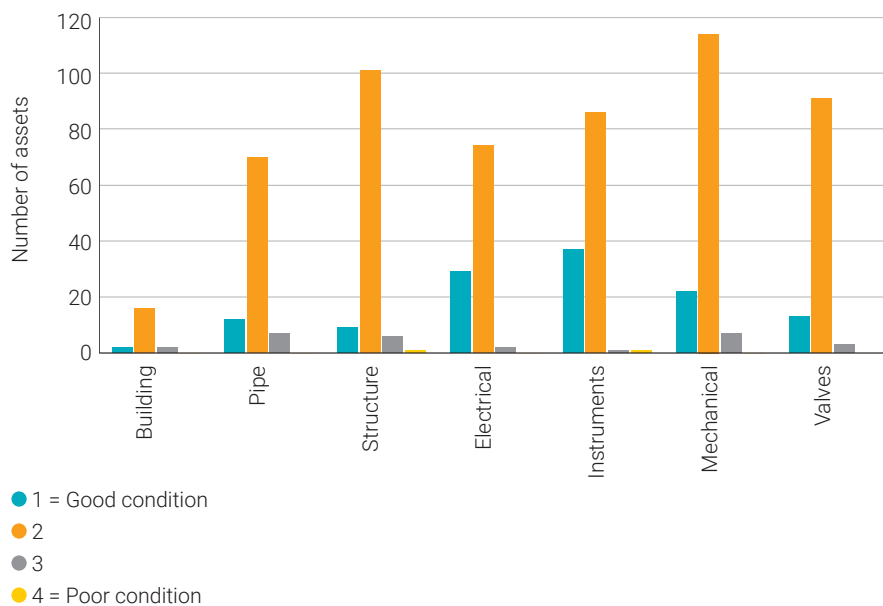


### Water Supply Pumping Storage and Treatment Assets

The installation date records for pumping, storage and treatment assets held in Council’s core asset database are unreliable or have large data gaps. Asset age, as derived from the core asset database, is not currently used as a core indicator of asset condition.

A condition assessment was conducted by Veolia in 2018 at the beginning of the new maintenance contract. This condition grading data uses a 1 to 4 scale (1 is good and 4 is very poor) and is the most up to date reference for estimating asset likelihood of failure. A summary of the data is presented below.

### Drinking water above ground asset condition grading



# Wastewater

The provision of wastewater services ensures public and environmental health outcomes for Central Hawke's Bay. Managing the infrastructure that underpins this activity is guided by the 2020 adopted Wastewater Strategy that sets out the long term aspirations and plans for the upgrade of treatment and discharge schemes, and by effective asset management and renewal planning which primarily focuses on the reticulation network.

## Wastewater Reticulation

Wastewater reticulation includes mains, lateral, manholes and valves. Asset management effort focusses on mains as these make up the majority of the value of the reticulation network. Laterals, manholes, valves and other auxiliary assets connected to the mains generally last as long as the main and are renewed as part of a main renewal.

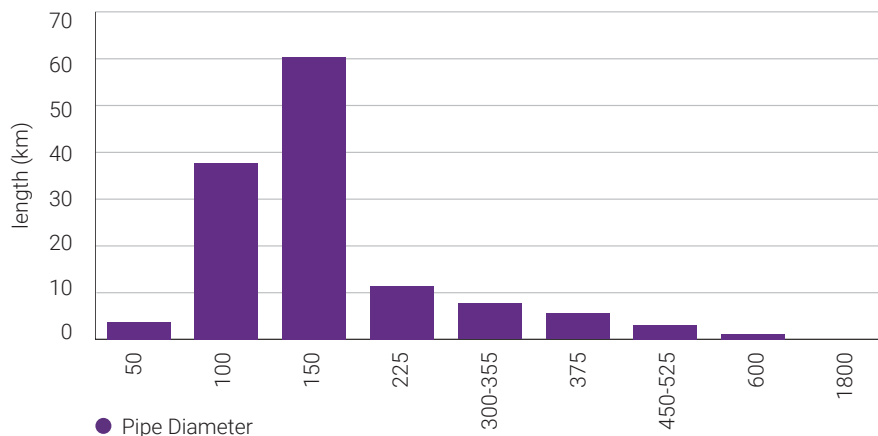
## Wastewater Reticulation Key Issues

The key issues for wastewater reticulation are shown in the table below.

Key Issue	Priority for this Plan
Pipes at the end of their estimated useful life (particularly earthenware pipes)	Addressing the renewal of pipes at the end of their useful lives, focussing on high failure risk. Pipe renewal will be optimised by using CCTV assessment to confirm condition and apply trenchless lining for pipe renewal (already used successfully in parts of the network to refurbish earthenware pipes).
Reducing inflow and infiltration due to network condition	Targeting asset renewal at locations where pipe replacement will reduce or eliminate the downstream impacts of inflow and infiltration
Low seismic resilience	Target asset renewal at locations to replace older brittle materials with new flexible materials and jointing systems
Reducing reactive maintenance	Prioritising pipe renewal based on risk and begin collecting maintenance data in a form that supports renewal decisions
Increase maturity and transparency of investment decision-making	Use the risk based outputs of the renewal criteria and integrate with growth and improvement criteria
Relying on age-based condition assessment criteria for decision-making	Targeting CCTV inspection to increase the evidence base for specific renewal project decisions

Graph 1 shows the length of pipe installed in the district by diameter. The total length of pipe is 131 km.

### Wastewater reticulation length by diameter



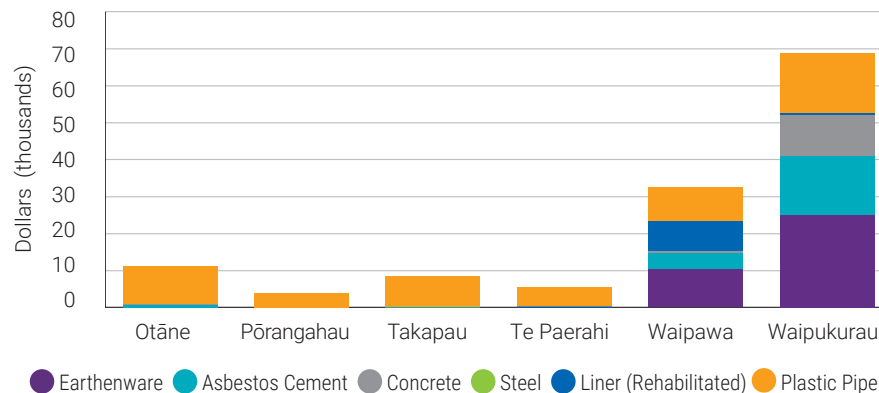
Graph 1: Districtwide Wastewater reticulation pipe by diameter.

The network is split approximately 50/50 between flexible materials (plastic pipe and liner) and brittle materials. The proportions of the network likely to have condition-related performance issues are earthenware (GEW and EW), asbestos cement (AC, AC-E and AC-F), and some concrete (CONC).

Figure Graph 1 shows the distribution of pipes between each community scheme.

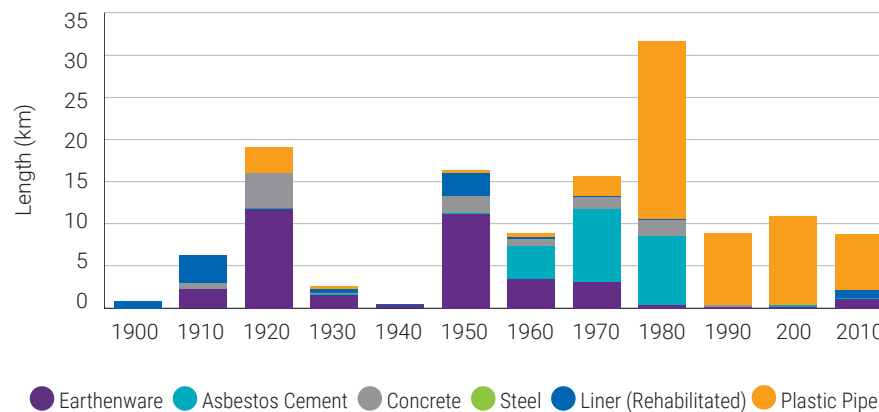
Graph 2 shows the length of pipe installed during different decades and is coloured according to the pipe material.

### Wastewater reticulation length by community



Graph 2: Distribution of pipes between Community Wastewater Schemes

### Wastewater reticulation length by install decade

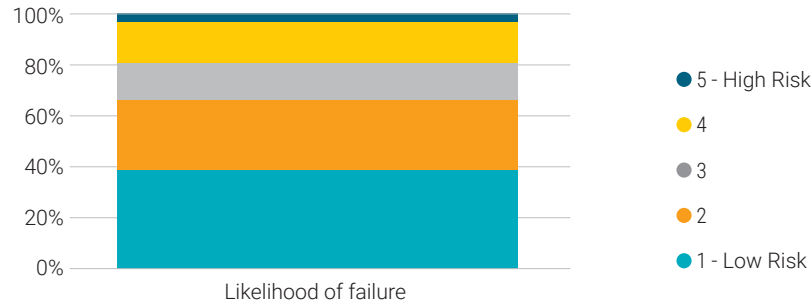


Graph 3 Data of Pipe Installation

This shows significant lengths of earthenware pipe installed in the 1920s and 1950s. Some of this pipe has now been lined (labelled as CIPP/GEW and AM\_Liner/GEW). Steel was used heavily during between 1960 and 1980. UPVC pipe has been used as the predominant material from 1980 onwards. Some further pipe material data validation is required to remove the anomaly of plastic pipe shown above for the 1920 decade.

Graph 4 shows the likelihood of failure distribution for wastewater pipes.

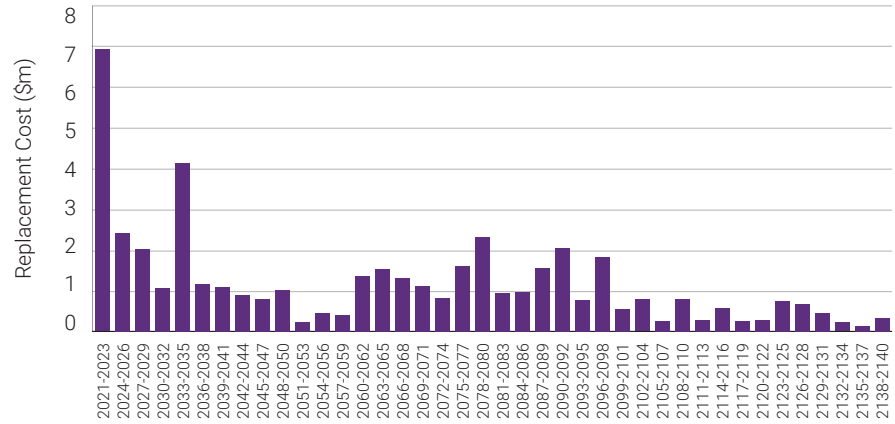
**Wastewater assets likelihood of failure**



Graph 4 - Likelihood of Wastewater Reticulation Network Failure

Graph 5 shows there is a significant portion of assets that have already exceeded their theoretical useful lives and this is represented in the large spike in costs for the first period. Budgets are presented in three year periods.

**Wastewater assets renewal profile**

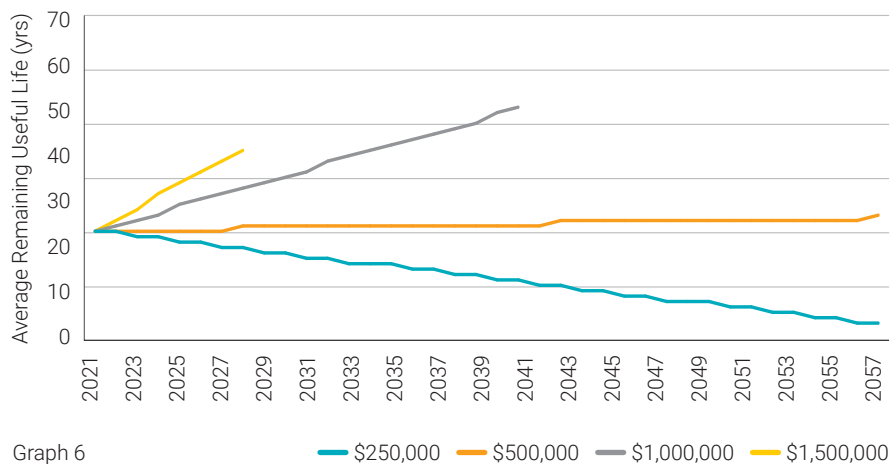


Graph 5

**Renewal investment profiles and risk.**

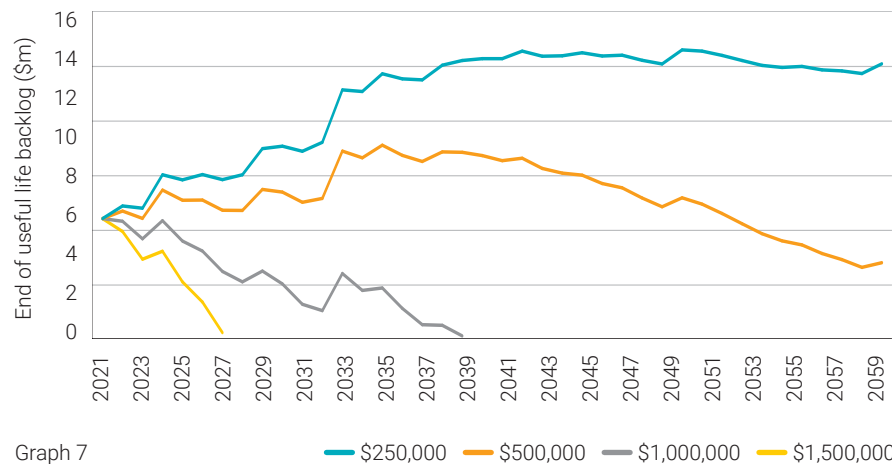
The below charts illustrate the impact of differing levels of reticulation renewal investment on indices commonly regarded as suitable proxies for risk. These are capital weighted average asset remaining useful life, and total assets beyond normal useful life. The charts show a total decrease in asset remaining useful life for annual renewal investment at \$250,000 and an approximate flattening of the aging curve at \$523,007 per year. The charts also show the speed at which assets currently beyond the end of their remaining useful life are replaced under each investment scenario. Both charts are viewed and used together to inform investment decisions.

**Wastewater: average remaining useful life at different levels of renewal investment**



Graph 6

**Wastewater: end of useful life “backlog” over time at different levels of renewal investment**



Graph 7

### Wastewater Pumping, Storage and Treatment/Discharge

The pumping, storage and treatment assets are grouped by the following operational sites:

- Otāne WWTP
- Pōrangahau Wastewater Pumping Stations
- Pōrangahau WWTP
- Takapau Wastewater Pumping Stations
- Takapau WWTP
- Te Paerahi Beach Wastewater Pumping Stations
- Te Paerahi WWTP
- Waipawa Wastewater Pumping Stations
- Waipawa WWTP
- Waipukurau Wastewater Pumping Stations
- Waipukurau WWTP

### Wastewater Pumping Storage and Treatment Key Issues

The following table outlines the key issues the network faces with wastewater pumping storage and treatment.

Key Issue	Priority for this Plan
Ability of Councils treatment plants and discharge schemes to meet consent requirements and community aspirations.	Prioritise the investment in long-term, transformational upgrades for all 6 wastewater treatment plants and discharge schemes as per the adopted Wastewater Strategy.
Pump failures	Prioritise replacement of the older more critical pumps. Prioritise renewal budget spending to accumulate a set of critical spare parts.
High pumping and treatment flows during wet weather	Target I&I reduction to offset the cost of having to design and maintain pumping and treatment infrastructure capacity for extremely high wet weather flows
Asset data for stations is poor. Current O&M data is not easily useful for long term decision-making	Resourcing to: a) collect and update inventory data that supports asset management planning, b) refine and update valuation process and how costs are applied, c) collect O&M data that can be analysed network-wide to determine strategy for proactive/reactive split
Some high value assets such as civil structures pose risk of failure and require more detailed assessment	Condition assessment of civil structures
Instrumentation renewal needs to account for increased regulatory monitoring requirements	Replacement and upgrade of instrumentation to latest regulatory standards
Several pumping and treatment assets require replacement or upgrade due to non-renewal drivers. Works on these sites needs to be optimised with respect to the future upgrades and capital works	Identify crossover issues where renewal needs to either be brought forward or delayed due to interaction with other planned upgrades or capital works
Security of Council SCADA system	Dedicated programme for upgrading SCADA data security

### Upgrade of systems/schemes

The upgrade of existing schemes is guided by Councils adopted Wastewater Strategy 2020 which outlines the need for investment to accommodate growth, meet existing and new consent/compliance requirements and importantly to meet the aspirations of the community at large with a special focus respecting the voice of manawhenua.

The Strategy outlines 5 key projects which are outlined below with the most likely options/scenarios for each

#### 1. Otāne, Waipawa and Waipukurau upgrades

##### Short term – less than 2 years

- Reticulate Otāne to Waipawa
- Establish rapid infiltration system at Waipawa
- Minor treatment plant upgrades

##### Medium term – less than 5 years

- If appropriate design pipeline from Waipukurau to Waipawa
- Expand the rapid infiltration system at Waipawa

##### Longer term – less than 10 years

- If appropriate, build new treatment plant
- Decommission Otāne treatment plant
- Decommission of old treatment facilities

#### 2. Takapau upgrades

##### Short term – less than 2 years

Minor treatment upgrades  
Develop irrigation system

##### Medium term – less than 5 years

- Provide storage

#### 3. Te Paerahi and Pōrangahau upgrades

##### Short term – less than 2 years

- Acquire land for irrigation
- Pipe Te Paerahi wastewater to a new irrigation site

##### Medium term – less than 5 years

- Establish irrigation for both Te Paerahi and Pōrangahau

- Cease discharge to Te Paerahi sand dunes
- Build storage
- Reduce discharges to the Pōrangahau River

##### Longer term – less than 10 years

- If appropriate, build a new treatment plant
- Develop alternative wet weather discharge
- Decommission unused infrastructure

#### 4. Residuals

A focus of the discussion to date, and with the wider community, has been with managing the treated water. Running in parallel is a critical, and equally important, design discussion about managing residual products that can be generated from the treatment systems. This includes sludge from the bottom of ponds, sludge from new treatment plants, screenings and grit.

More sophisticated treatment systems may produce greater residuals, and potentially require different ways for it to be managed. As with the treated water, there are opportunities to manage the residual as a resource, which is in contrast with current practices that see it stockpiled with no intended use or landfilled. The forward options look to use the residual material as a resource.

The development of Project 4 is divided into current programmes and future programmes. The current programmes are largely operational while the future programmes are subject to further design work associated with Project 1 to 3.

##### Current programmes:

Remove current dewatered sludge stockpile at Waipawa and Waipukurau – ideally applied to land.

- Desludge Waipawa and Waipukurau ponds.
- Apply for consents as needed.
- Develop a dedicated residual management strategy.

##### Future programmes:

- Plan for bio-solids production from residuals at new and upgraded treatment plants.
- Identify future end use/disposal pathways and hence alignment of residual handling technology to suit.
- Interface with tradewaste review project to manage contaminants that would be

detrimental to future reuse options.

- Decommission ponds systems as new treatment plants come online.
- Base case solution is assumed to be creation and management of a dewatered biosolids monofill cell on site at Waipawa.
- Apply for consents as needed.

### **5. Loading and Flow Management**

A key aspect in managing wastewater is managing what needs to be treated and then discharged; and this is achieved by knowing and controlling what is coming into a treatment plant. Volume and composition are two key groups of parameters that help to decide what the treatment plant does and how it operates. While the treatment can modify the composition, knowing the volume is essential as it helps to inform the nature of discharge opportunities.

**Key influences of volume and composition (Loadings and Flow Management) are:**

- Reticulation management, and particularly the management of infiltration and ingress (I and I) i.e. leakage into the sewer network; and
- Trade waste contributions, which include industrial contributions and the likes of septage reception (septic tank sludges).

All community wastewater systems must manage reticulation and trade waste impacts. Understanding their nature determines the treatment required and discharge impacts. This can change over time, as communities grow and sewer networks expand, and as industry is attracted to communities.

All of the six Central Hawke's Bay communities will have some degree of reticulation I and I. Understanding it and having a plan to reduce where appropriate is critical. This may change over time as reticulation infrastructure ages and renewal programmes take effects.

Waipukurau is the community that is currently most influenced by industrial discharges, with current industry accounting for more than 50 % of the community's organic load to the treatment plant and less than 15 % of the flow. Subtle changes in the volume and composition can have a significant impact on treatment plant selection and design. A further important aspect is having confidence in the potential for changes over time, requiring growth projections of not just the residential population to be considered, but also changes in industry.

The nature and type of treatment plant required, as influenced by reticulation and tradewaste, then influences the management of residuals, as set out in Project 4.

**Current programmes:**

- Tradewaste review programme.
- Tradewaste bylaw review.
- I and I programme.
- Reticulation renewals.
- Growth planning.

**Future programmes:**

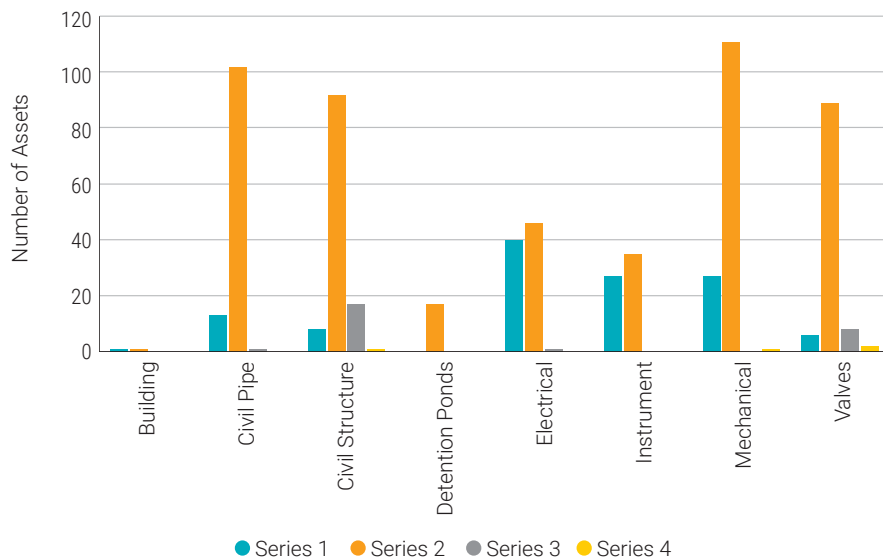
- Tradewaste development strategy.
- Reticulation and sewer management strategy.

### **Renewal of existing Wastewater**

The installation date records for pumping, storage and treatment assets held in Council's core asset database are unreliable or have large data gaps. Asset age, as derived from the core asset database, is not currently used as a core indicator of asset condition.



### Condition grading by asset class



A condition assessment was conducted by Veolia in 2018 at the beginning of the new maintenance contract. This condition grading data uses a 1 to 4 scale (1 is good and 4 is very poor) and is the most up to date reference for estimating asset likelihood of failure.

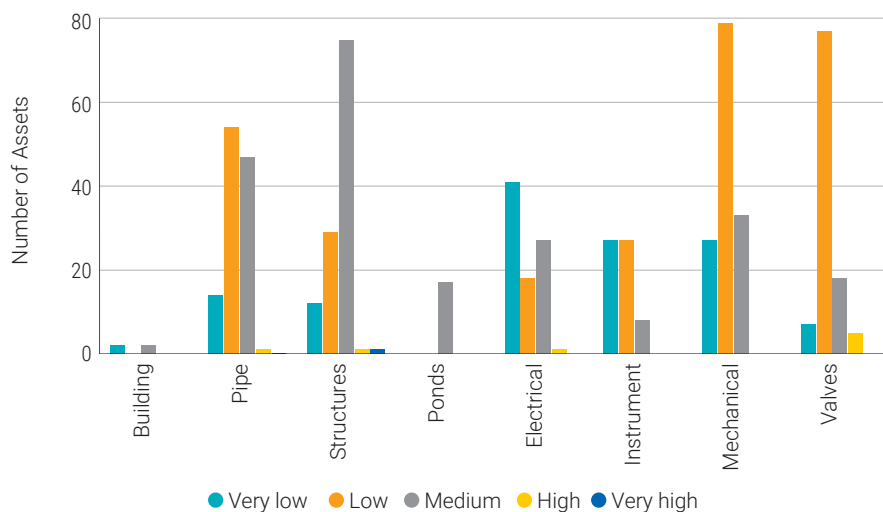
A summary of the data is presented below.

A number of civil structure, mechanical and valve assets are in very poor condition (condition grade 4) and have a high likelihood of failure. The majority of assets have been assessed as condition 2 and are in average condition.

A rudimentary risk assessment has been conducted by multiplying the 1 – 4 condition grade scores (representative of the likelihood of failure,) with the 1 – 3 criticality scores (representative of the consequence of failure). The resulting risk is presented below. This method does not fully align with the typical 5 x 5 risk matrix used by Council but is useful as a basic estimate of risk.

A number of civil structures represent the highest risk. These are the priority focus for future condition assessment work to identify proactive renewal projects.

### Risk grading by asset class



# Stormwater

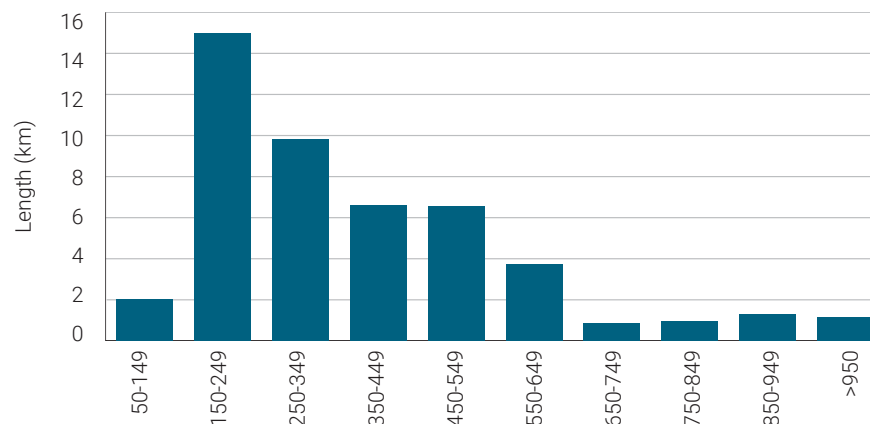
There are two main stormwater networks servicing the towns of Waipawa and Waipukurau. There are also six smaller networks providing varying levels of coverage for the townships of Otāne, Takapau, Pōrangahau, Te Paerahi, Kairakau, and Blackhead Beach. The management or control of stormwater flows elsewhere in Central Hawke’s Bay falls under the control of Council’s Land Transport section, The Hawke’s Bay Regional Council or the private land owner. Graph 1 shows the length of pipe installed in the district by diameter. The total length of pipe is 48 km.

## Stormwater Key Issues

The table below outlines the key issues for the Stormwater network.

Key Issue	Priority for this Plan
Helicore pipe failure risk	Helicore pipe has been collapsing, causing sink holes and poses significant risk. Council is targeting the replacement of all Helicore pipe, however there is uncertainty around which pipes are Helicore. Council has set aside budget for dealing with reactive replacement of Helicore pipe if new failures occur or if Helicore pipe is identified during regular day to day activity. There is also a proactive stormwater condition assessment programme which will help identify the location of Helicore pipe.
Open drains – maintenance requirements and condition assessment	Council has an extensive network of open drains and is increasing effort to maintain the condition of the drains. Targeted ongoing maintenance is required to ensure that open drain capacity is maintained, and flood risk is reduced.

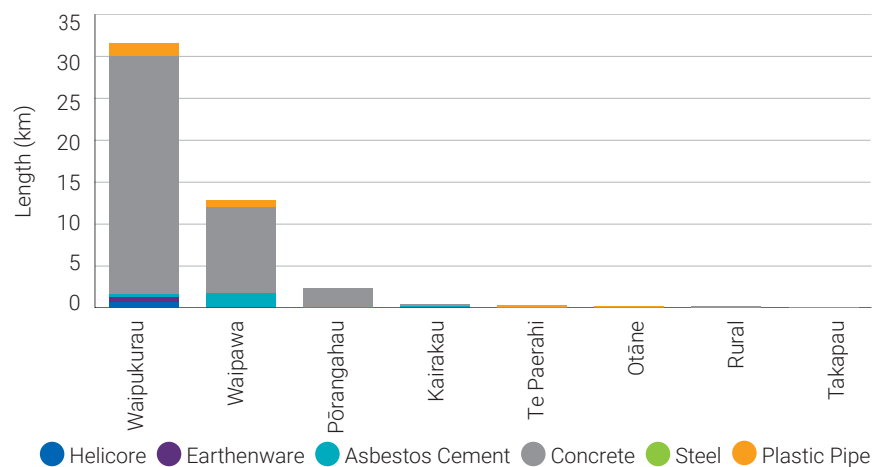
## Stormwater reticulation length by diameter



Graph 1

The largest cohort of pipe is 225 mm diameter. There are also significant lengths between 300 and 600 mm diameter. Graph 2 shows the distribution of stormwater pipes between each community scheme.

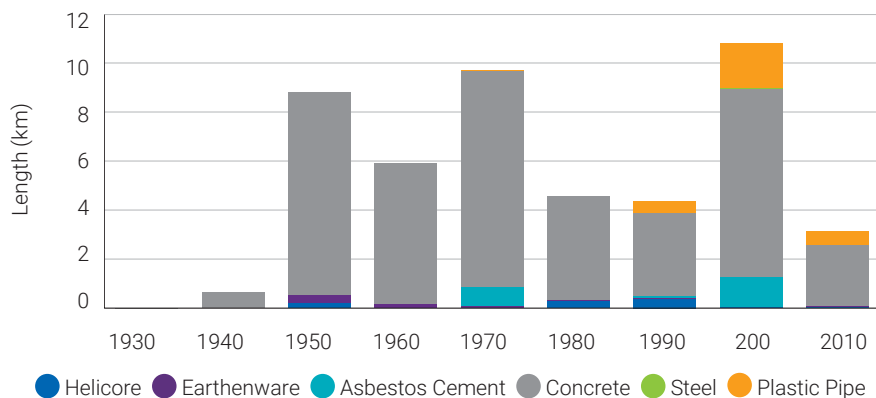
## Stormwater reticulation length by community



Graph 2

Graph 3 shows the length of pipe installed during different decades and is coloured according to the pipe material.

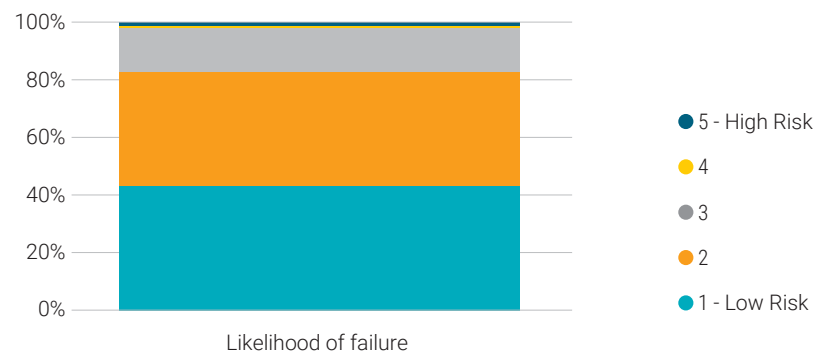
**Stormwater reticulation length by install decade**



Graph 3 - Date of Stormwater Pipe Installation

This shows large portions of the network installed in the 1950s, 1970s and 2000s. Concrete pipe has been the predominant material throughout.

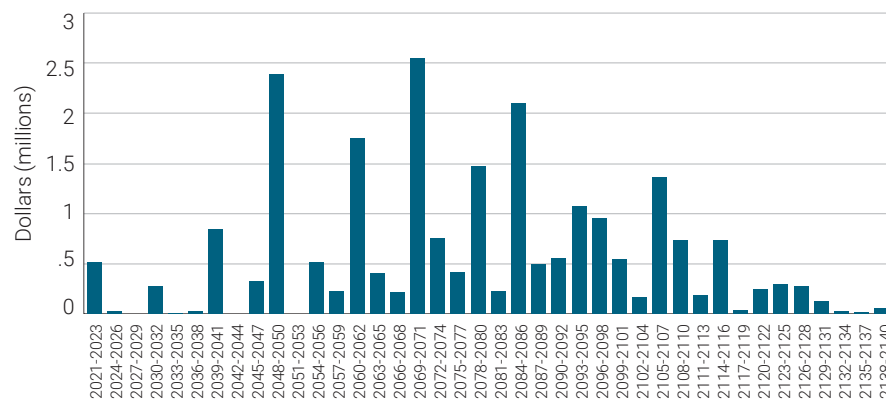
**Stormwater assets likelihood of failure**



Graph 4 shows the likelihood of failure distribution for stormwater pipes.

Graph 5 shows that while few assets have already exceeded their theoretical useful lives. Increased renewal budget is expected beyond 2050 when the older concrete pipes begin to approach the end of their estimated useful lives. Budgets are presented in three year periods.

**Stormwater assets renewal profile**



Graph 5

# Land Transport

The district is served by State Highway 2 and State Highway 50 (managed by Waka Kotahi) and 1,264 km of local roads. These roads, and associated assets, provide vital links to Central Hawke's Bays residents.

Much of the land transport activity's focus is guided by the adopted 2020 Land Transport Strategic Framework with the stated vision to:

***“deliver safe, reliable and lasting road assets that connect our people and places and allow our district to prosper”***

The Strategic Framework provides the vision for the activity and details four pillars for achieving community outcomes. These are:

1. Safety above all else
2. Connected and resilient infrastructure and communities
3. Protecting our natural and built environments
4. Economic resilience and financial sustainability

These pillars, their supporting actions and the overall intent of the Strategic Framework flow through into infrastructure investment decision making at all levels.

The table below shows the local road lengths summarised in terms of the One Network Road Classification hierarchy

One Road Network Hierarchy	Length (km)	Proportion (%)
Arterial	0.57	<1%
Primary Collector	0.75	<1%
Secondary Collector	268.00	21%
Access	551.00	44%
Access (Low Volume)	444.00	35%
<b>Total</b>	<b>1,264.00</b>	

The table below summarises the same local roads this time by type.

Pavement Type	Rural (km)	Urban (km)	Total (km)
Sealed	788.10	68.08	856.18
Unsealed	400.07	1.91	401.98
Major Bridges	5.74	0.13	5.86
<b>Total</b>	<b>1,193.91</b>	<b>70.12</b>	<b>1,264.02</b>

The average age and average remaining life of roading assets is a key determining factor in driving planned future investment. This information is shown in the table below for major asset classes.

	Age (weighted average)	Remaining Life (weighted average)	Standard Lives (Range)
<b>Drainage</b>	30	42	30-80 Years
<b>Footpaths</b>	34	48	40-75yrs
<b>Sealed Pavements</b>			
Surface	9	6	2-25yrs
First Coats (as pavement structure)	27	40	50-75yrs
Basecourse	27	39	50-75yrs
Subbase Urban	29	37	50-75yrs
<b>Unsealed Pavements</b>			
Wearing course	4	2	5 Years
<b>Bridges</b>			
Bridges	55	45	80-140 Years
Bridge Culverts (Cross-sectional area >3.4m <sup>2</sup> )	36	39	70-80 Years
<b>Retaining Walls</b>	35	37	35-75 Years

Council develop and maintain a 10-year forward work programme to ensure effective and efficient service level delivery in line with requirements set heavily by NZTA who are a major (60%) funder of the activity. This programme is based on

historical records, recent work practices, along with visual inspections of the network and incorporates outcomes of analysis tools such as the Treatment Selection Algorithm (TSA) and RIMS dTIMs (pavement performance modelling). The programme incorporates road sections requiring Area Wide Pavement Treatment (AWPT), resealing, metalling of unsealed roads and drainage requirements one year in advance of the reseal programme. The process details are included in the life cycle management plans for each asset group.

The key issues with the Central Hawke’s Bay transport network are as per the problems identified in the Strategic Business Case prepared as part of the regular asset management planning cycle and preparation of work programmes to NZTA. The issues identified for addressing are:

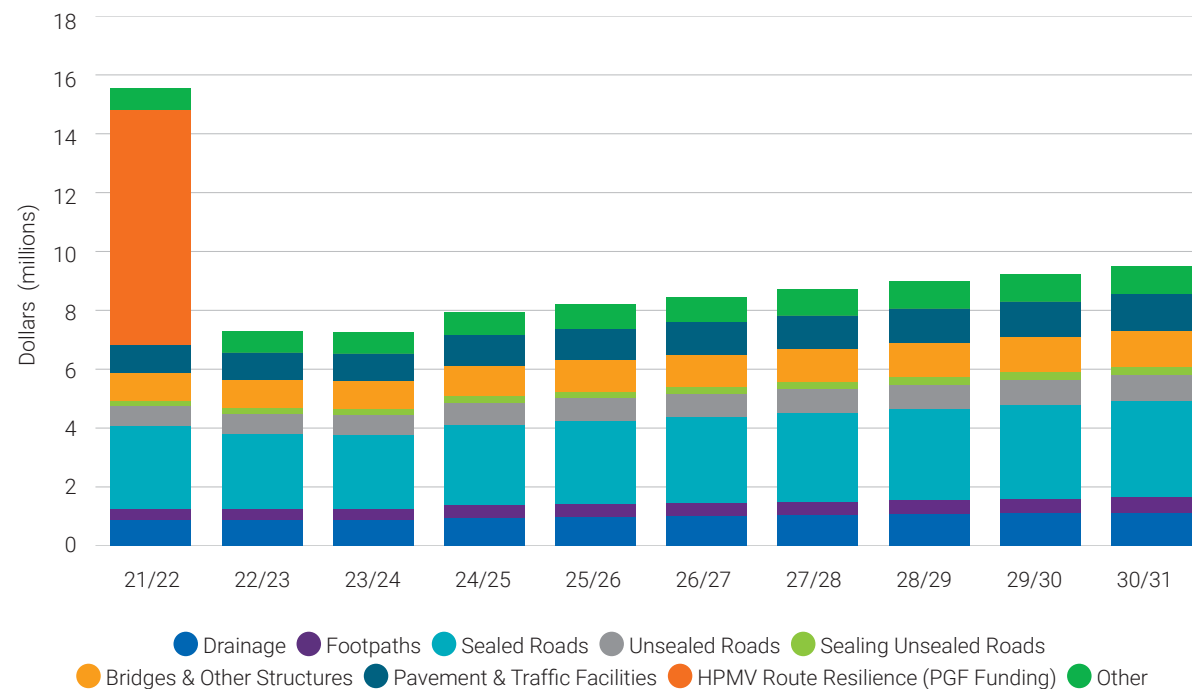
- **Safety:** Deficiencies in the transport network combined with an increasing demand on the system is leading to crashes that result in death and serious injury.
- **Resilience:** Existing infrastructure is vulnerable, aging and unable to meet increasing demands reducing the reliability of the transport network leading to isolated communities, higher transport costs and reduced economic opportunities.
- **Access:** Existing transport infrastructure provides limited multi-modal options for people to access goods and services leading to inefficient trips and high reliability on private motor vehicles.

There are also routine problems that arise as a result of operating in difficult environmental conditions (soft soils, hilly terrain, high rain fall) causing the road network to deteriorate over time, for example:

- The sealed network requires resealing as the seal wears out causing loss of traction and permeable pavements increasing the likelihood of accidents and further pavement deterioration.
- Metal loss from unsealed roads creates unsafe situations for road users and exposes the road base to more rapid deterioration.
- Drains and drainage appliances lose their effectiveness over time due to vegetation growth, silt, scour etc. putting the network at risk from high rainfall events. This increases the risk of interruption of transport services and potentially increases the cost to businesses in the area by lowering productivity.
- Lighting, line marking, and signs deteriorate over time increasing the accident risk to road users.

The below chart shows the significant areas for investment in transport assets over the 10 year period from 2022 to 2032.

Land transport investment



# Places and Open Spaces

## 1. Introduction

This strategic overview of the Places and Open Spaces Activity is supported by three separate Asset Management Plans:

- Open Spaces Asset Management Plan
- Cemeteries Asset Management Plan
- Community Facilities Asset Management Plan.

The Places and Open Spaces activity has aimed to achieve a ‘basic’ level of asset management sophistication across these three asset management plans. Through improvement Planning the activity is aiming to work towards achieving a ‘core’ level of asset management sophistication by 2027. Significant work however, compiling full asset lists and completing condition grading and renewal profiling will be required to achieve this level of sophistication.

This section of the Infrastructure Strategy provides a strategic overview of the Places and Open Spaces Activity for a period of ten years only, not thirty years as required by legislation for other activities.

## 2. Overview of the Assets

The following table provides an overview and description of the Activity and sub-activities that make up the Places and Open Spaces Activity Group.

Activity	Description
<b>Open Spaces</b>	<p>This activity is split into four sub-activities of Camping Grounds, Reserves, War Memorials and Urban Maintenance. A brief summary of each sub-activity is provided below:</p> <p><b>Camping Grounds</b> Camping Grounds includes four campgrounds, three located on our Coastline and the Waipukurau Holiday Park. All of these assets are leased. The activity also included freedom camping sites.</p>

	<p><b>Open Spaces</b> Reserves includes a total of 66 recognised reserve areas, across at least 185 hectares</p> <p><b>War Memorials</b> Our Districts Cenotaphs and memorials.</p> <p><b>Urban Maintenance</b> Urban maintenance includes roadside spraying and mowing in our urban areas as well as litter bins and open space furniture.</p>
<b>Public Toilets</b>	24 Public Toilet facilities are split into three categories – high, medium and low profile, with the maintenance, renewal and development of the assets prioritised accordingly.
<b>Retirement Housing</b>	<p>The activity includes a total of 48 units spread across three sites:</p> <ul style="list-style-type: none"> <li>• Kingston Place Waipawa</li> <li>• Ruahine Place Waipukurau</li> <li>• Wellington Street Waipukurau</li> </ul>
<b>Libraries</b>	<p>Council has provided two library facilities at the Waipukurau Centennial Memorial Library and the Waipawa Library.</p> <p>At the time of writing the Waipukurau Library is closed due to critical seismic vulnerabilities. In the early years of the Long Term Plan, while further decisions are being made regarding the long term future of the Waiukurau Library Building, the Waipukurau Library will be housed with the Digital Hub at Council’s Bogle Brothers Esplanade Site.</p>
<b>Community Facilities</b>	<p>Community Facilities include the following facilities:</p> <ul style="list-style-type: none"> <li>• Civic Theatre</li> <li>• CHB Municipal Theatre</li> <li>• Waipukurau Memorial Hall</li> <li>• Waipawa Pool</li> <li>• Waipukurau Heated Pool</li> <li>• Community Halls</li> <li>• Community Rooms</li> <li>• Miscellaneous Council Properties</li> </ul> <p>Councils administration building is managed under this asset management plan, however is funded through the organisational overhead.</p>
<b>Cemeteries</b>	There are 15 Cemeteries across the District that Council maintain. 12 of those cemeteries are still open cemeteries for burials.

### 3. Challenges and Opportunities

The following challenge and opportunities have been identified for the Places and Open Spaces Activity.

Activity	Challenge	Opportunity
<b>Open Spaces</b>	<b>Camping Grounds</b>	
	<p>The lease and wastewater consent for Pourerere expire in 2023.</p> <p>Kairakau Campground currently occupies road reserve and has no legal tenure.</p> <p>Waipukurau Campground requires ongoing investment to meet lease and basic legal requirements of the Campground Regulations. There is no strategic direction for camp grounds.</p>	<p>Opportunity to create a sustainable long term strategic approach to camping grounds, that achieves a holistic range of Council outcomes through the development of a Camping Strategy.</p> <p>Opportunity to rationalise or dispose some of its assets or reconsider the benefits realised for the District.</p>
	<b>Open Spaces</b>	
	<p>Significant long term underfunding and deferred maintenance requiring urgent investment in the renewal of many assets, in particular playgrounds.</p> <p>No strategic or tactical documents to help guide Councils investment in open spaces.</p> <p>Operational funding for tree management and increasing community expectations significant potential requirements.</p> <p>We have not provided for open spaces in new growth areas, meaning no development contributions have been collected over time and opportunities for integrated transport networks and funding availability to acquire key land parcels is not available.</p>	<p>Opportunity to partner with passionate community groups for the long-term development and management of community open spaces.</p> <p>Opportunity to identify new open spaces for acquisition and to plan for these in conjunction with development contributions.</p> <p>Unique opportunity to community pride and address the communities wellbeings, particularly in areas of heightened deprivation.</p>
	<b>War Memorials</b>	
<p>The Waipawa Memorial Clock needs upgrading and painting at notable cost.</p> <p>The site has not yet been assessed for its seismic capacity.</p>	<p>There are no immediate opportunities.</p>	
<b>Urban Maintenance</b>		
<p>There are no immediate challenges relating to urban maintenance.</p>	<p>There are opportunities to placemaking and creating vibrancy in our town centres, through minor tidy ups and renewal of components over time</p>	
<b>Public Toilets</b>	<p>Public Toilets do not have a detailed renewal programme and have not had detailed renewal profiling completed.</p> <p>Pourerere Beach toilets have significant water and wastewater challenges and require significant upgrade.</p> <p>Vandalism is an ongoing risk for the activity.</p>	<p>The upgrade and renewal of some facilities, has the opportunity to support and add to the experience and facilities for visitors and the community.</p>

<p><b>Retirement Housing</b></p>	<p>In its current operating approach the activity will have exhausted its reserves in full within three years.</p> <p>Rents have been low for a long time and significant increases are required.</p> <p>Increasing legislative requirements mean investment in the units is required over the next three years.</p> <p>The units are aging and ongoing renewals needs to be planned and funded for.</p> <p>There is a notable waiting list for access to the flats</p>	<p>Opportunity to increase rents to make the portfolio viable as part of the Section 17a review of the service.</p> <p>Ability to further raise rents and develop new flats, subject to Councils financial borrowing constraints.</p>
<p><b>Libraries</b></p>	<p>The closure of the Waipukurau Library is closed due to critical seismic vulnerabilities is a major challenge for the activity, particularly after Council and community expectation the facility had been strengthened.</p> <p>Community expectation of a library facility in Waipukurau.</p>	<p>The opportunity to rethink the operation of the Waipukurau Library in the short and long term as part of the Development of a Community Facilities Strategy, that supports the implementation of the Integrated Spatial Plan and Town Centre Planning.</p> <p>Ongoing opportunity to leverage community funding and volunteerism to support programmes that enhance the social, cultural and economic wellbeing of Central Hawke's Bay.</p>
<p><b>Community Facilities</b></p>	<p>Many buildings have been assessed as requiring seismic work, or through ongoing seismic assessment will require further work through the life of the long term plan.</p> <p>The Waipukurau Memorial Hall being confirmed as earthquake prone is a major challenge for the activity, particularly after Council and community expectation the facility had been strengthened in 2016.</p> <p>Facilities such the AW Parsons Facility requires community funding for the ongoing delivery of their service and to support their upgrade, which cannot be achieved through community funding.</p> <p>Detailed renewal profiling and condition grading of community facilities has not been completed.</p> <p>Councils administration building is reaching the end of its economic life, not being fit for purpose.</p>	<p>The development of a Community Facilities Strategy through the 2021 Long Term Plan for implementation in 2024, will provide a holistic opportunity to strategically consider the role, purpose and long-term investment position Council and Community makes in community facilities.</p> <p>There may be the opportunity for the transformational realisation of some assets that are currently underutilised or undervalued.</p>
<p><b>Cemeteries</b></p>	<p>There are particular risks around data management as a result of human error. A systemised approach is required to mitigate this risk.</p>	<p>There are no immediate opportunities for the activity.</p>



#### 4. Current and Future Demand

The demand forecasts and their impacts on the assets are broken down by group and the key demand impacts and asset programmes/approach to meet demand area identified in the following Table.

Activity	Demand Forecast/Trend	Impact on Asset	Asset Programme/approach to meet demand
<b>Reserves and Open Spaces</b>	<p><b>Providing for Development Growth in Otāne, Waipawa and Waipukurau</b></p> <p>Through the Integrated Spatial Plan 2020 – a blue print for growth in Otāne, Waipawa and Waipukurau has identified</p>	New assets and development will be required to cater for quality and fit for purpose open spaces	The acquisition of new open spaces identified in integrated spatial plan has been including development over the life of the Asset Management plan out to 20 years.
	<p><b>Provision of quality integrated open space facilities</b></p> <p>The public expect Council to be able to provide quality and safe outdoor spaces and a requirement and core function of local government.</p>	Ongoing renewal and upgrade of assets will be critical ongoing through the life of asset management plans and the strategy to meet the expectations of our community.	Renewals and upgrades of open spaces assets have been recommended in asset management plans, as well as the development of other walkway and cycleway networks.
<b>Public Toilets</b>	<p><b>Increasing public and community expectation of quality, accessible and clean facilities</b></p> <p>Community expectation to accessible, quality and clean public toilets are continually increasing, and will continue to increase. With a growing population and the expansion of key facilities such as the Tukituki Trails, and coastal experiences, quality facilities for visitors and the community are minimum expectations.</p>	<p>Considered renewals to ensure the quality of facilities and quality operational maintenance plans to ensure cleanliness and reliability.</p> <p>Provision of new facilities to respond to growth will need to be considered.</p>	<p>Funding for the ongoing renewal and maintenance of toilets has been made in Asset Management plans.</p> <p>Provision of upgraded and new facilities in Asset Management Plans are also proposed.</p>
<b>Retirement Housing</b>	<p><b>Our over 65+ population will increase from 20 to 26% of our population by 2031</b></p> <p>In real terms this will see 1,515 more people in our community aged over 65 by 2031 and a further 2,173 over 65's from 2031 to 2051.</p>	Demand for our units will continue to increase, with an additional 3,688 over 65's forecast for the next 30 years and a greater level of over 65's entering retirement with significant debt or considered the 'working poor'.	At this time, no provision has been made for the addition of new Retirement housing despite the increases forecast due to affordability.
<b>Libraries</b>	<p><b>Library Facility in Waipukurau</b></p> <p>The closure of the Waipukurau Library is closed due to critical seismic vulnerabilities is a major challenge for the activity, particularly after Council and community expectation the facility had been strengthened.</p> <p>The Community expectation is that a library facility in Waipukurau will occur.</p>	Council will need to consider short term and longer term arrangements to provide library services in Waipukurau.	Funding is provided for a major renewal and upgrade of a library facility in Waipukurau.

<b>Community Facilities</b>	<p><b>Earthquake Strengthening</b></p> <p>A number of properties that are key assets including the Waipukurau Library and Waipukurau Memorial Hall are earthquake prone and requiring strengthening to meet legislative requirements as well as being function and safe buildings for staff, customers and contractors. Councils main building is not an Importance Level 4 building and no other facility that will achieve Importance Level 4 has been identified as an option for business continuity of Councils Services.</p>	<p>Key buildings will require seismic strengthening to meet legislative and business continuity requirements.</p>	<p>Investment in strengthening of the Waipukurau Memorial Hall is provided for in this plan. Major upgrade of new facilities for Councils administration building and Waipukurau Library is made in this plan.</p> <p>No provision has been made in this plan for the demolition or disposal of Waipukurau Library.</p>
	<p><b>Reducing or low levels of use of some assets</b></p> <p>Buildings such as the St Johns Building receive little or no use, however the land is restricted by legislation or required for future use.</p>	<p>Building use will continue to decline however the potential for future use of the land remains.</p> <p>Many buildings are no longer fit for purpose, with a run to failure approach or demolition proposed.</p>	<p>Run to failure of assets such as non-essential sheds, St Johns Building.</p> <p>Community Facility Strategy to provide strategic response to address usage of assets.</p> <p>Future disposal of some assets when they have reached the end of their economic life.</p>
	<p><b>Modern, accessible and fit for purpose spaces</b></p> <p>Customers and Lessee's expect modern fit for purpose spaces, allowing for programmes and services to be delivered as well as providing accommodation for staff and contractors that are attractive and comfortable working spaces.</p> <p>Many buildings are still configured in traditional approaches to building design, making them not fit for purpose or inefficient in relation to design or layout.</p>	<p>Upgrade and reconfiguration of many buildings is required to make them fit of purpose and to provide a level of provision satisfactory to the community.</p> <p>Where upgrade is not provided, there is customer pressure or declined use as customers choose other services.</p>	<p>Community Facility Strategy to provide strategic response to address usage of assets.</p> <p>Modernisation of key buildings is proposed including the CHBDC Administration Building and Waipukurau Library.</p> <p>Provision is made for the renewal of high profile facilities, however further analysis is required to ensure assets remain in a condition suitable to the community.</p>
<b>Cemeteries</b>	<p><b>Shift to 'other' interment options</b></p> <p>Natural burials are increasingly an area where additional interest is being raised. Central Hawke's Bay has a unique opportunity to be a leader for the provision of natural burials for the wider Hawke's Bay Region into the future.</p> <p>While Central Hawke's Bay is largely bi-cultural, there is increasing diversity in the community of cultural background. There has been no demand or requests for burial areas to respond to specific religious beliefs or requirements at this time.</p>	<p>No provision for alternative interment options are currently available within our Districts Cemeteries.</p>	<p>We have made provision for the development of a Cemetery Management Plan to guide the development, operation and future of our Districts Cemeteries.</p>

## 5. Capital Projects

The following projects are the capital projects for the Places and Open Spaces Activity, based on the Asset Management Plans for the Activities.

<b>Places and Open Spaces – Capital Expenditure Breakdown</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>2029/30</b>	<b>2030/31</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
<b>Capital Expenditure</b>										
Campgrounds	29	26	439	17	55	18	18	87	94	20
Cemeteries	10	82	17	11	11	12	46	29	255	40
Community Buildings & Halls	72	69	99	89	92	94	218	100	991	105
Council Admin Building	0	0	0	0	0	0	0	0	0	0
Cycleways & Walkways	0	144	16	153	0	374	0	608	863	161
Libraries	160	162	138	168	164	161	306	174	188	195
Open Spaces	69	36	217	276	433	28	1,035	271	531	1,093
Parks & Reserves	184	349	294	486	140	319	321	91	94	1,112
Public Pools	8	8	8	57	704	9	9	9	49	56
Public Toilets	37	366	108	259	42	43	44	45	47	131
Retirement Housing	193	113	116	120	123	127	130	103	106	109
Theatres & Museums	115	83	85	242	152	92	95	98	100	1,002
Waipukurau Community Hall Earthquake Strengthening	0	0	11	0	11	0	12	0	13	0
Waipukurau Library Construction	0	0	0	0	0	0	0	338	2,177	0
<b>Total applications of capital funding</b>	<b>876</b>	<b>1,437</b>	<b>1,548</b>	<b>1,877</b>	<b>1,928</b>	<b>1,277</b>	<b>2,235</b>	<b>1,954</b>	<b>5,508</b>	<b>4,026</b>

# Solid Waste & Landfill

Council currently provide a kerbside recycling collection service in Waipukurau and Waipawa and a kerbside refuse collection service across the District using official council green 60 litre and yellow 35 litre plastic bags. A 60 litre comingle crate is used for kerbside collection of plastics, cans, papers and cardboard and a dedicated 45 litre crate for glass.

Materials including general refuse, green waste, scrap metal and hazardous waste can be taken to the Council's four transfer stations located at Waipukurau, Waipawa, Pōrangahau and Takapau. All waste generated from within the district is transported to the Council operated landfill on the outskirts of Waipukurau. Waste is also transported in from outside the district. There are eight closed landfills around the district, which are monitored under the terms of their resource consents.

Funding is provided for waste minimisation and sustainability education services to schools across the district and funding is also provided for a number of waste minimisation activities and initiatives. The source of this funding is through the Ministry for the Environment's Waste Minimisation Levy Fund.

The key projects identified for the Solid Waste activity in this plan for the period of 2021 – 2031 are detailed in the table below. These projects have been identified as the key projects to address demand and expected increases in levels of services identified in this plan.

Location	Project Description	Year	Value
Waipukurau TS	New Weighbridge	4	163,432
Waipukurau TS	Concrete Greenwaste Area	4	51,206
Waipawa TS	Concrete Greenwaste Area	2	48,361
Districtwide	Drop-off Centre Accessibility upgrades	1	35,000
Waipukurau/ Waipawa District	New Transfer Station	10	5,138,563

Key issues, assumptions and uncertainties affecting solid waste are discussed below.

## Affordability

There is a strong incentive coming from Central government to encourage an increase in New Zealand's diversion from landfill. The most effective method to achieve increased diversion is to make it more expensive to dump to the landfill. Central Hawke's Bay currently has a diversion rate of only 32%. The cost of dumping rubbish is going to rise significantly because of increased landfill costs, an increase in the waste levy and the increased cost of carbon credits. The landfill levy will almost certainly double from \$10 to \$20 per tonne, or could rise significantly to \$40 or \$50 per tonne. As 50% of levy money collected is returned to councils for waste minimisation incentives and projects, this would result in huge increases in funding for Council.

## Reduction

A waste analysis carried out in 2019 as part of the WMMP review process, discovered that 68% of potential recycling material ended up in the landfill, in other words, 32% diversion. This is a very low percentage and the new WMMP has set a target of 48% reduction by 2025.

## Incentive

To encourage our residents to dispose of less recycling as rubbish in the transfer stations, Council needs to make it more difficult to dispose of waste and much easier to recycle. This will require the installation of better facilities and processes.

## Increased Activity

As the district grows, so will the volumes of refuse and recycling and through the WMMP and the Section 17A review, it is vital that Council ensures there is adequate infrastructure in place to manage it. Failure to do so will have a detrimental environmental effect on the district.

## Education

Council has an active schools education programme, but residents also need to be educated about what is recyclable and what is not. It can be difficult to understand what plastics are recyclable, what cans to put in their kerbside recycle crates, can they recycle their glossy magazines and so on. Central government has launched a national initiative to standard kerbside recycling. There has been vast support for the initiative from councils, including CHBDC, and from the industry, recycling companies.

### **Confusion**

The recycling message has not been clear enough in the past and surveys show that people are confused, not just in CHB, but across the country. The international recycling symbols are not easy to read in many cases and even when they are, people are not sure whether they should put their items in the rubbish bag or recycling crate for kerbside collection.

### **Bad Messaging**

Most councils experience the same problem, a belief amongst their residents that their recycling only goes to landfill anyway, so why even bother to recycle. Unfortunately, this type of messaging travels better than fact and Central Hawke's Bay District Council is currently launching a "Waste Free CHB" communications programme informing residents about things like:

- waste reduction
- identifying recycling
- encouraging effective recycling
- where their recycling goes for processing

The programme will run continually and will run parallel to other solid waste communications messaging.

### **Communications**

Correct and effective communications are a massive part of a successful solid waste activity within council. Central Hawke's Bay is very fortunate to have a great communications team which proactively interacts with the community. Further communications is planned for all means of social media and Council website.

### **Significant Negative Effects**

#### **Waste to Landfill**

Landfilling of rubbish presents a significant adverse effect on the receiving environment. Council has set goals through its Waste Management and Minimisation Plan 2019 (WMMP) to increase diversion from landfill from currently 32% to 48% by 2025 and aspirationally, to 70% by 2040. The WMMP outlines strategies that Council can implement to meet this target.

### **Leachate and Stormwater Discharges**

Leachate discharging from the landfill and sediment eroding off the landfill can result in degradation of the environment if they are not contained. To mitigate the effect of leachate, a leachate irrigation system is currently being installed. In addition, extensive groundwater monitoring for potentially toxic substances is required in accordance with the operative resource consent.

### **Windblown Recyclable Materials**

Paper and other lightweight recycling material are prone to wind displacement, particularly in the exposed areas. Perimeter fences are in place around transfer stations intercept windblown materials and are periodically cleaned to maintain the visual presentation of the sites.

# Revenue and Financing Policy

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This policy was reviewed and publicly consulted on in September 2020 and adopted by Council on 22 October 2020.

This policy was key input into the development of the Long Term Plan, and the basis on which Council's revenue budgets have been set.

As part of developing the Long Term Plan, there has been further decisions made about the funding of the planned Waste Water upgrades, and in particular the contribution from Trade Waste Contributors. This has resulted in minor amendments being needed to this policy, and these amendments were adopted by Council on the 13 May 2021.

# Revenue and Financing Policy

## Purpose of this Policy

The Revenue and Financing Policy is required under Section 102 of the Local Government Act 2002 (LGA) and the required contents are set out in section 103 of the LGA. The policy must be included in full in the LTP. Section 103(2) allows the following funding mechanisms to be used when funding operating and capital expenditure:

- General Rates
- Uniform Annual General Charge
- Targeted Rates
- Grants and Subsidies
- Interest and Dividends from Investments
- Fees and Charges
- Borrowing
- Proceeds from Assets Sales
- Development or Financial Contributions
- Lump Sum Contributions
- Any other source

This policy summarises the funding sources to be used by Council and their intended use. Sources are identified for each Council activity, including those that may be used to fund operating and capital expenditure. The General Rate is set on a District Wide basis (not on a differential basis), on the capital value of the rating unit. Council sets a Uniform Annual General Charge that is assessed on separately used or inhabited parts of a rating unit in the district.

Council must consider the following elements in deciding on appropriate funding mechanisms for each activity:

- Community Outcomes – the community outcomes an activity will primarily contribute to.
- Distributions of benefits – the distribution of benefits between the community as a whole, any identifiable parts of the community and individuals.
- Timeframes of benefits – the period in and over which those benefits are expected to occur. For example, the benefits may occur on an ongoing basis, but may also benefit future generations.

- Contributors to need for activity – the extent to which actions or inactions of particular individuals or groups contribute to the need to undertake the activity.
- Costs and Benefits of distinct funding – the cost and benefits, including for transparency and accountability, of funding the activity distinctly from other activities.

The Council has also considered the overall impact of any allocation of liability on the community and has determined this doesn't require any modification to the activity by activity analysis.

## Definitions of Council Service Funding Options

The Local Government Act 2002 requires the Council to meet its funding needs from a defined list of sources. The Council determines which of these are appropriate for each activity, considering equity between generations, fairness and affordability. The Council seeks to maintain an affordable and predictable level of rates in the future.

### District Wide Rates

#### General rates

General rates are rates applied to the entire rating base of the district.

This is a variable charge based on a property's capital value. The variable component of general rates is set as cents per dollar of capital value, which is assessed according to two differentials based on location:

- Central Business District in Waipawa/Waipukuaru (all rating units excluding domestic residential)
- All other Rating Units

Therefore, the level of rates paid by a landowner will depend on the capital value and the differential category within which the property falls, as well as any targeted rates (see below).

General Rate Differential Zone	2021/22 Differential	2022/23 Differential	2023/24 Differential	2024/25 Differential	2025/26 and onwards Differential
CBD (excl Domestic Residential)	1.1	1.2	1.3	1.4	1.5
Non-CBD	1.0	1.0	1.0	1.0	1.0

### Differential Groups

The variable capital value component of the Council's general rate is set using two differentials.

The rationale for this approach is that the dollar per capital value set for each differential category is a fair and equitable amount related to the benefits that properties within that differential group receive, and not subject to fluctuations in property values that may occur between the different categories over time. The level of rates a landowner pays will vary, based on both capital value and the differential category within which the property falls.

As property values change, the Council will alter the group differentials (the amount of rates charged per dollar of value) to ensure each differential group continues to pay the same overall proportion of the general rates. The proportion of general rates set for each differential category is outlined in the following table:

#### Uniform Annual General Charge (UAGC)

A Uniform Annual General Charge (UAGC) is a flat charge levied from each separately used or inhabited part of a rating unit (SUIP) in the district.

Definition – for the purposes of the Uniform Annual General Charge and the targeted rates below, a

separately used or inhabited part of a rating unit is defined as:

*"A separately used or inhabited part of a rating unit includes any portion inhabited or used by [the owner/a person other than the owner], and who has the right to use or inhabit that portion by virtue of a tenancy, lease, licence, or other agreement".*

This definition includes separately used parts, whether or not actually occupied at any time, which are used by the owner for occupation on an occasional or long term basis by someone other than the owner.

Examples of separately used or inhabited parts of a rating unit include:

- For residential rating units, each self-contained household unit is considered a separately used or inhabited part. Each situation is assessed on its merits, but factors considered in determining whether an area is self-contained would include the provision of independent facilities such as cooking/kitchen or bathroom, and its own separate entrance.
- Residential properties, where a separate area is used for the purpose of operating a business, such as a medical or dental practice. The business area is considered a separately used or inhabited part.

These examples are not considered inclusive of all situations

#### District Land Transport Rate

This rate is set for the purpose of funding the operation and maintenance of the land transport system and is based on the land value of all rateable land in the district.



## Targeted rates

Targeted rates are set to recover the costs of providing services such as wastewater, refuse collection, disposal and recycling charges. A targeted rate is levied only from those SUIPs that receive the service. For example, a household connected to the Council's water network is charged a targeted rate for water supply, but a household using tank water is not. The Council charges targeted rates in the form of uniform annual charges (flat rate) and demand-related charges.

## Voluntary targeted rates

The voluntary targeted rate is used in cases where the Council provides financial assistance to property owners for particular capital projects, such as upgrades to private water supplies. The voluntary targeted rate is levied only from properties that receive Council assistance and is used to recover the borrowed amount and any administration costs.

## Fees and charges

The Council levies over 1,000 fees and charges. Fees and charges are usually either full or part charges to recover the costs of delivering the services. Fees and charges are usually only set for services that a user has discretion to use or not, and where it is efficient for the Council to collect the fees and charges.

## Interest and dividends from investments

The Council receives interest and dividends from short-term cash management and from its investments.

## Borrowing

Borrowing is defined as taking on debt. The Council usually only borrows to fund long-lived capital assets.

## Proceeds from asset sales

Proceeds from asset sales are the net sum received when physical assets are sold. Proceeds from the disposition of assets are used firstly in the retirement of related debt and then are credited to the Capital Projects Fund.

## Development contributions

These are levies paid in accordance with the Council's Development Contributions Policy and the Local Government Act 2002. They recover Council expenditure on reserves, community infrastructure and network infrastructure to meet increased demand resulting from new development. These levies can be used for capital expenditure for the purpose they were charged for, and may not be used to cover operational costs.

## Financial contributions under the Resource Management Act

Financial contributions apply to holders of resource consents in the form of sums payable, or land transferred to the Council. These contributions are used to mitigate, avoid or remedy any adverse effects arising from subdivision or development.

## Grants and subsidies

These are payments from external agencies and are usually for an agreed, specified purpose. For the Council, the major source of grants and subsidies is the New Zealand Transport Agency (NZTA), which offers subsidies for road maintenance, renewals and improvements.

## Funding of Operating Expenditure

The following table shows which mechanisms may be used to fund operating expenditure for Council's activities:

	General Rates	Uniform Annual General Charge	Targeted Rates	Grants and Subsidies	Fees and Charges
<b>Community Leadership Group</b>					
Leadership, Governance and Consultation	✓	✓		✓	
Economic and Social Development	✓	✓	✓		
<b>Planning and Regulatory Group</b>					
District Planning	✓				
Land Use and Subdivision Consents	✓				✓
Building Control	✓				✓
Public Health	✓				✓
Animal Control	✓				✓
Compliance & Monitoring	✓				✓
<b>Land Transport Group</b>					
Land Transport	✓		✓	✓	✓
<b>Solid Waste Group</b>					
Solid Waste	✓	✓	✓		✓
<b>Water Supplies Group</b>					
Water Supplies			✓		✓
<b>Wastewater Group</b>					
Wastewater			✓		✓
<b>Stormwater Group</b>					
Stormwater	✓		✓		
<b>Places and Open Spaces Group</b>					
Parks, Reserves and Swimming Pools	✓	✓			✓
Public Toilets	✓				
Retirement Housing					✓
Libraries	✓	✓			✓
Community Facilities	✓				✓
Cemeteries	✓				✓

- Council does not fund operating expenditure by borrowing unless in exceptional circumstances by way of Council resolution or for Asset Management Planning where the information has relevance over more the 10 years
- Interest and Dividends are used to offset the general rate requirement except where the interest is credited to a special fund or reserve fund.
- Proceeds from the Sale of Land and Buildings are transferred to the Capital Projects fund for funding future capital projects by resolution of Council. Proceeds from Sale of other Assets are used to fund the renewals of assets within the activity.

## Funding of Capital Expenditure

The following table shows which mechanisms may be used to fund capital expenditure for Council's activities:

Activity	General Rates	Targeted Rates	Borrowings	Reserves	Funding Assistance / Fees and Charges	Development Contributions
<b>Community Leadership Group</b>						
Leadership, Governance and Consultation	No Capital Expenditure					
Economic and Social Development					✓	
<b>Planning and Regulatory Group</b>						
District Planning			✓			
Land Use and Subdivision Consents					✓	
Building Control					✓	
Public Health					✓	
Animal Control	✓					
Compliance & Monitoring	✓				✓	
<b>Land Transport Group</b>		✓	✓	✓	✓	✓
<b>Solid Waste Group</b>	✓		✓	✓	✓	✓
<b>Water Supplies Group</b>		✓	✓	✓	✓	✓
<b>Wastewater Group</b>		✓	✓	✓	✓	✓
<b>Stormwater Group</b>	✓	✓	✓	✓	✓	✓
<b>Places and Open Spaces Group</b>						
Reserves and Open Spaces	✓		✓	✓	✓	
Public Toilets	✓		✓	✓	✓	
Retirement Housing				✓	✓	
Libraries			✓	✓	✓	
Community Facilities	✓		✓	✓	✓	
Cemeteries	✓		✓	✓		
Overheads	✓	✓	✓	✓		

- Council takes into account the useful life of the asset and the use by future generations in the funding of the capital expenditure. Lump sum contributions are not utilised by Council.

## Community Leadership Group

### Leadership, Governance and Consultation

#### Description

The Leadership, Governance and Consultation activity includes the elected Council.

#### Community Outcomes

This activity contributes primarily to the following community outcomes:

- Proud District
- Connected Citizens

#### Distributions of benefits

Benefits from the Leadership, Governance and Consultation activity are for the community generally. The Council is the vehicle for making decisions affecting the district.

#### Timeframes of benefits

Ongoing.

#### Contributors to need for activity

Living in a democratic society contributes to the need for this activity.

#### Costs and Benefits of distinct funding

Benefits from this activity are community wide and there is no benefit perceived from separate funding.

#### Recommended Funding

Council has agreed on 100% public funding for this activity. Public funding is through the capital value based general rate.

### Social Development

#### Description

This activity supports the implementation of the community wellbeing strategy and supports other key community funding and planning initiatives.

#### Community Outcomes

This activity contributes primarily to the following community outcomes:

- Environmentally Responsible
- Prosperous District
- Strong Communities
- Connected Citizens
- Smart Growth

#### Distributions of benefits

Social benefits accrue from the wider community. Some benefits may accrue to businesses or individuals using these services, but it is difficult and illogical to recover these benefits.

#### Timeframes of benefits

Ongoing.

#### Contributors to need for activity

All groups contribute to the need for this activity.

#### Costs and Benefits of distinct funding

Benefits from this activity are community wide and there is no benefit perceived from separate funding.

#### Recommended Funding

Council has agreed on 100% public funding for this activity. Public funding is collected through the Uniform Annual General Charge.

# Economic Development

## Description

This activity supports the implementation of the Economic Development Action Plan and seeks to progress the economic wellbeing of Central Hawke's Bay.

## Community Outcomes

This activity contributes primarily to the following community outcomes:

- Environmentally Responsible
- Prosperous District
- Strong Communities
- Smart Growth

## Distributions of benefits

Benefits from economic development accrue largely to the community. This is due to the ongoing economic benefits of visitor spending, creation of employment and investment in the potential of the district.

## Timeframes of benefits

Ongoing.

## Contributors to need for activity

All groups contribute to the need for this activity.

## Costs and Benefits of distinct funding

Benefits from this activity are community wide and there is no benefit perceived from separate funding.

## Recommended Funding

Council has agreed on 100% public funding for this activity. Public funding is collected through the Uniform Annual General Charge.

## Planning and Regulatory Group

### District Planning

#### Description

The Council is required by the Resource Management Act 1991 to prepare, implement and administer a District Plan that meets the needs of the community. The District Planning Activity, is part of Council's statutory obligations under the Resource Management Act 1991 and involves -

- Providing advice on the District Plan
- Providing Policy advice on planning and rules of the District Plan
- Monitoring of the effectiveness and efficiency of the policies and rules in the District Plan

#### Community Outcomes

This activity contributes primarily to the following community outcomes:

- Strong Communities
- Prosperous District
- Smart Growth
- Environmentally Responsible

#### Distributions of benefits

The district planning services benefit the users of the District Plan through clear information available for development and land use.

The community benefits highly through protection of the environment, appropriate and sustainable development of land and property.

#### Timeframes of benefits

Ongoing.

#### Contributors to need for activity

People who do not comply with legislative regulations may contribute to the need for this activity.

#### Costs and Benefits of distinct funding

Benefits from this activity are community wide and there is no benefit perceived from separate funding.

#### Recommended Funding

Council has agreed on 100% public funding for this activity. Public funding is through the capital value based general rate.

## Land Use and Consenting

### Description

Land Use and Consenting Activity ensures that development occurs in a manner that complies with the District Plan, through processing resource consent applications and monitoring.

### Community Outcomes

This activity contributes primarily to the following community outcomes:

- Durable Infrastructure
- Smart Growth
- Environmentally Responsible

### Distributions of benefits

The district planning services mainly benefit the users of the resource and subdivision consent process through meeting legislative requirements.

The community benefits through protection of the environment, appropriate and sustainable development of land and property.

### Timeframes of benefits

Ongoing.

### Contributors to need for activity

People who do not comply with legislative regulations may contribute to the need for this activity. Generally, this is met through extra charges on these people.

### Costs and Benefits of distinct funding

Benefits from this activity are community wide and there is no benefit perceived from separate funding.

### Recommended Funding

Council has agreed on 70-80% private funding for this activity, with the remainder coming from public funding. Public funding is through the capital value based general rate and private funding is collected through fees and charges.

## Building Control

### Description

Building Control is responsible for administering and enforcing the Building Act 2004 (and related legislation). This includes:

- Processing applications for building consents
- Enforcing the provisions of the Building Act 2004 and associated regulations

Once a consent has been obtained, the Council monitors compliance through inspections and provides code compliance certificates confirming that new building work meets the provisions of the building code.

### Community Outcomes

This activity contributes primarily to the following community outcomes:

- Proud District
- Strong Communities
- Smart Growth

### Distributions of benefits

Benefits from building control accrue mainly to users of these services (people who build or alter buildings) through meeting legislative requirements and safe buildings. The community benefits through the enforcement of regulations that ensure safe, sanitary and accessible buildings in which people live, play and work.

### Timeframes of benefits

Ongoing.

### Contributors to need for activity

People who do not comply with legislative regulations may contribute to the need for this activity. In some cases, (for example, property purchase where consent standards are not met), it may be difficult to identify who should pay.

### Costs and Benefits of distinct funding

Benefits from this activity are community wide and there is no benefit perceived from separate funding.

### Recommended Funding

Council has agreed on 70-85% private funding for this activity, with the remainder funded from public funding. Private funding is collected through various fees and charges. Public funding is through the capital value based general rate.

## Environmental Health

### Description

Environmental Health Activity covers the regulatory functions relating to environmental health, liquor licensing, hazardous substances, and other environmental monitoring.

### Community Outcomes

This activity contributes primarily to the following community outcomes:

- Prosperous District
- Strong Communities

### Distributions of benefits

Benefits from environmental health services accrue to both the community, individuals and organisations. Individuals and organisations benefit from assurances that their premises are of an acceptable standard to the consumer and meet other legislative requirements (for example, liquor licensing).

The community benefits through the expectation that:

- standards of operation are being met and
- assurances of a safe and healthy environment for residents and visitors.

### Timeframes of benefits

Ongoing.

### Contributors to need for activity

People who do not comply with legislative regulations may contribute to the need for this activity. Generally, this is met through extra charges on these people.

### Costs and Benefits of distinct funding

Benefits from this activity are community wide and there is no benefit perceived from separate funding.

### Recommended Funding

Council has agreed on 27-36% private funding for this activity, with the remainder from public funding. Public funding is through the capital value based general rate and private funding is collected through fees and charges.

## Animal Services

### Description

This activity includes the implementation of requirements of the Dog Control Act 1996 and related legislation and Council bylaws. Main objectives include education, response to complaints and management of registration systems for dogs and stock.

### Community Outcomes

This activity contributes primarily to the following community outcomes:

- Proud District
- Strong Communities

### Distributions of benefits

Benefits from the animal control service accrue mainly to animal owners from the provision of a service that either confines or returns lost or stray animals. The community generally benefits through the enforcement of regulations against aggressive and straying animals.

### Timeframes of benefits

Ongoing, but occur mainly in the short-term.

### Contributors to need for activity

People who do not properly control their animals can be a significant contributor to this activity. In some cases, it can be difficult to identify who these people are.

### Costs and Benefits of distinct funding

Benefits from this activity are community wide and there is no benefit perceived from separate funding.

### Recommended Funding

Council has agreed on 90-100% private funding for this activity, with the remainder from public funding. Private funding is collected through various fees and charges – including fines and impounding costs. Public funding is through the capital value based general rate.



## Compliance and Monitoring

### Description

Compliance and Monitoring primarily involves the monitoring of resource consent conditions; responding to noise complaints and bylaw breaches; and carrying out territorial authority responsibilities, as defined in legislation - including the inspection of swimming pool fences, earthquake prone buildings, and processing of Land Information Memoranda (LIMS), Compliance Schedules and Building Warrants of Fitness.

### Community Outcomes

This activity contributes primarily to the following community outcomes:

- Smart Growth
- Environmentally Responsible

### Distributions of benefits

Benefits from this activity accrue across the wider community, through ensuring that activities are monitored and comply with legislative, policy and bylaw requirements, thereby minimising negative impacts on residents of, and visitors to, the District.

### Timeframes of benefits

Ongoing. Benefits occur now through continuous monitoring of activities, response to complaints, and public education.

### Contributors to need for activity

Where matters of non-compliance are brought to Council's attention, there is a requirement to ensure that compliance is achieved for the safety and wellbeing of the wider public.

### Costs and Benefits of distinct funding

Benefits from this activity are community wide and there is no benefit perceived from separate funding.

### Recommended Funding

Council has agreed on 10-25% private funding for this activity, with the remainder from public funding. Public funding is collected through the capital value based general rate. Private funding is obtained through various fees and charges including fines.

## Land Transport Group

### Land Transport

#### Description

The Local Government Act 2002 and Land Transport Management Act 2003 provide the framework under which the Council operates a land transport network within the District. Council aims to achieve an integrated safe, responsive and sustainable land transport network.

#### Community Outcomes

This activity contributes primarily to the following community outcomes:

- Prosperous District
- Connected Citizens
- Durable Infrastructure

#### Distributions of benefits

There is a mix of public and private benefits with these activities. Public benefits include an attractive urban environment and streetscape, tidy roadsides, the ability to transport people, goods and services throughout the district, connections to other transport networks and location and property identification. Private benefits are for people and businesses using roads and footpaths to carry out their day to day business.

#### Timeframes of benefits

Ongoing.

#### Contributors to need for activity

All groups contribute to the need for this activity. In some cases, damage may be caused, and additional costs may be incurred through vandalism, accidents and activities beyond normal usage.

#### Costs and Benefits of distinct funding

Benefits from this activity are community wide and there is no benefit perceived from separate funding.

#### Recommended Funding

Council has agreed to 100% public funding. Public funding is collected through the land value based targeted rate. New Zealand Transport Agency funding applies to subsidised roading projects. A small amount of private funding is recovered through fees and charges.

## Solid Waste Group

### Solid Waste

#### Description

Central Hawke's Bay District Council provides the following services:

- District landfill
- transfer stations
- recycling drop-off centres
- kerbside refuse and recycling collections
- management of closed landfills.

#### Community Outcomes

This activity contributes primarily to the following community outcomes:

- Proud District
- Prosperous District
- Strong Communities
- Connected Citizens
- Smart Growth
- Environmentally Responsible
- Durable Infrastructure

#### Distributions of benefits

The benefits of the solid waste activity are largely public and private. Individuals benefit from not having to arrange their own systems of waste disposal. An environmentally sound landfill and rubbish collection maintains a sustainable and clean district.

#### Timeframes of benefits

Ongoing.

#### Contributors to need for activity

The community benefits from having solid waste collection and disposal available. In some cases, illegal dumping and inappropriate disposal of hazardous wastes may result in extra costs to the Council.

#### Costs and Benefits of distinct funding

It is appropriate to recover the private benefit via a separate funding mechanism.

#### Recommended Funding

Council has agreed on 46-48% private funding for this activity. The remaining public funding is collected through a combination of a Capital Value based General Rate, Uniform Annual General Charge, alongside targeted rates for kerbside recycling and refuse collection. Private funding is derived from fees and charges.

## Water Supplies Group

### Water Supplies

#### Description

The Central Hawke's Bay District Council owns and operates six water supply schemes.

#### Community Outcomes

This activity contributes primarily to the following community outcomes:

- Proud District
- Prosperous District
- Strong Communities
- Connected Citizens
- Smart Growth
- Environmentally Responsible
- Durable Infrastructure

#### Distributions of benefits

Provision of water supplies provides a number of public benefits, including access to potable water and availability of water for key public services and amenities (for example, firefighting, landscaping, swimming pools). There are significant direct benefits to ratepayers and consumers connected to a Council piped water scheme through access to water for drinking and water availability for industry.

#### Timeframes of benefits

Ongoing and long-term for future generations.

#### Contributors to need for activity

Those sections of the community where water services are available benefit widely from having a supply available. The wider community who use the facilities and business who depend on the water supply also benefit.

#### Costs and Benefits of distinct funding

Because the benefits of this activity are predominantly private, it is considered appropriate to fund the activity through targeted rates and fees and charges. In addition development and capital contributions are applied to new development to recognise capacity requirements.

#### Recommended Funding

Council has agreed on a 100% private funding for this activity. Private funding is derived from a targeted rate from those connected to water systems, volumetric water meter rates and fees and charges. In addition development and capital contributions are applied to new development to recognise capacity requirements.

# Wastewater Group

## Wastewater

### Description

Central Hawke's Bay District Council sewer systems comprise of six reticulated systems and associated treatment plants.

### Community Outcomes

This activity contributes primarily to the following community outcomes:

- Proud District
- Prosperous District
- Strong Communities
- Connected Citizens
- Smart Growth
- Environmentally Responsible
- Durable Infrastructure

### Distributions of benefits

Provision of a sewerage system provides a number of public benefits, including maintenance of public health standards, prevention of disease and maintenance of a healthy environment.

All properties, both domestic and industrial, that are connected to the Council's sewerage system receive a direct benefit which relates to the cost of providing the service. A sewerage system is a key infrastructural need for maintaining public health and growth of business opportunities.

### Timeframes of benefits

Ongoing and long-term for future generations.

### Contributors to need for activity

The community and the trade waste industry benefits widely from having a sewerage system available. Additional costs may be caused through overloading of systems, disposal of hazardous material and illegal connections.

### Costs and Benefits of distinct funding

Because the benefits of this activity are predominantly private, it is considered appropriate to fund the activity through targeted rates and charges. In addition, development and capital contributions are applied to new development to recognise capacity requirements.

### Recommended Funding

Council has agreed on a 100% private funding split for this activity. Private funding is collected through a targeted rate from those connected to wastewater systems and with fees and charges and levies raised through the Trade Waste Bylaw. The targeted rates and trade waste fees and charges will collect both the wastewater operational costs and capital costs. In addition development and capital contributions are applied to new development to recognise capacity requirements.

Council has agreed to recover a capital contribution from the trade waste industry contributors for the Waipukurau, Waipawa and Otāne wastewater investment programme based on volumetric charges as detailed in the fees and charges schedule B13-B20.

Council has agreed to work towards a 100% trade waste industry capital contribution over a four year period staging the increase as outlined in the table below.

The capital contribution is anticipated to recover the trade waste industry share of the upgrade works required as set out in the Long Term Plan 2021-2031 wastewater investment programme.

Targeted Rate/ Fees and Charges Differential	2021/22 Differential	2022/23 Differential	2023/24 Differential	2024/25 Differential	2025/26 and onwards Differential
Targeted Rate	1.0	1.0	1.0	1.0	1.0
Trade Waste Volumetric Operational Fees (B1-B6)	1.0	1.0	1.0	1.0	1.0
Trade Waste Volumetric Capital Contribution Fees (B13-B20)	0.50	0.60	0.85	1.0	1.0

# Stormwater Group

## Stormwater

### Description

Central Hawke's Bay District Council's stormwater systems comprise of several systems. The systems generally consist of a primary piped network with some open channel and secondary flow paths.

### Community Outcomes

This activity contributes primarily to the following community outcomes:

- Environmentally Responsible
- Durable Infrastructure

### Distributions of benefits

Provision of a stormwater system provides a number of public benefits, including decreased risk from flooding and encouraging residential development. Private benefits are particularly to property owners via stormwater disposal away from their properties.

### Timeframes of benefits

Ongoing and long-term for future generations.

### Contributors to need for activity

The community benefits widely from having a stormwater system available.

### Costs and Benefits of distinct funding

Because the benefits of this activity are predominantly private, it is considered appropriate to fund the activity separately.

### Recommended Funding

Council has agreed on 80-90% private funding for this activity. Private funding is collected through a targeted rate from those within stormwater catchment areas, with the remainder from public funding. Public funding is collected through the capital value based general rate. The funding of the Te Aute drainage scheme is based on a targeted rate on scheme members. In addition, development and capital contributions are applied to new development to recognise capacity requirements.

## Maps of the Stormwater Catchment Areas:

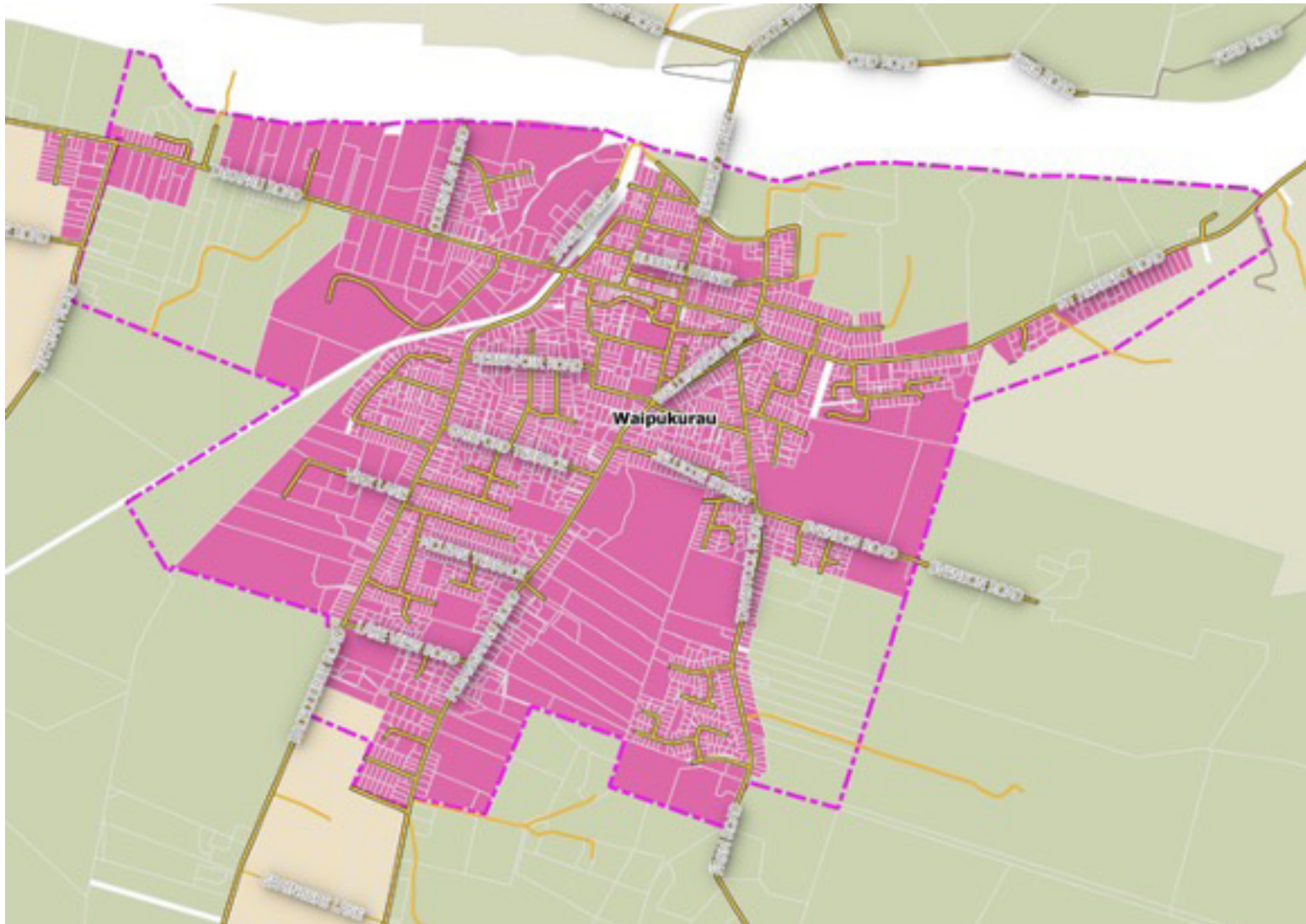
### Takapau



# Otāne

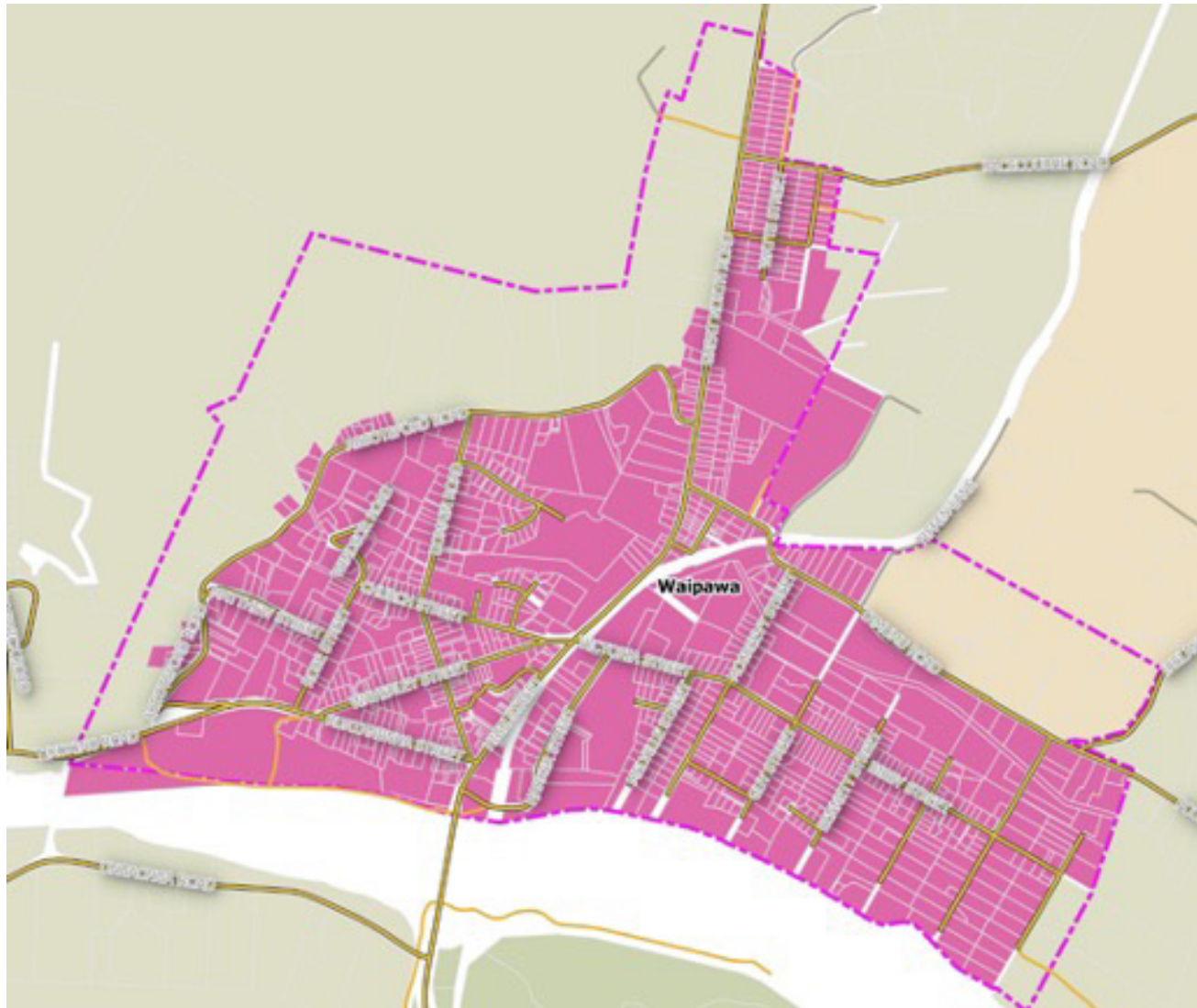


## Waipukurau





## Waipawa



## Differential Groups

The variable capital value component of the Council's stormwater targeted rate is set using four differentials.

The rationale for this approach is that the dollar per capital value set for each differential category is a fair and equitable amount related to the benefits that properties within that differential group receive, and not subject to fluctuations in property values that may occur between the different categories over time. The level of rates a landowner pays will vary, based on both capital value and the differential category within which the property falls.

As property values change, the Council will alter the group differentials (the amount of rates charged per dollar of value) to ensure each differential group continues to pay the same overall proportion of the stormwater targeted rates. The proportion of stormwater targeted rates set for each differential category is outlined in the following table:

Stormwater Zone	2021/22 Differential	2022/23 Differential	2023/24 Differential	2024/25 Differential	2025/26 and onwards Differential
Otāne	0.16	0.32	0.48	0.64	0.80
Takapau	0.12	0.24	0.36	0.48	0.60
Waipawa	1.00	1.00	1.00	1.00	1.00
Waipukurau	1.00	1.00	1.00	1.00	1.00

# Places and Open Spaces Group

## Reserves and Open Spaces

### Description

A number of parks, reserves, war memorials and camping grounds are provided throughout the district for recreation, including sports fields, children's playgrounds and amenity areas.

### Community Outcomes

This activity contributes primarily to the following community outcomes:

- Proud District
- Prosperous District
- Strong Communities
- Connected Citizens
- Environmentally Responsible

### Distributions of benefits

Benefits from parks accrue to the community generally through the provision of facilities for groups and individuals to pursue active and passive leisure pursuits, education on the natural environment, community pride and contributing to community health and well-being.

There can be private benefits to people and sports groups through the use of sports fields for organised sport, but these are available to the wider community at other times.

### Timeframes of benefits

Ongoing.

### Contributors to need for activity

The community benefits widely from having these facilities available.

### Costs and Benefits of distinct funding

Benefits from this activity are community wide and there is no benefit perceived from separate funding.

### Recommended Funding

Council have agreed a 97% public, 3% private funding split. The cost of funding the public component of the Parks, and Reserves should occur by way of 70% from the General Rate assessed on Capital Value and 30% from the Uniform Annual General Charge. The private funding component will be collected from fees and charges with market rentals being applied to camp grounds.

## Public Toilets

### Description

The Council provides 24 public conveniences located throughout the District.

### Community Outcomes

This activity contributes primarily to the following community outcomes:

- Prosperous District
- Environmentally Responsible

### Distributions of benefits

Public toilets provide a mix of public and private benefits. While private benefits are obvious, the public benefits by having these essential facilities available for residents and visitors, and maintaining standards of public hygiene.

### Timeframes of benefits

Ongoing.

### Contributors to need for activity

The community benefits widely from having public conveniences available.

### Costs and Benefits of distinct funding

Benefits from this activity are community wide and there is no benefit perceived from separate funding.

### Recommended Funding

Council have agreed 100% public funding and that the cost of funding the public component of the Public Toilets should occur by way of 100% from the General Rate assessed on Capital Value

## Retirement Housing

### Description

A total of 48 one bedroom flats are owned by the Council in different locations in Waipukurau and Waipawa. These provide affordable housing for those elderly in need.

### Community Outcomes

This activity contributes primarily to the following community outcomes:

- Strong Communities
- Connected Citizens

### Distributions of benefits

Benefits from housing accrue to tenants of the housing units. This is a relatively small and identifiable group who are provided with affordable accommodation in convenient locations. There may be some small community benefits through the availability of low cost housing to vulnerable groups in the community.

### Timeframes of benefits

Ongoing.

### Contributors to need for activity

The community benefits from having housing available. The main benefit is to people who choose to tenant these units.

### Costs and Benefits of distinct funding

The activity is self-funding and separate funding is not required.

### Recommended Funding

The Council believes the optimum funding is 100% private, through user rental charges.

## Libraries

### Description

The Council operates two libraries in Waipukurau and Waipawa.

### Community Outcomes

This activity contributes primarily to the following community outcomes:

- Proud District
- Strong Communities
- Connected Citizens

### Distributions of benefits

Benefits from libraries accrue largely to the community, by promoting and supporting literacy, unlocking access to information and providing valued community resources. There is a direct benefit to each individual who reads a book or accesses one of the other library service. In some cases these can be recovered, however a high level of recovery could restrict the ability of some users to access these services.

### Timeframes of benefits

Ongoing.

### Contributors to need for activity

The community benefits widely from having library services available.

### Costs and Benefits of distinct funding

Benefits from this activity are community wide and there is no benefit perceived from separate funding.

### Recommended Funding

The Council has agreed the optimum allocation of costs is 90% public to 10% private. Public funding is through the Uniform Annual Charge, with private funding through user charges for some library services.

## Community Facilities

### Description

Community Facilities include several community halls located throughout the District, the Council's Civic Theatre and the Municipal Theatre and the Central Hawke's Bay Museum. There are two swimming pools, one owned by the Council and one owned by a Community Trust that is largely funded by the Council.

### Community Outcomes

This activity contributes primarily to the following community outcomes:

- Proud District
- Strong Communities
- Connected Citizens

### Distributions of benefits

Benefits from this activity largely accrue to the community, through cultural enrichment and community identity. There may be direct benefits to some people using these services, but a high level of recovery may restrict the ability of some people to continue to use these services.

Public benefits are from the ability to use the facilities for public events and gatherings and as a hub for communities in the event of natural disaster. There are direct benefits for individuals and groups who choose to use the facilities available for personal functions.

### Timeframes of benefits

Ongoing.

### Contributors to need for activity

The community benefits widely from the provision of these assets and services.

### Costs and Benefits of distinct funding

Benefits from this activity are community wide and there is not benefit perceived from separate funding.

### Recommended Funding

Council have agreed 100% public funding. Public funding is 100% from the capital value based general rate, with limited private funding through user charges for hireage and rental.

## **Cemeteries**

### **Description**

The Council currently operates ten cemetery sites for burial and cremation interments.

### **Community Outcomes**

This activity contributes primarily to the following community outcomes:

- Proud District
- Environmentally Responsible

### **Distributions of benefits**

Benefits from cemeteries are considered to be largely private, although it is necessary for communities to have an interment system that meets appropriate health standards. Private benefits are from the provision of individual gravesites for remembrance and burial.

### **Timeframes of benefits**

Ongoing.

### **Contributors to need for activity**

The community benefits widely from having cemeteries available. In some cases, vandalism and failure to maintain headstones may cause additional costs.

### **Costs and Benefits of distinct funding**

Benefits from this activity are community wide and there is no benefit perceived from separate funding.

### **Recommended Funding**

The Council have agreed a 90% public, 10% private funding split. Public funding is from the capital value based general rate, with private funding through fees and charges.

# Treasury Management (including Investment and Liability) Policy

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This policy forms the basis of how all treasury activity should be undertaken to ensure the robust and prudent management of community funds.

## Purpose of this Policy

The purpose of the Treasury Management Policy ("Policy") is to outline approved policies and procedures in respect of all treasury activity to be undertaken by Central Hawke's Bay District Council ("Council"). The formalisation of such policies and procedures will enable treasury risks within Council to be prudently managed.

As circumstances change, the policies and procedures outlined in this Policy will be modified to ensure that treasury risks within Council continue to be well managed.

It is intended that the Policy be distributed to all personnel involved in any aspect of the Council's financial management. In this respect, all staff must be completely familiar with their responsibilities under the Policy at all times.

## Scope and Objectives of this Policy

### Scope

- This document identifies the Policy of Council in respect of treasury management activities, incorporating both borrowing and investment activity.
- The Policy has not been prepared to cover other aspects of Council's operations, particularly transactional banking management, systems of internal control and financial management. Other policies and procedures of Council cover these matters.

### Treasury Management Objectives

The objective of this Policy is to control and manage costs, investment returns and risks associated with treasury management activities, incorporating both borrowing and investment activity.

### Statutory objectives

- All external borrowing, investments and incidental financial arrangements (e.g. use of interest rate hedging financial instruments) will meet requirements of the Local Government Act 2002 and incorporate the Liability Management Policy and Investment Policy.
- Council is governed by the following relevant legislation:
- Local Government Act 2002, in particular Part 6 including sections 101,102, 104, 105 and 113.
- Local Government (Financial Reporting and Prudence) Regulations 2014, in particular Schedule 4.
- Trustee Act 1956. When acting as a trustee or investing money on behalf of others, the Trustee Act highlights that trustees have a duty to invest prudently and that they shall exercise care, diligence and skill that a prudent person of business would exercise in managing the affairs of others.
- Council will not transact with any Council Controlled Trading Organisation (CCTO) on terms more favourable than those achievable by Council itself, without charging any rate or rates revenue as security.
- A resolution of Council is not required for hire purchase, credit or deferred purchase of goods if:
- The period of indebtedness is less than 91 days (including rollovers); or

- The goods or services are obtained in the ordinary course of operations on normal terms for amounts not exceeding in aggregate, 5.0% of the Council's consolidated annual operating budget for the year (as determined by Council's Significance and Engagement Policy).

### General objectives

- Ensure that all statutory requirements of a financial nature are adhered to.
- Minimise Council's costs and risks in the management of its external borrowings.
- Minimise Council's exposure to adverse interest rate movements.
- Arrange and structure external long term funding for Council at a favourable margin and cost from debt lenders. Optimise flexibility and spread of debt maturity terms within the funding risk limits established by this Policy statement.
- Maintain appropriate liquidity levels and manage cash flows within Council to meet known and reasonable unforeseen funding requirements.
- Manage investments to optimise returns in the long term whilst balancing risk and return considerations.
- Develop and maintain relationships with financial institutions, brokers and LGFA.
- Comply, monitor and report on borrowing covenants and ratios under the obligations of Council's lending/security arrangements.
- To minimise exposure to credit risk by dealing with and investing in credit worthy counterparties.
- Borrow funds, invest and transact risk management instruments within an environment of control and compliance.
- Monitor, evaluate and report on treasury performance.
- Ensure the Council, management and relevant staff are kept abreast of the latest treasury products, methodologies, and accounting treatments through training and in-house presentations.
- Ensure adequate internal controls exist to protect Council's financial assets and to prevent unauthorised transactions.



In meeting the above objectives Council is, above all, a risk averse entity and does not seek risk in its treasury activities. Interest rate risk, liquidity risk, funding risk, investment risk or credit risk, and operational risks are all risks which Council seeks to manage, not capitalise on. Accordingly activity which may be construed as speculative in nature is expressly forbidden.

### **Policy setting and management**

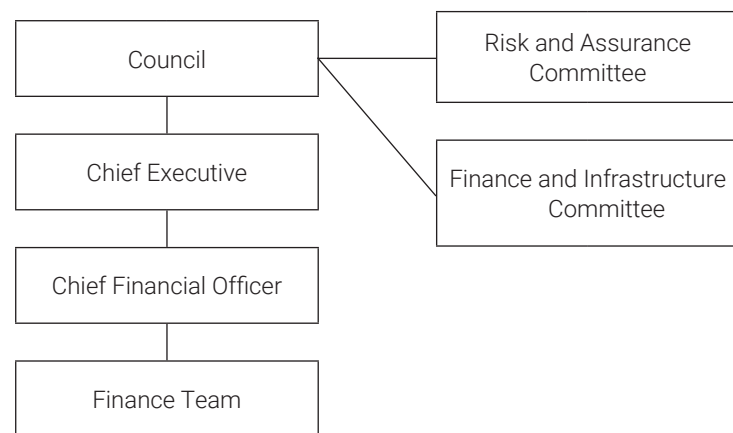
Council approves Policy parameters in relation to its treasury activities. The CE has overall financial management responsibility for the Council's borrowing and investments, and related activities.

The Council exercises ongoing governance over its subsidiary companies (CCO/ CCTO), through the process of approving the Constitutions, Statements of Intent, and the appointment of Directors/Trustees of these organisations.

# Governance and Management Responsibilities

## Overview of Management Structure

The following diagram illustrates those individuals and bodies who have treasury responsibilities. Authority levels, reporting lines and treasury duties and responsibilities are outlined in the following section:



### Council

The Council has ultimate responsibility for ensuring that there is an effective Policy for the management of its risks. In this respect the Council decides the level and nature of risks that are acceptable, given Council’s statutory objectives.

The Council is responsible for approving the Policy. While the Policy can be reviewed and changes recommended by other persons, the authority to make or change Policy cannot be delegated.

In this respect, the Council has responsibility for:

- Approving the long-term financial position of Council through the Long Term Plan (LTP) and Financial Strategy along with the adopted Annual Plan.

- Approve and adopt the Liability Management and Investment Policies (the Treasury Management Policy).
- Approval for one-off transactions falling outside Policy.

### Finance and Infrastructure Committee

Under delegation from Council:

- Monitor and review treasury activity through at least six monthly reporting, supplemented by exception reporting.

### Risk and Assurance Committee

Under delegation from Council:

- Review formally, on a three yearly basis, the Treasury Management Policy document.
- Evaluate and recommend amendments to the Treasury Management Policy to Council.

### Chief Executive Officer (CE)

While the Council has final responsibility for the Policy governing the management of treasury risks, it delegates overall responsibility for the day-to-day management of such risks to the CE. The CE has approval and monitoring responsibilities over the treasury function.

### Chief Financial Officer (CFO) and Finance Team

The CFO along with the Finance Team share the treasury tasks and responsibilities of the treasury function ensuring an adequate segregation of treasury duties and cross-checking of treasury activity. Oversight is maintained by the CE through regular reporting and approval delegations.

### Delegation of authority and authority limits

Treasury transactions entered into without the proper authority are difficult to cancel given the legal doctrine of “apparent authority”. Also, insufficient authorities for a given bank account or facility may prevent the execution of certain transactions (or at least cause unnecessary delays).

To prevent these types of situations, Council’s Delegations Register must be complied with at all times.

# Liability Management Policy

## Introduction

Council's liabilities comprise of borrowings and various other liabilities. Council maintains external borrowings in order to:

- Raise specific debt associated with projects and capital expenditures.
- Raise finance leases for fixed asset purchases.
- Fund the balance sheet as a whole, including working capital requirements.
- Fund assets whose useful lives extend over several generations of ratepayers.

Borrowing provides a basis to achieve inter-generational equity by aligning long-term assets with long-term funding sources, and ensure that the cost are met by those ratepayers benefiting from the investment.

## Borrowing limits

Debt will be managed within the following limits:

Item	Council Limit	LGFA Limit
Net External Debt / Total Revenue	<150%	<175%
Net Interest on External Debt / Total Revenue	<10%	<20%
Net Interest on External Debt / Annual Rates Income	<20%	<25%
Net Debt / Council Equity	<10%	
External, term debt + committed bank facilities + unencumbered cash/cash equivalents to existing external debt.	>115%	>110%

- Total Revenue is defined as cash earnings from rates, government capital grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions (e.g. developer contributions and vested assets).
- Net external debt is defined as total external debt less unencumbered cash/cash equivalents.
- The liquidity ratio is defined as external debt plus committed LGFA/bank facilities, plus unencumbered cash/cash equivalents divided by external debt.

- Net interest on external debt is defined as the amount equal to all interest and financing costs (on external debt) less interest income for the relevant period.
- Annual Rates Income is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 (including volumetric water charges levied) together with any revenue received from other local authorities for services provided (and for which the other local authorities rate).
- Disaster recovery requirements, urgent financing of emergency-related works and services are to be met through the special funds and liquidity policy.

## Asset management plans

In approving new debt Council considers the impact on its external borrowing limits as well as the economic life of the asset that is being funded and its overall consistency with Council's LTP and Financial Strategy.

## Borrowing mechanisms

Council is able to externally borrow through a variety of market mechanisms including issuing stock/bonds, commercial paper (CP), direct bank borrowing, accessing the short and long-term wholesale debt capital markets either directly or through the LGFA, or internal borrowing of reserve and special funds. In evaluating strategies for new borrowing (in relation to source, term, size and pricing) the following is taken into account:

- The size and the economic life of the project.
- Available terms from banks, the LGFA and debt capital markets.
- Council's overall debt maturity profile, to ensure concentration of debt is avoided at reissue/rollover time.
- Prevailing interest rates and margins relative to term for debt issuance, the LGFA, debt capital markets and bank borrowing.
- The market's outlook on future interest rate movements as well as its own.
- Legal documentation and financial covenants considerations.
- Alternative funding mechanisms such as leasing should be evaluated with financial analysis in conjunction with traditional on-balance sheet funding. The evaluation should take into consideration, ownership, redemption value and effective cost of funds.

Council's ability to readily attract cost effective borrowing is largely driven by its ability to rate, maintain a strong financial standing and manage its relationships with the LGFA, and financial institutions/brokers.

### **Security**

Council's external borrowings and interest rate management instruments will generally be secured by way of a charge over rates and rates revenue offered through a Debenture Trust Deed. Under a Debenture Trust Deed, Council's borrowing is secured by a floating charge over all Council rates levied under the Local Government Rating Act. The security offered by Council ranks equally or *pari passu* with other lenders.

From time to time, and with Council approval (or through an approved person as per the delegations register), security may be offered by providing a charge over one or more of Council's assets, where it is beneficial and cost effective to do so.

- Any internal borrowing will be on an unsecured basis.
- Any pledging of physical assets must comply with the terms and conditions contained within the Debenture Trust Deed.

### **Debt repayment**

The funds from all asset sales, operating surpluses, grants and subsidies will be applied to specific projects or the reduction of debt and/or a reduction in borrowing requirements, unless the Council specifically directs that the funds will be put to another use.

Debt will be repaid as it falls due in accordance with the applicable borrowing arrangement. Subject to the appropriate approval and policy limits, a loan may be rolled over or re-negotiated as and when appropriate.

Council will manage debt on a portfolio basis and will only externally borrow when it is commercially prudent to do so.

### **Guarantees/contingent liabilities and other financial arrangements**

Council may act as guarantor to financial institutions on loans or enter into incidental arrangements for organisations, clubs, trusts, Council-controlled trading organisations or Business Units, when the purposes of the loan are in line with Council's strategic objectives.

Council will ensure that sufficient funds or lines of credit exist to meet amounts guaranteed. Guarantees given will not exceed any amount agreed by Council in aggregate. The Finance Team monitors guarantees and reports six-monthly to the CE.

### **Internal borrowing of special funds**

Special Funds must generally be used for the purposes for which they have been set aside. Council may, however, modify such purposes from time to time. Funds held in excess of the special funds requirement are held as ratepayers equity reserves, and can be utilised as needed. Recorded special fund balances must be used for their intended purpose.

Council maintains its funds in short term maturities emphasising counterparty credit worthiness and liquidity. The interest rate yield achieved on the funds therefore is a secondary objective

Any internal borrowing of equity reserves must be reimbursed for interest revenue lost.

The cost of internal borrowing is set by the Finance Team from time to time.

For reasons of cost distribution, records on internal borrowings will be maintained to ensure Funds are not disadvantaged.

### **New Zealand Local Government Funding Agency (LGFA) Limited**

Despite anything earlier in this Policy, Council may borrow from the New Zealand Local Government Funding Agency Limited (LGFA) and, in connection with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:

- Contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA. For example borrower notes.
- Provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself.
- Commit to contributing additional equity (or subordinated debt) to the LGFA if required.
- Secure its borrowing from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue.
- Subscribe for shares and uncalled capital in the LGFA.

# Investment Policy

## Introduction

Council generally holds investments for strategic reasons where there is some community, social, physical or economic benefit accruing from the investment activity. Generating a commercial return on strategic investments is considered a secondary objective. Investments and associated risks are monitored and managed, and reported at least six-monthly to the Finance and Services Committee. Specific purposes for maintaining investments include:

- For strategic and intergenerational purposes consistent with Council's LTP and AP.
- The retention of vested land.
- Holding short term investments for working capital and liquidity requirements.
- Holding assets (such as property and land parcels) for commercial returns.
- Provide ready cash in the event of a natural disaster. The use of which is intended to bridge the gap between the disaster and the reinstatement of normal income streams and assets.
- Invest amounts allocated to specific reserves.
- Invest funds allocated for approved future expenditure.
- Invest proceeds from the sale of assets.

Council recognises that as a responsible public authority all investments held, should be low risk, giving preference to conservative investment policies and avoiding speculative investments. Council also recognises that low risk investments generally mean lower returns.

To minimise raising external debt, Council can internally borrow from equity, reserves and investment funds, in the first instance to meet operational and capital spending requirements.

## Policy

Council's general Policy on investments is that:

- Council may hold financial, property, and equity investments if there are strategic, commercial, and economic or other valid reasons.
- Council will keep under review its approach to all investments and the credit rating of approved creditworthy counterparties.

## Mix of investments

Council maintains investments in the following assets:

- Equity investments
- Property investments
- Financial investments

## Equity investments

It may be appropriate to have limited investment(s) in equity (shares) when Council wishes to invest for strategic, economic development or social reasons.

Council will approve equity investments on a case-by-case basis, if and when they arise.

Generally such investments will be (but not limited to) Council Controlled Trading Organisations (CCTO) or Council Controlled Organisations (CCO) to further district or regional economic development. Council does not invest in offshore entities.

Council reviews performance of these investments as part of the annual planning process to ensure that stated objectives are being achieved.

Any disposition of these investments requires approval by Council. Acquisition of new equity investments requires Council approval. The proceeds from the disposition of equity investments will be taken to the Capital Projects Fund. .

All income, including dividends, from Council's equity investments is included in general revenue.

Equity investment performance is reported to the Finance and Services Committee at least annually, along with the consideration of and approval of the Statement of Intent.

## New Zealand Local Government Funding Agency Limited

Despite anything earlier in this Policy, Council may invest in shares and other financial instruments of the New Zealand Local Government Funding Agency Limited (LGFA), and may borrow to fund that investment.

Council's objective in making any such investment will be to:

- Obtain a return on the investment.
- Ensure that the LGFA has sufficient capital to remain viable, meaning that it continues as a source of debt funding for the Council.

As a borrower, Council's LGFA investment includes borrower notes.

### Property investments

Council's primary reason to own property is to allow it to achieve its strategic objectives as stated in the LTP or deemed to be a core Council function. Council reviews property ownership through assessing the benefits of continued ownership in comparison to other arrangements which could deliver the same results. This assessment is based on the most financially viable method of achieving the delivery of Council services. Council generally follows similar assessment criteria in relation to new property investments.

Council may also hold investment properties that are not held for core function delivery purposes, where such a property is held for commercial returns (both rental returns and capital gains). Any purchase of investment properties must be approved by Council Resolution.

Council reviews the performance of its property investments at least annually and ensures that the benefits of continued ownership are consistent with its stated objectives. Council's policy is to dispose of any property that does not achieve a commercial return having regard to any restrictions on title or other requirements or needs to achieve Council objectives. All income, including rentals and ground rent from property investments is included in the consolidated revenue account. All rented or leased properties will be at an acceptable commercial rate of return so as to minimise the rating input, except where Council has identified a level of subsidy that is appropriate.

Proceeds from the disposition of property investments are used firstly in the retirement of related debt and then are credited to the Capital Projects Fund.

Council's investment in properties, other than reserves and those required for own occupation/core service delivery and infrastructural services, will not exceed 50% of total fixed assets in the land and building category.

Any purchased properties must be supported by a current registered valuation, substantiated by management including a fully worked capital expenditure analysis.

## Financial investments

### Objectives

Council's primary objectives when investing is the protection of its investment capital. Accordingly, Council may only invest in approved creditworthy counterparties. For financial investments (excluding equity and property investments) Council should only hold investments with a underlying credit rating of AA- or above. Credit ratings are monitored and reported at least six-monthly.

Council's investment portfolio will be arranged to provide sufficient funds for planned expenditures and allow for the payment of obligations as they fall due. Council prudently manages liquid financial investments as follows:

- Any liquid investments must be restricted to a term that meets future cash flow and capital expenditure projections.
- Council may choose to hold specific reserves in cash and financial investments. Interest income relating to special reserves is allocated to those accounts annually based on the opening balance.
- Internal borrowing will be used wherever possible to minimise external borrowing.

### Trust funds

Where Council hold funds as a trustee, or manages funds for a Trust then such funds must be invested on the terms provided within the Trust Deed. If the Trust's Investment Policy is not specified then this Policy should apply.

### Investment management and reporting procedures

Council's policy for the management and reporting of investments includes:

- The legislative necessity to maintain efficient financial systems for the recording and reporting (inter alia) of:
  - All revenues and expenditures;
  - All assets and liabilities; and
- The treatment and application of special funds.
- Adherence to Council's financial processes and delegations to Council's staff to invest surplus short-term funds and negotiate reinvestments, subject to the provision of adequate cash resources to meet normal expected cash demands;
- Treasury reporting is completed on at least a six-monthly basis.

## Risk Recognition / Identification Management

The definition and recognition of liquidity, funding, investment, interest rate, counterparty credit, operational and legal risk of Council is detailed below and applies to both the Liability Management Policy and Investment Policy.

### Interest rate risk on external borrowing

#### Risk recognition

Interest rate risk is the risk that funding costs (due to adverse movements in market wholesale interest rates) will materially exceed or fall short of projections included in the LTP or Annual Plan so as to adversely impact revenue projections, cost control and capital investment decisions.

The primary objective of interest rate risk management is to reduce uncertainty relating to interest rate movements through fixing/hedging of interest costs. Certainty around interest costs is to be achieved through the management of underlying interest rate exposures.

#### Interest rate risk control limits

Exposure to interest rate risk is managed and mitigated through the risk control limits below. Council's forecast core external debt should be within the following fixed/floating interest rate risk control limit, and will apply when forecast 12 month core debt exceeds \$10 million.

Core external debt is defined as gross external debt. When approved forecasts are changed, the amount of fixed rate protection in place may have to be adjusted to ensure compliance with the Policy minimums and maximums.

Master Fixed / Floating Risk Control Limits	
Minimum Fixed Rate	Maximum Fixed Rate
50%	100%

"Fixed Rate" is defined as an interest rate repricing date beyond 12 months forward on a continuous rolling basis.

"Floating Rate" is defined as an interest rate repricing within 12 months.

The percentages are calculated on the rolling 12 month projected core debt level calculated by management.

The fixed rate amount at any point in time should be within the following maturity bands:

Fixed Rate Maturity Limit		
Period	Minimum Hedge %	Maximum Hedge %
1 to 4 years	15%	100%
4+ years	0%	60%

A fixed rate maturity position that is outside the above limits, however self corrects within 90-days is not in breach of this Policy. Maintaining a maturity profile beyond 90-days requires specific approval by Council.

- Any interest rate swaps with a maturity beyond 10 years must be approved by Council.
- Hedging outside the above risk parameters must be approved by Council.
- At all times these instruments must be used within the context of the prudent financial objectives of Council's treasury function.

## Approved financial instruments

Approved financial instruments (which do not include shares or equities) are as follows:

Category	Instrument
Cash management and borrowing	Bank overdraft Committed cash advance and bank/LGFA accepted bill facilities Loan stock /bond issuance <ul style="list-style-type: none"> <li>Floating Rate Note (FRN)</li> <li>Fixed Rate Note (Medium Term Note/Bond)</li> <li>Commercial paper (CP)/Promissory notes</li> </ul>
Financial investments – no more than 12-month term (except for LGFA borrower notes, investments linked to debt pre-funding and bank bonds)	Bank call/term deposits Bank registered certificates of deposit (RCDs) Secured/unsecured senior bank bonds for terms up to 5-years LGFA borrower notes
Interest rate risk management	Forward rate agreements (“FRAs”) on: <ul style="list-style-type: none"> <li>Bank bills</li> </ul> Interest rate swaps including: <ul style="list-style-type: none"> <li>Forward start swaps. Start date &lt;24 months, unless linked to existing maturing swaps</li> <li>Swap maturity extensions and shortenings</li> </ul> Interest rate options on: <ul style="list-style-type: none"> <li>Bank bills (purchased caps and one for one collars)</li> <li>Interest rate swaptions (purchased swaptions and one for one collars only)</li> </ul>
Foreign exchange management	<ul style="list-style-type: none"> <li>Spot foreign exchange</li> <li>Forward exchange contracts (including par forwards)</li> </ul>
Carbon price risk management	<ul style="list-style-type: none"> <li>New Zealand Units (NZUs) and Assigned Amount Units (NZAAUs)</li> <li>Emission Reduction Units (ERUs), Certified Emission Reduction Units (CERs), Removal Units (RMUs) – until such time as inadmissible on the NZ Emission Trading Scheme (ETS)</li> </ul>

Any other financial instrument must be specifically approved by the Council on a case-by-case basis and only be applied to the one singular transaction being approved.

## Liquidity risk/funding risk

### Risk recognition

Cash flow deficits in various future periods based on long term financial forecasts are reliant on the maturity structure of cash, short-term financial investments, loans and bank facilities. Liquidity risk management focuses on the ability to access committed funding at that future time to fund the gaps. Funding risk management centres on the ability to re-finance or raise new debt at a future time at acceptable pricing (fees and borrowing margins) and maturity terms of existing loans and facilities.

A key factor of funding risk management is to spread and control the risk to reduce the concentration of risk at one point in time so that the overall borrowing cost is not unnecessarily increased and desired maturity profile compromised due to changing market conditions.

### Liquidity/funding risk control limits

To ensure funds are available when needed Council ensures that:

- There is sufficient available operating cash flow, liquid investments (cash/cash equivalents) and unused committed bank facilities to meet cash flow requirements between rates instalments as determined by the Finance Team.
- For liquidity purposes Council maintains the following;

External term debt plus committed bank facilities, plus unencumbered cash/cash equivalents to existing external debt of at least 115%.

Unencumbered liquid financial investments (cash/cash equivalents) used for liquidity management purposes are to not have a maturity term greater than 30-days.

- Council has the ability to pre-fund up to 12 months forecast debt requirements including re-financings.
- The CE has the discretionary authority to re-finance existing external debt.
- Council will only borrow from strongly rated banks with a minimum long-term credit rating of at least “A+” (S&P, or equivalent Fitch or Moody’s rating).
- The maturity profile of the total committed funding in respect to all external term debt and committed bank facilities is to be controlled by the following system. No more than the greater of \$10m, or 35% of Councils total debt can mature in any 12 month rolling period.



A funding maturity profile that is outside the above limits, however self corrects within 90-days is not in breach of this Policy. Maintaining a maturity profile beyond 90-days requires specific approval by Council.

### Counterparty credit risk

Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where the Council is a party. The credit risk to Council in a default event will be weighted differently depending on the type of instrument entered into.

Credit risk will be regularly reviewed by the Finance and Services Committee at least six-monthly. Treasury related transactions would only be entered into with approved counterparties.

Counterparties and limits are only approved on the basis of the following Standard & Poor's (S&P, or equivalent Fitch or Moody's rating) long and short-term credit ratings matrix. Limits should be spread amongst a number of counterparties to avoid concentrations of credit exposure.

Counterparty /Issuer	Minimum S&P long term / short term credit rating	Investments maximum per counterparty	Risk management instruments maximum per counterparty (\$m)	Total maximum per counterparty
NZ Government	N/A	Unlimited	None	Unlimited
Local Government Funding Agency (LGFA)	AA-/AA-1	10.0	5.0	15.0
NZ Registered Bank	AA- /AA-1	10.0 (with the exception of Council's transactional bank which may exceed this for up to 5 working days)	5.0	15.0

Credit ratings should be reviewed by the Finance Team on an ongoing basis and in the event of material credit downgrades should be immediately reported to the CE and assessed against exposure limits. Counterparties exceeding limits should be reported to the Council.

### Risk management

To avoid undue concentration of exposures, financial instruments should be used with as wide a range of approved counterparties as possible. The approval process must take into account the liquidity of the market and prevailing market conditions the instrument is traded in and repriced from.

### Foreign currency

Council has minor foreign exchange exposure through the occasional purchase of foreign exchange denominated services, plant and equipment.

All individual commitments over NZ\$100,000 equivalent are hedged using approved foreign exchange instruments, once expenditure is approved, legal commitment occurs and the purchase order is placed, exact timing, currency type and amount are known. Only approved foreign exchange instruments are used.

Council shall not borrow or enter into incidental arrangements, within or outside New Zealand, in currency other than New Zealand currency. Council does not hold investments denominated in foreign currency.

### Emissions Trading Scheme (ETS)

The objective of the ETS carbon credit policy is to minimise the financial impact of carbon price movements on Council's forward carbon liability. The objective requires balancing Council's need for price stability with the benefit of realising market opportunities to reduce costs as they arise. ETS is risk managed on a case-by-case basis, with any strategy approved by the CE.

### Operational risk

Operational risk is the risk of loss as a result of human error (or fraud), system failures and inadequate procedures and controls. Detailed controls and procedures are agreed between the CE and CFO on an annual basis.

## Legal risk

Legal risks relate to the unenforceability of a transaction due to an organisation not having the legal capacity or power to enter into the transaction usually because of prohibitions contained in legislation.

Council will seek to minimise this risk by adopting Policy regarding:

- The use of standing dealing and settlement instructions (including bank accounts, authorised persons, standard deal confirmations, contacts for disputed transactions) to be sent to counterparties.
- The matching of third party confirmations and the immediate follow-up of anomalies.

The use of expert advice.

## Agreements

Financial instruments can only be entered into with banks that have in place an executed ISDA Master Agreement with Council. All ISDA Master Agreements for financial instruments and carbon units must be signed under seal by Council.

## Financial covenants and other obligations

Council must not enter into any transactions where it would cause a breach of financial covenants under existing contractual arrangements. Council must comply with all obligations and reporting requirements under existing bank funding facilities, LGFA, Trustee and legislative requirements.

## Measuring Treasury Performance

In order to determine the success of Council's treasury management function, the following benchmarks and performance measures have been prescribed.

Those performance measures that provide a direct measure of the performance of treasury staff are to be reported to the Finance and Services Committee on, at least, a six-monthly basis.

Management	Performance
Operational performance	<ul style="list-style-type: none"> <li>• All Policy limits must be complied with, including (but not limited to) counterparty credit limits, control limits and exposure limits.</li> <li>• All treasury deadlines are to be met, including reporting deadlines.</li> </ul>
Management of debt and interest rate risk (borrowing costs)	<ul style="list-style-type: none"> <li>• The actual borrowing cost (taking into consideration any costs/benefits of entering into interest rate management transactions) should be below the budgeted YTD/annual interest cost amount.</li> </ul>
Treasury investment returns	<ul style="list-style-type: none"> <li>• The actual investment income should be above the budgeted YTD/annual interest income amount.</li> </ul>

## Cash Management

The Finance Team has responsibility to manage the day-to-day cash and short-term cash management activities of Council. The Finance Team prepares rolling cash flow and debt forecasts to manage Council's cash management and borrowing requirements. The overdraft facility is utilised as little as practical with any operational surpluses prudently invested.

## Reporting

When budgeting interest costs and investment returns, the actual physical position of existing loans, investments, and interest rate instruments must be taken into account.

### Treasury reporting

Regular treasury reporting on at least a six monthly is provided to the Finance & Infrastructure Committee.

### Accounting treatment of financial instruments

Council uses financial arrangements (“derivatives”) for the primary purpose of reducing its financial risk to fluctuations in interest rates.

Under New Zealand Public Benefit Entity (PBE) International Public Sector Accounting Standards (IPSAS) changes in the fair value of derivatives go through the Statement of Comprehensive Revenue and Expense unless derivatives are designated in an effective hedge relationship.

Council’s principal objective is to manage Council’s interest rate risks within approved limits and chooses not to hedge account. Council accepts that the marked-to-market gains and losses on the revaluation of derivatives can create potential volatility in Council’s financial accounts.

The Finance Team is responsible for advising the CE of any changes to relevant New Zealand Public Sector PBE Standards which may result in a change to the accounting treatment of financial arrangements.

All derivative instruments must be revalued (marked-to-market) at least six-monthly for reporting purposes.

## Policy Review

The Policy is to be formally reviewed on a triennial basis in conjunction with the LTP.

The Chief Financial Officer has the responsibility to prepare the annual review report (following the preparation of annual financial statements) that is presented to the Chief Executive. The report will include:

- Recommendation as to changes, deletions and additions to the Policy.
- Overview of the treasury function in achieving the stated treasury objectives and performance benchmarks.
- Summary of breaches of Policy and one-off approvals outside Policy.

Council receives the report, approves Policy changes and/or rejects recommendations for Policy changes. The Policy review should be completed and presented to the Council, through the Finance and Services Committee within five months of the financial year-end.

# **Rates Remission, Postponement, Discounts, and Collection Policy**

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This policy contained in this Long Term Plan, was adopted on 18 June 2020, combining a number of separate policies into a single policy called the Rates Remission, Postponement, Discounts and Collections Policy.

The latest version of our Rates Remission, Postponement, Discounts, and Collection Policy can be found on our website.

## Community Contribution and Club Rebate Remission Policy

### Objective of the policy

To assist clubs who provide their own facilities and enable them to facilitate the ongoing provision of non-commercial community services and recreational opportunities to the District.

### Conditions and criteria

Council may remit 50% of the general rates where the application meets the following criteria:

1. Where land is owned by Council or owned and occupied by a society or association of persons, and the land is used exclusively or principally:
  - (a) As a showground or place of meeting which is incorporated under the Agricultural and Pastoral Societies Act 1908; or
  - (b) For games or sports, except galloping, harness or greyhound races; or
  - (c) For the purposes of non-commercial community services and recreational opportunities

The policy will not apply to organisations operated for private pecuniary profit, or which charge commercial tuition fees.

The policy will not apply to organisations that engage in the above mentioned sporting or community services, as a secondary purpose only.

The policy shall apply to such organisations as approved by the Group Manager – Customer and Community Partnerships and the Chief Executive, as meeting the relevant criteria.

The extent of any remission to any qualifying organisation shall be as determined by the Chief Financial Officer and the Chief Executive.

No remission will be granted in respect of those rates referred to in Section 16 of the Local Government (Rating) Act 2002 (e.g. targeted rates for water supply, sewage disposal or waste collection).

Organisations making an application should include the following documents in support of their application:

- Statement of objectives.
- Full financial accounts.
- Information on activities and programmes.
- Details of membership or clients.

The Community Contribution and Club Rebate Remission Policy will be reviewed every three years as part of the triennial Long Term Plan Process.

## Remission of Rates on Māori Freehold Land Policy

### The purpose of policy

The Central Hawke's Bay District Council recognises the complexities involved when dealing with Māori land, and has formulated a policy (the Māori Land Policy) to deal with some of these. When, in the judgement of Council, it would be unfair or unreasonable to collect rates at this time, land may be placed on this Māori Land Register, and retired from rating liability for a period.

In general, reasons for placement on the register would include some or all of the following:

- **Fragmented ownership** – ownerships vary in number and individual share proportions. Owners are scattered throughout the country and even worldwide. An attempt to contact a majority representation is often difficult.
- **Unsecured legal title** – there may be some land titles that have not been surveyed. They would not be able to be registered with the District Land Registrar. Owners seeking finance for development of their land are restricted, as mortgages cannot be registered against the title.
- **Isolation and marginal in quality** – the geographical isolation and economic climate of the district are clearly illustrated by the much needed development, as the lands are of marginal quality.
- **No management structures** – lands have no management or operating structures in place to administer matters.
- **Rating problems** – because of the above factors there is a history of rate arrears and/or a difficulty in establishing who is/should be responsible for the payment of rates.

Note: The register is not designed as a way for owners to elect not to use land and therefore not to pay rates.

### The register

Māori landowners can apply to have their lands entered on the register. By making an application, owners are asking Council for a discretionary remission of rates.

If accepted, the land will be 'retired' from rates for a term specified by Council, with a maximum term of three years. While lands are 'retired' or 'parked up', the onus is on the owners to ensure that no one breaches the conditions by using the land.

Lands on the register are inspected regularly to monitor for any breaches.

Each application is examined on its own merits. Intending applications should not be compared to others already on the register.

### The criteria

The criteria to determine eligibility for application to the Māori Land Register is as follows:

- It must be Māori land (as defined in Te Ture Whenua Act 1993 Part VI Section 129 or the Local Government (Rating) Act 2002, Part 1, Sub-paragraph 1, Section 5).
- It must have historical, ancestral or cultural significance.
- It must be unoccupied. The definition of occupation which comes direct from Part 4 Section 96 of the Local Government (Rating) Act

2002 says that 'occupation' is where a person/ persons does one or more of the following:

- Resides upon the land
- De-pastures or maintains any livestock whatsoever on the land
- Cultivates the land and plants any crop on the land
- Stores anything on the land
- Uses the land or any improvements in any way.

### General comment

For an application to be considered:

- Communication must be established between owners and the Council
- Rating problems must have been identified and amicable solutions worked towards
- Where the land has potential for land use, owners are provided with the time to re-assert responsibility and should be actively seeking prospective occupiers or usage. Land that is unrealistic for rating purposes can be identified, e.g. mudflats, heavily eroded cliff faces, severe bush and scrub.

## Remission of Additional Charges Policy

### Objective of the policy

The objective of the Remission of Additional Charges Policy is to enable Council to act fairly and reasonably in its consideration of rates, which Council have not received by the penalty date, due to circumstances outside the ratepayer's control.

### Conditions and criteria

Council grants to the Chief Financial Officer or their nominee delegated authority in the following circumstances to approve on receipt of an application, the remission of such additional charges which have been incurred by any ratepayer as a consequence of their payment being received after the due date:

1. Where the rate payment history of the property over the last 3 years (or back to purchase date where the property has been owned by the offending ratepayer less than 3 years) shows no previous evidence of late payment and the instalment was received by Council no later than 10 working days after the day of adding the instalment additional charge.
3. Where payment has been late due to significant family disruption i.e. in the case of death, illness, or accident of a family member, as at the due date.
4. Where the ratepayer can provide evidence that their payment has gone astray in the post or the late payment has otherwise resulted from matters outside their control.

5. Where a property changes hands (sale or lease) and the new owner/lessee is responsible for an instalment, when the original account was issued in the name of the previous owner/lessee.
6. Where a direct debit authority is commenced in time for the next instalment.
7. Where an error has been made on the part of Council staff, or arising through error in the general processing or levying, which has subsequently resulted in an additional charge being imposed.

Each application will be considered on its merits and remission will be granted where it is considered just and equitable to do so.

## Remission of Rates for QEII National Trust and Land

### Objective of the policy

To recognise and support the environmental value of such protected areas and to acknowledge the non-commercial use of such protected land. To preserve and promote natural resources and heritage by encouraging the protection of land for natural, historic or cultural conservation.

## Natural, Historic or Cultural Conservation Policy

### Conditions and criteria

1. The extent of the rates remission if approved is to be 100%.
2. Applications are to be received in writing requesting rates relief be given to areas protected by the registration of a QEII Open Space Covenant or a covenant that gives the same effect.
3. Pest eradication shall be primarily the responsibility of the owner.
4. No portion of the covenanted area is to be developed or utilised in any way for commercial activity. This includes generating income for maintenance of the covenanted area.
5. Authority to consider applications is delegated to the Chief Financial Officer with right of appeal to the Chief Executive and Council.

## Remission of Water Meter Rates Attributable to Water Leaks Policy

### Objective of the policy

To provide relief to people in situations where water usage is high due to a water leak.

### Conditions and criteria

Council may remit water meter rates where all of the following apply:

- A remission application has been received; and
  - Council is satisfied a leak on the property has caused excessive consumption and is recorded on the water meter; and
  - The leak has been repaired as soon as practical, and within one calendar month of being identified (unless evidence is provided that the services of an appropriate repairer could not be obtained within this period); and
  - Proof of the leak being repaired has been provided to Council promptly after repair of the leak.
  - The amount of the remission will be the difference between the average consumption of the property prior to the leak, as deemed reasonable by Council, and the consumption over and above that average.
  - Remission is limited to the period where the leak was identified and fixed and the last invoice.
- Remission for any particular property will generally be granted only once every year. Where a remission for a water leak has been granted to a property under this policy within the last year, the remission decision is to be made by the Chief Financial Officer.
  - Any remission over 4,000 cubic metres of water is to be referred to the relevant Council Committee for decision.



## School Sewerage Charges Remission Policy

### Objective of the policy

To ensure that schools are not disproportionately charged for sewerage services based on the number of connections. Charges will be based on the school's staff and student numbers.

### Conditions and criteria

The policy will apply to the following educational establishments:

- Established as a special school under Section 98(1) of the Education Act 1964; or
- A state school under Section 2 (1) of the Education Act 1989; or
- An integrated school under Section 2 (1) of the Private Schools Conditional Integrated Act 1975; or
- A special institution under Section 92 (1) of the Education Act 1989; or
- An early childhood centre under Section 308 (1) of the Education Act 1989, but excluding any early childhood centre operated for profit.

The policy does not apply to school houses occupied by a caretaker, principal or staff.

An amount levied using the same mechanism as are applying to other separately rateable rating units within the District and reduced in accordance with the following formula:

- (a) Divided by the number of toilets as determined in accordance with condition 3 below (the full charge); and reduced in accordance with the following graduated formula:
- i. The full charge for each of the first 4 toilets or part thereof;

- ii. 75% of the full charge for each of the next 6 toilets or part thereof;
- iii. 50% of the full charge for each toilet after the first 10.

(b) For the purpose of 1 (a) above the number of toilets for a rating unit used for the purposes of an educational establishment is 1 toilet for every 20 students and staff or part thereof, irrespective of the actual number of toilets contained in the qualifying part of the rating unit.

(c) The number of students in an educational establishment is the number of students on its roll on 1 March in the year immediately before the year to which the charge relates.

(d) The number of staff in an educational establishment is the number of teaching staff and administration staff employed by that educational establishment on 1 March immediately before the year to which the charge relates.

Calculation of Council's standard sewerage charge (based on the number of water closets/urinals).

Calculation of the number of full time equivalent on-site students and staff divided by 20 and multiplied by the applicable wastewater targeted rates.

The amount to be remitted is the difference between the amount calculated under 1 and the amount that would have applied, had the rating unit not been used by an educational institution.

That the Chief Financial Officer be delegated authority to approve remission of the sewage charges in excess of the charges payable according to the policy.

### Example

Green Intermediate School is situated in Moa District Council. Moa collects its rates by way of a pan charge of \$100 per pan. At 1 March 2011, Green Intermediate has 500 students, 30 staff and 28 toilet pans. How much will it pay in sewage disposal rates?

**Answer: Green School would be levied \$1,762.93.**

The total charge in this case would be  $\$100 \times 28$  pans = \$2800. Local Government New Zealand has a legal opinion which holds that the actual number of pans should be used for this part of the calculation.

The number of rateable pans is  $530/20 = 26.5$  pans which gets rounded to 27 pans for the purposes of reducing the rates.

Council calculates that the full charge on each toilet would be  $\$2800/27 = \$103.70$  per pan.

The total charge is then calculated with reference to the scale e.g. 4 pans at the full charge ( $\$103.70 \times 4 = \$414.80$ ).

6 pans at 75 percent of the full charge ( $\$77.78 \times 6 = \$466.68$ ).

17 pans at 50 percent of the full charge ( $\$51.85 \times 17 = \$881.45$ ).

Total =  $(414.8 + 466.68 + 881.45) = \$1762.93$

## Sundry Remission of Rates Policy

### Objective of the policy

To remit rates and charges that are the result of fundamental errors; or where the balance owing is considered uneconomic to recover; or where the amount levied is unable to be covered pursuant to sections 67/76 of the Local Government (Rating) Act 2002; or where Council or its delegated officer(s) consider the levy impractical to recover.

To facilitate the use of Māori Freehold Land (and therefore the collection of rates), by removing the burden on the potential lessee of existing arrears.

### Conditions and criteria

Council or its delegated officer(s) shall determine the extent of any remission based on the merits of each situation. Decisions on the extent of remissions shall be as determined by the Chief Financial Officer through the Chief Executive, as meeting the relevant criteria.

## Uniform Annual Charges on Contiguous Properties Remission Policy

### Objective of the policy

To enable Council to act fairly and reasonably and provide for the possibility of rates remission where two or more Uniform Annual General Charges (UAGC) are levied on rating units which are occupied, or used by the same ratepayer, being a lessee/owner using the rating units jointly as a single property.

### Conditions and criteria

Section 20 of the Local Government (Rating) Act 2002, stipulates that there shall be one property for the purposes of levying the UAGC, where two or more separately rateable properties are:

- (a) Owned by the same ratepayer (owner or person with right to occupy by virtue of lease for more than 10 years); and
- (b) Used jointly as a single unit (for the same purpose); and
- (c) Contiguous or separated only by road, railway, drain, water race, river or stream, they shall be deemed to be one property for the purposes of any Uniform Annual General Charges.

Council will allow, without further enquiry (except for clarification), applications made by ratepayers in the form of a statutory declaration to the effect that two or more separately rated properties are occupied by the same ratepayer and are used jointly for the same purpose and the Uniform Annual General Charge and any other relevant Separate Uniform Annual Charge levied on the second and subsequent assessments will be cancelled.

Council may remit the rates where the application meets the following criteria:

- The rating units must be contiguous and occupied by the same ratepayer who is the lessee/owner of each unit and who uses them jointly as a single property contiguous or separated only by road, railway, drain, water race, river or stream and used for the same purpose.

Where farming or horticultural operations conducted on separate blocks of land are so far apart as to indicate that there is no possible continuity between them, full charges may be levied on each. Factors such as stock rotation, stock driving, property size, and the number of properties affected will be taken into account.

Council may, on written application from a ratepayer of such rating units, reduce or cancel any separate Uniform Annual General Charge levied on the rating units if it considers it to be reasonable in the circumstances to do so.

Council grants to the Chief Financial Officer or their nominee delegated authority in the above circumstances to approve on receipt of an application, the cancellation of Uniform Annual General Charge and any other relevant Separate Uniform Annual Charge levied on the second and subsequent assessments.

## Rates Postponement for Financial Hardship Policy

### Purpose of this policy

To provide rating relief to property owners where the full payment of rates would otherwise cause extreme financial hardship.

You must first approach your bank or financial advisor for either a mortgage, reverse mortgage, or annuity. If your application was declined, please provide a copy of the letter that outlines the reasons why. Please complete the application (see appendix one) and attach any additional information, which may be relevant to your application.

### Important information

- Even if rates are postponed, as a rule, the ratepayer will be required to pay the first \$1,000 of the annual rates assessment by setting up regular Direct Debit payments.
- Council will add a Rates Postponement Fee to any outstanding amount of postponed rates for the period between the due date of the postponed rates and the date that they are paid.
- The Rates Postponement Fee is a financing cost that is charged on a compounding basis on all outstanding rates and postponement fees, and will equate to the ANZ Bank Floating Mortgage Rate prevailing at commencement and reviewed at the commencement of each financial year (1 July).
- Postponed rates will be postponed until a date specified by the Council or the death of the ratepayer, or the ratepayer ceases to be the owner of the property or ceases to use the property as their primary residence.
- The amount postponed plus the Rates Postponement Fee will be required to be repaid through a repayment plan to be agreed with Council by regular Direct Debit payments.
- The repayment plan repayments must commence within 2 years of the original due date of the rates being postponed, and must clear the postponed rates plus postponement fees owing within 5 years of the original due date.
- The postponed rates or any part of thereof, may be paid by lump sum at any time.
- Applicants must provide evidence of having received budget advice from an approved budget advisory service.

## Rates Postponement for Natural Calamities Policy

### Purpose of this policy

To provide rating relief to commercial property owners where the full payment of rates would otherwise cause extreme financial hardship due to a declared event.

Please complete the application (see appendix two) and attach any additional information, which may be relevant to your application.

### Important information

- Central Government has recognised the seriousness of the event and declared a regional drought, or the Civil Defence Emergency Management have declared a state of local or national emergency.
  - The ratepayer runs a business / farm from the property that the application is over and can demonstrate that they have been financially impacted due to the event, and now face financial hardship.
  - The ratepayer can demonstrate that they have sought relief from their bankers in the first instance.
  - Even if rates are postponed, as a rule, the ratepayer will be required to pay the first \$1,000 of the annual rates assessment by setting up regular Direct Debit payments.
- Council will add a Rates Postponement Fee to any outstanding amount of postponed rates for the period between the due date of the postponed rates and the date that they are paid.
  - The Rates Postponement Fee is a financing cost that is charged on a compounding basis on all outstanding rates and postponement fees and will equate to the ANZ Bank Floating Mortgage Rate prevailing at commencement and reviewed at the commencement of each financial year (1 July).
  - Postponed rates will be postponed until a date specified by the Council or the death of the ratepayer or the ratepayers ceases to be the owner of the property or ceases to use the property as their primary residence.
  - The amount postponed plus Rates Postponement Fee will be required to be repaid through a repayment plan to be agreed with Council by regular Direct Debit payments.
  - The repayment plan repayments must commence within 2 years of the original due date of the rates being postponed, and must clear the postponed rates plus rates postponement fees owing within 5 years of the original due date.
  - The postponed rates or any part of thereof, may be paid by lump sum at any time.

## Rates Postponement Policy (Economic Development)

### Objective of the policy

To assist ratepayers who undertake economic development that benefits the District as a whole.

### Conditions and criteria

1. The applicant must be the current rate payer of the rating unit.
2. The Chief Financial Officer must be satisfied that economic benefits will flow to the District from the development.
3. The ratepayer must make a written application to Council.
4. Applications for a rates holiday will be considered by the Chief Financial Officer.
5. Postponed rates will be postponed until a date specified by the Council or the death of the ratepayer or the ratepayers ceases to be the owner of the property or ceases to use the property as their primary residence.
6. Even if rates are postponed, as a rule, the ratepayer will be required to pay the first \$1,000 of the annual rates assessment.
7. The amount postponed plus Rates Postponement Fee will be required to be repaid through a repayment plan to be agreed with Council by regular Direct Debit payments.
8. The repayment plan repayments must commence within 2 years of the original due date of the rates being postponed, and must clear the postponed rates plus postponement fees owing within 5 years of the original due date.
9. The postponed rates or any part of thereof, may be paid by lump sum at any time.

## Rates Remission, Postponement, Discounts, and Collections Policy

### Introduction

Under Section 55 of the Local Government (Rating) Act 2002, a discount policy may be adopted for the payment of some or all rates that are identified in the rates assessment before the due date or dates for those rates in the current year.

This discount policy must be adopted using the special consultative process and may be included in the annual plan. The policy is based on existing practice. The discount policy assumes that there is only a single discount rate.

### Objective

To provide a consistent and fair basis for the application of discount for the early payment of rates in the current financial year.

#### Conditions and criteria

Ratepayers will qualify for the discount if all due rates are paid in full, together with any outstanding prior years' rates and penalties, on the due date for payment of the first instalment in the current year (in accordance with Section 55 of the Local Government (Rating) Act 2002).

The amount of the discount will be 2% of the annual rates.

The discount rate may be reviewed annually as required, taking into consideration current borrowing interest rates and will be calculated to be fiscally neutral.

### Payment plans

1. Those ratepayers who agree to pay all current rates plus arrears by the end of the subsequent rating year will have all additional charges struck within that period, waived by Council.
2. All rates receipts will be credited against each ratepayers account in the following order:
  - i. Court Costs
  - ii. Additional charges
  - iii. Previous rate arrears – oldest first
  - iv. Current rate arrears
  - iv. Current instalment
3. A discount set at the June Council meeting each year be allowed where all rates are paid in full before the penalty date for the first instalment.

## Outstanding Accounts Policy

### Objective

1. To collect all rates, penalties on rates, outstanding rates and fees in a timely and efficient manner.
2. That the Chief Financial Officer be delegated full powers of the Local Government (Rating) Act 2002 to collect outstanding rates of Central Hawke's Bay District Council.
2. That the Chief Financial Officer be authorised to enter into arrangements with Rate Debtors and providing such arrangements are satisfactorily maintained, no legal action be initiated.
4. That in all cases where legal action brings Council to the point of Rating Sales all such instances shall be referred to Council for authorisation.



# Significance and Engagement Policy

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Adopted: August 2020



## Introduction

Central Hawke's Bay District Council (the Council) is responsible for making decisions on behalf of its communities. The Council considers community views and preferences when making decisions and has flexibility about how to engage with its communities. Council gathers information about the views and preferences from our community in many ways and uses this information to inform its decisions.

The Council aspires to actively engage with and work collaboratively with its communities within the decision making roles. Engaging early and well, enables better decisions by ensuring that final decisions take into account or have regard to the views of the community and those affected by the decision. At times (and subject to unique circumstances), engagement activities may need to go beyond the Council's standard approach.

Vision Councils Vision is for "Central Hawke's Bay to be a proud and prosperous district made up of strong, connected people who respect and protect our environment and celebrate our beautiful part of New Zealand". Values Council intends to deliver on its aspirational vision by adhering to a set of values produced through a consultative piece of work with the community know as Project THRIVE.

### The values are:

Trust – we create trust by acting with integrity

- Honesty – we do what is right even when no one is looking
- Respect – we have respect for each other, our community and our stakeholders
- Innovation – we find smarter ways to do things to produce improved and sustainable results
- Valuing People – we are one team, supporting each other to succeed
- Excellence – we deliver exceptional results

### The purpose of this policy is to:

- Enable Council to identify when it would be appropriate to engage with the community
- Provide clarity to the community on how it might be engaged in various types of decisions.
- Inform Council from the start of a project the extent of any engagement that might be required before they make any decisions.

The extent of significance and engagement is determined on a case-by-case basis. This policy is required under the Local Government Act 2002 (the Act). It includes:

- The general approach to determining the degree of significance of proposals and decisions (section 3) and the level of engagement required (section 4);
- The criteria used to determine the extent to which proposals and decisions are of significance (section 3);
- Information on when, how and to what extent communities can expect to be engaged in decision-making processes and other matters; (section 5);

- The process for any consultations carried out under a Special Consultative procedure (section 6); and
- Information on strategic assets and a list of strategic assets owned by Council (section 7).

The Council will review the Significance and Engagement Policy every three years or as required. This will be amended and confirmed through public consultation if necessary, separately or as part of the Long-term Plan.

### How it works in practice

Council officers must answer some key questions when considering how consultation works in practice. Some decisions may require the use of the Special Consultative Procedure under the Local Government Act 2002. See section 6 of this policy about the requirements for these decisions.

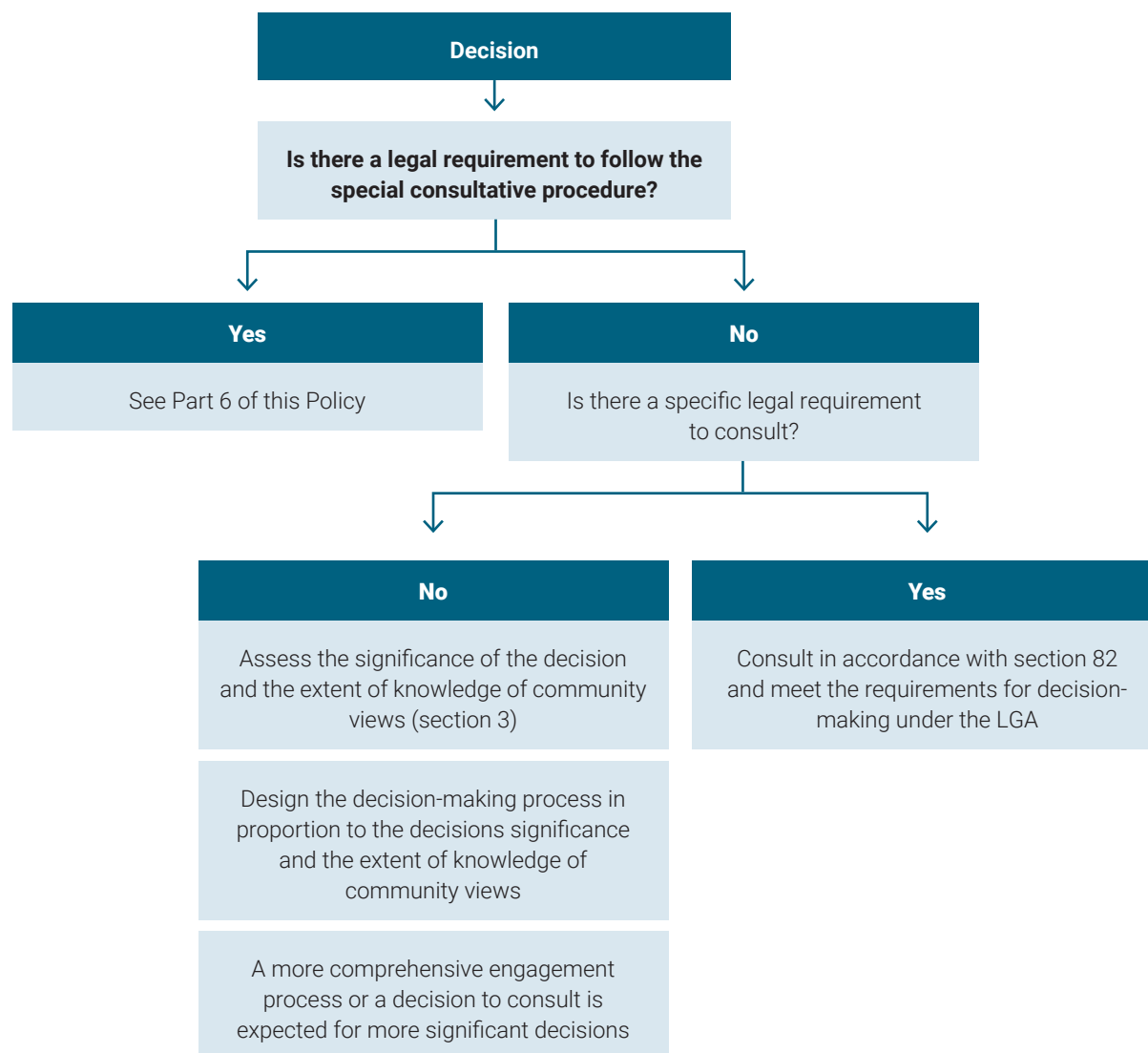
For all other decisions, Council will first ensure as part of the project planning process that it clearly identifies the objective, options for achieving the objective, and their advantages and disadvantages.

At this point, it is then appropriate to design the decision-making and engagement process taking into account:

- The level of significance (see section 3)
- Link the level of significance to the level of engagement (section 4)
- Consider appropriate methods of engagement (section 5).

If Council has decided to consult, or is otherwise legally required to, ensure that consultation complies with consultation principles (see section 6).

This process is outlined in the flowchart below:



### A note on consultation versus engagement

Consultation involves obtaining public feedback on proposals; it is one form of engagement. The Council regularly consults communities through processes such as the long-term plan which determine Council's strategic direction as well as how it sets budgets and prioritises projects. The Council will consult the community on significant decisions. For most Council decisions, there is no express requirement to consult the public, but we will consider people's views and preferences.

Engagement is a broader and ongoing process of sharing information with the community and seeking its feedback, with the purpose of involving the community in the process of decision making. This process may include a more formal consultation process to meet legal requirements.

There is a general expectation of officers that for more significant decisions they will create a communication and engagement plan as part of their project plan.

### Monitoring implementation

All reports by officers to Council seeking a decision will include a statement addressing the issue of significance. The report is to include a statement about how the relevant sections of the Local Government Act 2002 and the Significance and Engagement policy will be observed.

## Determining Significance

The Council must determine the level of significance of a decision based on criteria identifying the level of significance and the likely impact of the decision on the current and future wellbeing of the District. It must also take into account any persons likely to be particularly affected by or interested in the decision and the capacity of the Council to perform its role, as well as the financial and other costs of doing so.

### The criteria for assessing the degree of significance

The Council's criteria for assessing the degree of significance of a decision are below. All of the following criteria will be considered when determining the level (low to high) of significance of an issue, proposal or decision. The greater the cumulative impact of the decision as assessed by these criteria, the more significant the issue, proposal or decision will be.

- Number of people affected and/or with an interest;
- Level of impact on those people affected;
- Level of community interest
- Level of impact on Māori, Māori culture and traditions – Significant decisions in relation to land or a body of water must take into account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, waahi tapu, valued flora and fauna, and other taonga.
- Possible environmental, social and cultural impacts;
- Possible costs/risks to the Council, ratepayers and wider community of carrying out the decision;
- Possible benefits/opportunities to the Council, ratepayers and wider community of carrying out the decision;
- Level of impact on the capacity and capability of the Council
- Whether the impact of a decision can be easily reversed;
- Whether the ownership or function of a strategic asset(s) is affected.
- When a decision is indicated as “high” on five or more criteria it is likely to be highly significant.

## The Level of Engagement

The significance of the issue, proposal or decision will influence the effort the Council will invest in obtaining the views of affected and interested parties. It is important that the Council design the engagement process in proportion to the decisions significance and the extent of knowledge of community views.

The assessment of the significance of proposals and decisions, and the level of community engagement, will be considered in the early stages of a proposal before decision making occurs and, if necessary, reconsidered as a proposal develops. The aim is to engage early so that the decision-making process is well informed by those impacted by any decision.

The methods of engagement adopted by the Council before it makes a decision will depend on if:

1. the matter is of low or no significance (e.g. technical and/or minor amendments to a Council policy) and there may be a very small group of people affected by or with an interest in the decision;
2. the matter is significant only to a relatively small group of people or is of low impact to many. In this case, they will be informed about the matter in a meaningful way and/or consulted so that any concerns, views or alternatives can be considered as part of the decision-making process.
3. the matter is significant not only to a small group of people particularly affected but also to a wider community that may have an interest in the decision to be made. In this case, a range of methods could be used. Most likely, a mixed method that allows for consultation and direct

involvement with the public to get their input and feedback.

4. for more significant matters, the Council may utilise a suite of engagement methods to ensure that the community is given as much opportunity to participate and influence the decision-making process. This could include partnering with the community to identify options.

### When might the Council not carry out engagement?

There may be occasions when the Council may not follow this policy, for example where failure to make a decision urgently would result in unreasonable or significant damage to property, risk to people's health and safety, or the loss of a substantial opportunity to achieve the Council's strategic objectives. The Local Government Act 2002 sets out a process for the Council to follow if the Council has a good reason to make a decision outside of this policy.

## Our Approach to Engagement

The Council actively seeks to improve opportunities for engagement and ensure that final decisions take into account or have regard to the views of the community and those affected by the decision. The Council will monitor and report on how public input has influenced decisions. The Council works with communities on a number of levels including as customers, stakeholders, citizens, ratepayers, subject matter experts and partners. It views engagement as a genuine dialogue with its diverse communities to help Council make better decisions. Council has working relationships with groups including:

- mana whenua, iwi and Māori organisations
- community and business organisations
- government and education sectors
- residents and ratepayers.

The Mayor and Councillors have a responsibility to ensure there is effective community engagement.

As well as consulting on certain decisions we will seek to establish ongoing relationships with our communities to provide opportunities for matters to be raised which are not currently under consultation. We may do this in a variety of ways such as having a presence in public spaces, through our digital channels, front line staff, print media, workshops and community events.

### Engagement with Māori

The Council acknowledges the unique status of Māori and the wider Māori community and is committed to ensuring that it provides opportunities for Māori to contribute to in the decision-making process. The Council is committed to providing relevant information to inform Māori contribution and improve Māori access to the Council's engagement and decision-making processes, as set out in section 81 of the Act.

The Council will work with mana whenua iwi to ensure their contributions are represented and their status is publicly recognised. Council recognises that early engagement with iwi is often the most effective - in particular for those decisions which have greater significance.

The Council affirms its obligations to involving Māori in decision-making processes as set down in the Act, which includes recognition of the Treaty of Waitangi.

### Principles of consultation

When carrying out consultation, Council will follow these principles of consultation (from section 82 of the Act):

1. identify people who will or may be affected by, or have an interest in, the decision;
2. provide them with reasonable access to relevant information in an appropriate format on the process and scope of the decision;
3. encourage people to give their views;
4. give people a reasonable opportunity to present their views in an appropriate way;
5. listen to, and consider those views, with an open mind; and
6. after the decision, provide access to the decision and any other relevant material.

Where the Act requires Council to consult on a particular draft policy or decision, Council will prepare and make available:

1. a description of what it intends to do, and why;
2. an analysis of the practical options (with advantages and disadvantages); and
3. a draft of the policy or relevant document (or details of the changes to any policy or document).

## Special Consultative Procedure (SCP)

The special consultative procedure requires the Council to prepare a statement of proposal and make this publicly available (and make the summary or a full proposal widely available). It must allow feedback of at least 1 month. Council must ensure people are given an opportunity to present their views to Council through spoken interaction (or using sign language).

The Council must use the special consultative procedure for some plans and processes including:

1. adopting or amending a Long Term Plan;
2. adopting, amending, or revoking bylaws of significant interest to or impact on the public (for all other bylaw matters Council will consult following the principles in section 82 of the LGA);
3. adopting, amending or revoking a Local Alcohol Policy; and
4. setting rates.

Unless already explicitly provided for in the Long-term Plan, we will seek to amend the Long-term Plan using a special consultative procedure, when proposing to alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of Council, including commencing or ceasing such an activity; and when transferring the ownership or control of strategic assets, as outlined in section 7.

In these circumstances the Council will develop information that meets the requirements of section 82A of the Act, making this available to the public, allowing submissions for a period of at least 1 month, and will consider all submissions prior to making decisions.

## Strategic assets

An important objective of the Council is to achieve or promote outcomes that it believes are important to the current or future well-being of the community. Achieving these outcomes may require the provision of roads, water, wastewater and stormwater collection as well as libraries, reserves and other recreational facilities and community amenities.

Council-owned assets that provide these services are considered to be of strategic value and the Council has determined they need to be retained if its objective is to be met. These assets must be listed in the Council's Significance and Engagement policy. The Act requires that any decision that significantly alters the level of service provided by the Council of a significant activity (including a decision to commence or cease such an activity) or transfers ownership or control of a strategic asset to or from the Council must be explicitly provided for in the Long-term Plan and can only be consulted on in the Long-term Plan, in accordance with section 93E of the Act.

Legal framework Strategic assets are defined in section 5 of the Act as: "...an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community; and includes:

1. any asset or group of assets listed in accordance with section 76AA(3) by the local authority; and
2. any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy; and
3. any equity securities held by the local authority in:
4. a port company within the meaning of the Port Companies Act 1988;
5. an airport company within the meaning of the Airport Authorities Act 1966."

Section 76AA (3) of the Act requires that the Council "must list the assets considered by the local authority to be strategic assets." These assets are determined to be important to achieving the Council's community outcomes. In addition, assets or groups of assets are listed as strategic if the Council ownership or control is essential to the long-term provision of the associated service.

## Group or Whole-of-Asset Approach

The Council takes a group or whole-of-asset approach i.e. it means the group assets as a whole and not each individual asset within the group. Without limiting the application of this provision to other assets, the following examples of the application of this policy to group assets are given:

- "Water supply network assets" means those group assets as a whole and not each individual pipeline, reservoir, and pump station. The Council does not consider that the addition or deletion of parts of that group asset (being a part of the group asset as a whole) will affect the overall group asset's strategic nature.
- "Roading assets" and "reserve assets" mean those group assets as a whole. Therefore, if the Council acquires land for a new road (or the formed road itself) or new reserve lands as a result of subdivision, those additions are part of the day-to-day business of managing the roading and reserves assets.
- Decisions that involve the transfer of ownership or control of an element of a group strategic asset where the remaining assets of the group still enable the Council to meet its strategic outcome will not on their own be regarded as a strategic asset. Examples include:
  - disposal of former roads, provided that the Council has followed the road stopping processes under the Public Works Act 1981
  - disposal of individual reserves, provided that the Council has followed the procedures in the Reserves Act 1977 or the Local Government Act 2002 for areas managed as reserve but not covered by the Reserves Act.

## **Schedule of Strategic Assets**

### **Assets the Council owns that are strategic assets under section 5 of the Local Government Act 2002:**

- the public rental housing held by the Council to maintain affordable housing

### **Assets the Council has determined to be strategic assets:**

- Infrastructural assets relating to roads, water, stormwater, and wastewater
- The network of parks, sports grounds and other recreational facilities
- The districts aquatic facilities, including the Waipawa Memorial Pool
- Solid waste facilities, including transfer stations and the Farm Road Landfill
- CHB District Libraries, as a whole
- Cemeteries
- Cultural facilities including the Waipukurau Memorial Hall and Waipawa Municipal Theatre.
- Retirement Housing





# Significant Forecasting Assumptions

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One of several key components of the Long Term Plan is the disclosure of significant forecasting assumptions and risks underlying the preparation of the Long Term Plan.

Schedule 10 of the Local Government Act 2002, requires the contents of a LTP, where there is a high degree of uncertainty to identify the uncertainty and estimate the potential effects of that uncertainty on the financial estimates.

The forecasting assumptions include such matters as:

- Useful life of significant assets
- Sources of funds for the future replacement of these significant assets
- Growth (population vs. household) and demand
- Inflation

Forecasting Assumptions do not include statements of fact that fall within the decision making discretion of the Council, nor do they include reasonably unlikely events or probabilities about which an assumption needs to be made. Such matters are included in the Activity Statements or description of activity groups in this document.

Forecasting Assumption	Risk	Likelihood of Occurrence	Financial Impact	Risk Mitigation Factors
<p><b>Strategic Direction and community demand for levels of services</b></p> <p>The assumption for the LTP is that Council has a clear strategic direction for the future of the District and for Council services and that resources are applied to progress that direction.</p> <p>The Council's budgets and work programme are based on the strategic direction as set out in the introductory chapters to this LTP, developed through Project Thrive. The priorities respond to a number of opportunities and challenges facing the future of our District.</p> <p>The Strategic direction is informed by the community through information from the Council's annual residents surveys, engagement on Project Thrive, ongoing engagement with key stakeholders, whānau and community focus groups and from direct consultation on the LTP key issues.</p>	<p>Substantial changes in the strategic direction and level of service as a result of changing community and political priorities, or other contextual drivers, could result in increased cost and/or opportunity costs.</p>	<p>Moderate</p>	<p>Moderate</p>	<p>The strategic direction and services of Council are regularly monitored to ensure a clear, appropriate and realistic direction for the District. Any changes to the Council's strategic direction would be considered within the parameters of the Financial Strategy and if needed reassessed through an Annual Plan process.</p>
<p><b>Structure of Central Hawke's Bay District Council services</b></p> <p>The LTP is based on the assumption of activities being delivered under the current structure.</p> <p>Central Government has established a review entitled the "Future Local Government" which will consider things such as the roles, functions, partnerships, representation and governance, and funding and financing of Local Government.</p> <p>The Government is seeking the following key outcomes</p> <ul style="list-style-type: none"> <li>- a resilient and sustainable local government system that is fit for purpose and has the flexibility and incentives to adapt to the future needs of local communities</li> <li>- public trust/confidence in local authorities and the local regulatory system that leads to strong leadership</li> <li>- effective partnerships between mana whenua, and central and local government in order to better provide for the social, environmental, cultural, and economic well-being of communities</li> <li>- a local government system that actively embodies the Treaty partnership, through the role and representation of iwi/Māori in local government, and seeks to uphold Te Tiriti o Waitangi and its principles through its functions and processes.</li> </ul>	<p>Major changes to the structure of service delivery could be costly and significantly disruptive to the delivery of services during a transition phase.</p>	<p>High</p>	<p>High</p>	<p>Any changes to the structure of local government services will be developed with a long lead in time and with consultation with Council and affected communities. This would allow our communities and the Council to influence the process and outcome and to plan for the financial implications accordingly.</p> <p>Further, the change of any core activities would have a significant impact on the operation of Council. Any changes by Central Government that changes Services delivered or Levels of Service would likely require an amendment to the LTP.</p>

<p>The expected milestones for this process are: September 2021 Interim Report signalling the direction, September 2022 Draft Report and recommendations, Final report April 2023.</p> <p>With 2023 being election year, any changes are not expected to be enacted until July 2025 and these changes, once known, will be factored into the next Long Term Plan (2024-2034).</p> <p>Central Government is also currently considering the future ownership and operational structures for the countries water services networks.</p> <p>Central Hawke’s Bay District Council is already participating in a regional project considering the future of the operation and delivery of its three waters portfolio. Council have also agreed to work collaboratively with Central Government on Three Waters opportunities, resulting in it receiving \$11 million of grant funding for its three water services, through the signing of an Memorandum of Understanding (MOU). The Government is not expected to make a decision on the three waters reforms until around May 2021. This means that Council will not have access to a reform proposal in sufficient detail to meaningfully engage with our community as part of this Long Term Plan. Council is not expected to be required to confirm its long term participation in the reform until late 2021. Even if the reform proceeded, any transfer of responsibilities, asset or liabilities is likely to occur from 2023/24.</p> <p>More information on the reform can be found <a href="#">here</a>.</p> <p>For now, the status quo model for three waters has been assumed in this LTP.</p>				
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Forecasting Assumption	Risk	Likelihood of Occurrence	Financial Impact	Risk Mitigation Factors
<p><b>Effects of COVID-19 and Global Pandemic</b></p> <p>Guidance from the Office of the Auditor General (December 2020) encourages Councils to be as specific as it can be in its forecasting assumptions relating to Covid-19. This includes running multiple scenarios if required. Through COVID-19, the effects for Central Hawke's Bay have been minimal in comparison to other Councils, with prolonged drought being experienced simultaneously having a greater impact on Council than COVID financially, despite the unprecedented global event. The total cost to Council over this period was less than \$200,000 including lost revenue. To this end, we are proposing that there are no significant impacts to income or rates affordability and have considered the impact of COVID-19 in our other key assumptions.</p> <p>The effects of COVID-19 has created global, national and local conditions, unprecedented in a modern economy. This has seen significant depressions in national Gross Domestic Profit and significant government fiscal intervention in business and community.</p> <p>The immediate future of COVID-19 is unclear, with the risk of national community transmission a realistic threat that Central Government continues to actively manage. To this end and the dynamic and rapidly evolving nature of COVID-19, we have not made any assumptions for a further lockdown and have assumed that the restrictions on the borders will not have a material impact (other than minor supply chain issues), and the projected increase in net population from returnees assumed in our population growth assumptions.</p> <p>Nationally, Covid-19 will cast a shadow over the economy for years after the virus has passed. Scarring from the Covid-19 recession will permanently damage New Zealand's long-run productivity, meaning GDP and wellbeing may never fully return to their pre-Covid-19 trends. Despite this, internal and national spending are at higher than normal (pre-Covid) levels.</p> <p>Central Hawke's Bay District was particularly hard hit during 2006-2008 by a widespread drought and weak agricultural exports. But when New Zealand was struggling with the Global Financial Crisis, agriculture-heavy Central Hawke's Bay was in the initial stages of a recovery. However economic growth in Central Hawke's Bay District has fluctuated since. To date, Central Hawke's Bay has experienced similar economic resilience similar to these events due to the largely agricultural economy base, despite COVID-19 and its effects being an unprecedented global health and economic event.</p>	<p>The most significant risk is the loss of rating revenue – Councils main source of revenue due to unaffordability or hardship creating by the re-emergence of community transmission of COVID-19 and a sustained or long term period of lockdown as a result of community transmission..</p> <p>A further risk is potential population growth could be higher than projected, as residents in larger centres and overseas residents continue to return home.</p>	Moderate	High	<p>Council continues to actively participate in, monitor and prepare for any resurgence planning.</p> <p>It is noted that in these unprecedented times, ongoing management and monitoring of the effects of COVID-19 should be undertaken. Council already has key interventions, including quarterly financial reporting and ways to measure any tangible impact from any re-emergence of or ongoing effect of COVID-19.</p>

### Population Projections

The following Population and Growth projections have been taken from the Central Hawke’s Bay Demographic and Economic Growth Projections 2020 – 2051 undertaken by Squillions as part of the Integrated Spatial Plan process. In June 2020 Council adopted the high scenario for growth for Central Hawke’s Bay. These assumptions took into account the effects of COVID-19 and in particular, how the COVID-19 is assumed to impact our growth forecasts with changes to returnees from overseas and changes in key behaviours – such as working from home. You can view the full Demographic and Economic Growth Projections report [here](#).

Forecasting Assumption	Risk	Likelihood of Occurrence	Financial Impact	Risk Mitigation Factors																																				
<p><b>Population Growth</b></p> <p>Population growth has been calculated using the high growth assumption rate over the next 10 years to 2031. This population projection is drawn from the Central Hawke’s Bay Demographic and Economic Growth Projections 2020 – 2051 undertaken by Squillions as part of the Integrated Spatial Plan process. This assumes a growth rate of 2.0% per annum which is comparable to the average growth in the district between the 2013 and 2018 census which was 2.1% p.a. Central Hawke’s Bay has a current population of 15,190 in 2020.</p> <table border="1"> <thead> <tr> <th>2021</th> <th>2031</th> <th>Growth Rate</th> </tr> </thead> <tbody> <tr> <td>15,520</td> <td>18,770</td> <td>2.0% p.a.</td> </tr> </tbody> </table> <p>Most of the growth is expected to occur in the three main towns, Waipukurau, Waipawa and Ōtāne.</p> <p><b>An aging population</b></p> <p>The growth assumptions identify that the proportion of the districts over 65 resident population will rise from 20% in 2019 to 25% in 2031. This is a trend that will continue past 2031 into subsequent years.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Total Population</th> <th>% aged 65 and over</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>15,190</td> <td>20%</td> </tr> <tr> <td>2025</td> <td>16,880</td> <td>23%</td> </tr> <tr> <td>2030</td> <td>18,470</td> <td>25%</td> </tr> <tr> <td>2051</td> <td>23,980</td> <td>29%</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Age</th> <th>2021</th> <th>2031</th> </tr> </thead> <tbody> <tr> <td>0 – 14</td> <td>3243</td> <td>3780</td> </tr> <tr> <td>15 – 39</td> <td>3789</td> <td>4412</td> </tr> <tr> <td>40 – 64</td> <td>5214</td> <td>5788</td> </tr> <tr> <td>65 and over</td> <td>3274</td> <td>4789</td> </tr> </tbody> </table>	2021	2031	Growth Rate	15,520	18,770	2.0% p.a.	Year	Total Population	% aged 65 and over	2020	15,190	20%	2025	16,880	23%	2030	18,470	25%	2051	23,980	29%	Age	2021	2031	0 – 14	3243	3780	15 – 39	3789	4412	40 – 64	5214	5788	65 and over	3274	4789	<p>That population growth is higher than expected.</p> <p>That population growth is lower than expected.</p> <p>An increasingly older population increases the number of residents on fixed incomes and therefore the ability to pay more for services. It will also influence the nature of services and design of infrastructure.</p>	<p>Moderate</p> <p>Moderate</p> <p>High</p>	<p>Moderate</p> <p>Moderate</p> <p>Moderate</p>	<p>Increase in population will exacerbate the strain on council services, facilities and infrastructure.</p> <p>Will impact on rate revenue calculated from growth assumptions and therefore ability to maintain infrastructure and services from current rating base.</p> <p>Population projections were finalised after the onset of COVID-19 but there are a large number of variables that remain uncertain nationally and internationally that could impact the projections.</p> <p>An ageing population will need different levels of service to support accessibility and affordability.</p>
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<p><b>Housing Growth</b></p> <p>With increasing population comes the demand for increased housing to support growth. To calculate projected households we consider population projections as well as household size in terms of number people residing in each home. Population growth is expected to increase by 2.0% p.a over the next 10 years and household sizes are expected to increase mid-way through the next 10 years before returning to the same average size as now.</p> <p>Total new households per year.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Total Households</th> <th>Average household size</th> <th>Average no households per year</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>5,650</td> <td>2.7 people</td> <td></td> </tr> <tr> <td>2025</td> <td>6,130</td> <td>2.8 people</td> <td>96</td> </tr> <tr> <td>2030</td> <td>6,720</td> <td>2.7 people</td> <td>118</td> </tr> </tbody> </table>				Year	Total Households	Average household size	Average no households per year	2020	5,650	2.7 people		2025	6,130	2.8 people	96	2030	6,720	2.7 people	118	<p>Household growth is lower than the levels expected.</p> <p>Household levels increase above the expected levels.</p>	<p>Moderate</p> <p>Moderate</p>	<p>High</p> <p>Moderate</p>	<p>Council have adopted the high growth scenario from the growth projection work based on the level of activity over the past 12 months and the trend over the past 5- 7 year.</p> <p>If this is not achieved, it could result in a lower number of ratepayers to contribute to funding Council's activities and impact on ratepayer affordability.</p>								
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<p><b>Inflation forecasts</b></p> <p>The assumption for the LTP is that local government cost inflation will be in keeping with BERL forecasts.</p> <p>The BERL local government cost index reflects the selection and relative importance of the goods and services which represent broadly the expenditure pattern of Local Authorities in New Zealand. This basket thus includes more directly relevant items including capital expenditure on pipelines, and earthmoving and site works, and operating expenditure such as local government sector salary and wage rates. Forecasts have been provided across specific activity groups; for capital expenditure versus operating expenditure and broadly overall (as set out below) in the form of the LGCI.</p> <table border="1"> <thead> <tr> <th colspan="4">Annual Inflation forecast 2021 – 2031 (total LGCI)</th> </tr> </thead> <tbody> <tr> <td>2021/22</td> <td>3.1%</td> <td>2026/27</td> <td>2.7%</td> </tr> <tr> <td>2022/23</td> <td>2.9%</td> <td>2027/28</td> <td>2.8%</td> </tr> <tr> <td>2023/24</td> <td>2.9%</td> <td>2028/29</td> <td>2.8%</td> </tr> <tr> <td>2024/25</td> <td>2.9%</td> <td>2029/30</td> <td>2.8%</td> </tr> <tr> <td>2025/26</td> <td>2.9%</td> <td>2030/31</td> <td>2.7%</td> </tr> </tbody> </table>				Annual Inflation forecast 2021 – 2031 (total LGCI)				2021/22	3.1%	2026/27	2.7%	2022/23	2.9%	2027/28	2.8%	2023/24	2.9%	2028/29	2.8%	2024/25	2.9%	2029/30	2.8%	2025/26	2.9%	2030/31	2.7%	<p>The risk is that inflation is higher than forecast. This could impact the cost and affordability of Council services.</p>	<p>Moderate</p>	<p>Moderate</p>	<p>BERL price change estimates are an industry recognised measure.</p>
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<p><b>Insurance Forecast</b></p> <p>Insurance premiums change over time and in particular in relation to natural events resulting in major insurance payouts. Insurance costs are based on the cost of renewal in the 2020 year and will be inflated in accordance with the inflation forecast by BERL.</p>	<p>The risk is that inflation is higher than forecast. This could impact the cost and affordability of Council services.</p>	Moderate	Moderate	<p>BERL price change estimates are an industry recognised measure. As these are updated annually, Council will review its financial strategy accordingly noting in particular the impact of any upward movement on affordability.</p>																								
<p><b>Interest Rates Forecast</b></p> <p>The assumption for the LTP is that Council will be able to negotiate favourable borrowing terms, and interest rates for borrowing will be in keeping with forecast expectations.</p> <p>Council is forecasting for the ten year period of this LTP that the interest rate for the new borrowing will be below or equal to 2.5%.</p> <p>Council's current cost of capital (existing loans) is 2.3%</p> <table border="1"> <thead> <tr> <th colspan="4">Interest Rates Forecast 2021 – 2031</th> </tr> </thead> <tbody> <tr> <td>2021/22</td> <td>2.5%</td> <td>2026/27</td> <td>2.5%</td> </tr> <tr> <td>2022/23</td> <td>2.5%</td> <td>2027/28</td> <td>2.5%</td> </tr> <tr> <td>2023/24</td> <td>2.5%</td> <td>2028/29</td> <td>2.5%</td> </tr> <tr> <td>2024/25</td> <td>2.5%</td> <td>2029/30</td> <td>2.5%</td> </tr> <tr> <td>2025/26</td> <td>2.5%</td> <td>2030/31</td> <td>2.5%</td> </tr> </tbody> </table>	Interest Rates Forecast 2021 – 2031				2021/22	2.5%	2026/27	2.5%	2022/23	2.5%	2027/28	2.5%	2023/24	2.5%	2028/29	2.5%	2024/25	2.5%	2029/30	2.5%	2025/26	2.5%	2030/31	2.5%	<p>The risk is that we will not be able to access loan funding, or interest rates are higher than forecast. The Council will have a greater level of exposure to this risk with increases in Council's debt levels and cap likely to be required for water related services.</p>	Moderate	High	<p>The Council has a Financial Strategy and Liability Management Policy which sets parameters for Council debt and contains strategies to protect ratepayers against significant fluctuations.</p>
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<p><b>Borrowing Status with LGFA</b></p> <p>Currently the Local Government Funding Agency will lend Council up to 175% of its operating revenue as a non-credit rated Council.</p> <p>By Year 4 (2024/2026) of the Long Term Plan it is Council's desire to obtain a credit rating so that it has the ability to borrow beyond 175% of operating revenue. This will provide Council with the debt headroom, enabling it to have the capacity to respond to unplanned events (such as earthquakes, floods, pandemics). Obtaining a credit rating will grant Council the ability to borrow up to 250% of its operating revenue (limit set by LGFA's rules).</p>	<p>The risk is that Council fails to obtain a credit rating by 2025/2026 and the hits the LGFA debt ceiling of 175% and no longer has access to further debt funding.</p>	Low	High	<p>The likelihood of this occurring is low, as even distressed business can obtain credit ratings (all be it poor ratings). Credit Rating Agencies look favourably on New Zealand Councils as their main revenue stream is guaranteed by statute (rates), and can be changed annually to suit Councils budgets.</p>																								



Forecasting Assumption	Risk	Likelihood of Occurrence	Financial Impact	Risk Mitigation Factors
<p><b>Income from Development Contributions</b></p> <p>Income received from development contributions is sufficient to fund growth related infrastructure, as per the Development Contributions Policy.</p> <p>The Central Hawke’s Bay District Council uses development contributions to recover from developers, a fair, equitable, portion of costs of capital expenditure needed to service growth. The Council’s Development Contributions Policy is currently being reviewed to reflect new growth related projects in the LTP. Development contribution fees are proposed to increase as a result.</p> <p>The proposed policy provides for the annual adjustment of Development contributions relative to lending costs and inflation, with these inflated values being based on the current levels of inflation forecast in the overall financial model.</p>	<p>The risk is that development contributions do not cover the cost of growth related infrastructure because there is less growth than expected or changes to the zoning of land in the Proposed District Plan are not progressed through decisions.</p>	<p>Moderate</p>	<p>Moderate</p>	<p>The Council’s Development Contributions Policy is reviewed alongside the development of the LTP and conservatively based on latest available growth forecasts</p>

Forecasting Assumption	Risk	Likelihood of Occurrence	Financial Impact	Risk Mitigation Factors
<p><b>Income from Central Government Subsidies and/or grants</b></p> <p>The assumption for the LTP is that the Council will continue to receive subsidies from NZTA as per the agreed funding regime, noting however forecast decreases in the Funding Assistance Rate (FAR) projected in the LTP.</p> <p>The Land Transport activity remains one of the most expensive activities of Council. Any changes to the regime of subsidy funding will have an impact on the level of service that is able to be delivered. The Council receives substantial subsidies from the NZ Transport Agency (FAR) for the operation and upkeep of the local road network in the District. This is currently provided at 61% and forecast to drop to 60% in Year 2 (2022/23), and to 59% in Year 3 (2023/24) and remain at this level for the remainder of the LTP.</p> <p>In the 2020/21 Year and previous financial year, Council has also received significant grants from the Provincial Growth Fund and the Crown Infrastructure Partners Fund, which has made it possible to increase the levels of services. This has included other funding as major stimulus funding to recover from the effects of COVID-19. This LTP has conservatively budgeted for no additional income from the Crown Infrastructure Partners or the Provincial Growth Fund, however applications to funds will be made where appropriate.</p>	<p>The risk is that the level of subsidy funding available for services and projects is less than budgeted and/or expected.</p>	<p>Moderate</p>	<p>Moderate to High</p>	<p>The FAR subsidy is the largest source of Council revenue after rates and is budgeted to drop to 59% by 2022/23.</p> <p>This amount gets reviewed every three years and if subsidy available is reduced, this could have a longer term detrimental effect on our network.</p> <p>Levels of service may have to reduce if subsidy rates or level of funding continues to decrease.</p>
<p><b>Projects Contingent upon External Funding</b></p> <p>External funding will be secured for projects, where indicated.</p> <p>The Council has a number of projects planned that are contingent upon a significant level of external funding alongside rates (sponsors, grants and fund raising from central government, regional government and community sources). Some examples include:</p> <ul style="list-style-type: none"> <li>• Waipukurau Library and Community Centre (\$500k)</li> <li>• Waipawa Centennial Memorial Pool Upgrade</li> </ul>	<p>The risk is that the level of external funding available for services and projects is less than expected/ budgeted.</p>	<p>Moderate</p>	<p>Moderate</p>	<p>The Council will continue to seek subsidies for projects where available. However, where funding becomes unavailable or is less than expected, the viability of the project will be reassessed before progressing.</p>

Forecasting Assumption	Risk	Likelihood of Occurrence	Financial Impact	Risk Mitigation Factors
<p><b>Trade Waste – Capital Financial Contributions</b></p> <p>Council has assumed a total of \$2.84 million of capital financial contributions from Trade Waste Suppliers over the ten years of the Long Term Plan to fund part of the cost of the demand that trade creates on our District Wastewater Services as part of the Tradewaste Bylaw Review, that will be undertaken as an ‘other consultation’ alongside the Long Term Plan.</p>	<p>The key risk is that the bylaw is not amended significantly and the revenue forecast in the Long Term Plan does not eventuate. This means that over the ten years in the event that no funding eventuated (in the absolute worst case scenario), Council would have to loan fund the \$2.84 million of revenue forecast for the ten years, with ratepayers having to further pay for the associated servicing costs of the loan.</p>	Moderate	Moderate	<p>Council has engaged early with trade waste users on the proposed bylaw review, that forms part of the other consultations that have been included as part of the Long Term Plan Consultation Document.</p> <p>There is awareness amongst the tradewaste industry that Capital Financial Contributions, would at some point be required, as they currently experience at other operating locations throughout the country.</p> <p>Council has been relatively conservative apportioning the level of capital contribution that Trade Waste creators will pay in the Long Term Plan, currently apportioning only \$2.84 million (inflated) of the total cost of upgrades that could reasonably be apportioned to Trade Waste Users. To this end, this is the potential that this revenue could increase, decreasing Councils requirement for borrowing to fund the balance of Councils wastewater programme.</p>

Forecasting Assumption	Risk	Likelihood of Occurrence	Financial Impact	Risk Mitigation Factors
<p><b>Legislative Demands on Council</b></p> <p>Freshwater management reforms are already here and expected to have a significant impact on Council service delivery and resourcing over the term of the LTP.</p> <p>Further priorities that may influence Council into the future could for example include direction in relation to national and international scale issues such as housing affordability, wealth disparity, aging and climate change.</p> <p>Further change in relation to the reform of the Resource Management Act and new National Policy Standards that are at this point unknown have not been factored at this time.</p> <p>Guidance from SOLGM as part of the three waters reform (December 2020) has also confirmed that there will be a much stronger regulatory system for water regulations, environmental regulation and Economic Regulation.</p>	<p>The risk is that there will be major unexpected changes to the legislation that will cause significant changes to how we operate, what we do, and who pays for things. Changes could have a significant financial impact on the way we operate.</p>	<p>High</p>	<p>High</p>	<p>We have and will continue to set our work programme to take into account the expected outcome of legislative changes where possible. Legislative change is often progressed with a long lead in time, allowing Council to respond accordingly.</p>

Forecasting Assumption	Risk	Likelihood of Occurrence	Financial Impact	Risk Mitigation Factors
<p><b>Climate Change</b></p> <p>Climate change is already impacting how our communities live and function and these impacts are expected to increase in magnitude and extent over time.</p> <p>Climate change assumptions are factored into Council strategies and plans including notably the District Plan and Infrastructure Strategy and can be seen for example, through projects such as the continued improvement of Council stormwater systems, Council's risk management work and work through the Hawke's Bay Emergency Management Group, through the Hazards Management Portal, particularly relating to flooding and coastal hazards.</p> <p>We expect that there will be a requirement to phase out internal combustion engine powered vehicles over time, and that Councils fleet will be replaced with electric alternatives. We also expect that the cost of these vehicles will reduce over time to become comparable to their combustion equivalents as they become more main stream.</p>	<p>Climate change is high on the political agenda, locally and nationally but there is concern that assumptions could be on the conservative side and that impacts may occur sooner or be more intense than predicted.</p> <p>This could result in increased costs due to an accelerated climate change which could result in increased occurrence of fires, droughts, and flash flooding.</p> <p>At this time, we expect climate change to have an increase in insurance premiums most notably, particularly as a result of events such as flooding and other natural hazards as weather becomes more severe.</p>	High	High	<p>Further detailed analysis on the impact of Climate Change across Councils assets, needs to remain an area of focus, particularly as the sophistication of asset management practices continue.</p> <p>Many of the capital projects built into the Long Term Plan have been designed to withstand the impacts higher water demands, and to cope with greater levels of flooding events expected due to changing weather patterns based on current climate science and best practice. As climate change is only one small consideration in the design of new assets, it is impossible to identify the impact of this cost as a separate budget component.</p> <p>Council will continue to monitor insurance costs and appropriately address these over the long-term through the annual plans and Long Term Plan reviews as required.</p>

Forecasting Assumption	Risk	Likelihood of Occurrence	Financial Impact	Risk Mitigation Factors
<p><b>Natural Hazards</b></p> <p>The LTP is prepared on the basis that minor storm and flood events are expected to continue to happen on a frequent (often annual) basis whereas significant high impact events cannot be accurately predicted.</p> <p>Our District is at risk of a range of natural hazards such as earthquakes, flooding, tsunami, debris flows, slips, tornado and fire activity. Storms and tropical cyclone events occur on a frequent basis often bringing high intensity rainfall but are generally manageable within existing work programmes and budgets. However, the return period for significant high impact events is very long and events are difficult to predict.</p> <p>A number of projects, plans and initiatives seek to reduce the risk associated with natural hazards. In the first instance these seek to reduce exposure to risk while the secondary focus is on community preparedness for response.</p>	<p>The risk is that our District and Council could face significant costs to respond to hazard events and/ or that our District is unable to recover sufficiently or quickly enough in order to prevent long term adverse effects on population or local economy.</p>	Moderate	High	<p>Council has a Policy to build up contingency funds to pay for storm damage to roading and general disaster response and recovery. Our underground assets are also covered through the Council's insurance. Alongside the Council, Central Government also has a role in disaster recovery and restoration works after natural disasters have happened.</p>
<p><b>Lifecycles of Significant Assets</b></p> <p>The useful life of assets will be in keeping with expectations as shown in the Statement of Accounting Policies.</p> <p>Accurate condition assessments and knowledge of the lifespan of our assets are necessary to inform Council's asset maintenance and renewal programme. Accurate information on assets allows for timely and efficient maintenance and renewal that minimises service disruption and maximises lifespan.</p>	<p>The risk is that the useful life of assets is substantially shorter or longer than our assumptions. This could result in service disruption and/or have financial implications due to changes to the capital works programme, or an inefficient renewal programme.</p>	High	High	<p>Condition assessments continue to be undertaken by the Council with condition information updated based on actual rather than theoretical expectations.</p>
<p>Average Replacement Costs of Assets</p> <p>Planning for renewals over the long term involves building an understanding of the condition of assets, the risk of them failing and then modelling/building plans to replace them. To create budget estimates, the type and number of assets planned for replacement each year is multiplied by assumed average asset replacement costs.</p>	<p>The risk is that the actual costs to replace/renew assets are higher or lower than the average costs used to create long-term budgets. This could result in changes to the work programme and levels of service or financial impacts.</p>	Moderate	High	<p>There is still however a significant area of improvement for Council to make as it increases its levels of Asset Management Sophistication.</p> <p>Recent project data has been used to inform average replacement cost assumptions giving confidence that figures used are as up to date as possible.</p>

Forecasting Assumption	Risk	Likelihood of Occurrence	Financial Impact	Risk Mitigation Factors
<p><b>Asset Management Planning</b></p> <p>The approaches used to plan for the maintenance, replacement, upgrade and disposal of assets range in levels of sophistication and maturity between various asset classes. More sophisticated planning approaches require more resource but produce better quality outputs.</p>	<p>The risk is that asset management planning approaches are not adequately sophisticated and result in sub-optimal asset management plans.</p>	<p>Moderate</p>	<p>High</p>	<p>There is typically a relationship between the level of risk involved in an asset class and the sophistication of the asset management planning approaches used for that asset class (i.e. wastewater has more sophisticated planning approaches than reserves).</p>
<p><b>Capital Do-ability</b></p> <p>That Council will be able to deliver on its capital programme as outlined in proposed work programmes associated with the Long Term Plan.</p> <p>The plan sees a major increase in capital expenditure over the ten years, particularly in the three waters activity. The increases are significant increases above the level of capital funding this Council has been able to successfully deliver historically.</p>	<p>The key risk is that the Council is unable to deliver the works programmes as outlined. If the risk occurs then this creates a wave and backload of work, in particular continued delays in the delivery of renewals and upgrades. Subsequently that may impact on desired levels of service being achieved, cost escalation may occur, and asset failure may occur before asset replacement is achieved.</p> <p>This also comes with the risk is that Council rates, borrows, and charges Development Contributions to fund a program it can't deliver in the budgeted timeframe.</p>	<p>Moderate</p>	<p>Moderate</p>	<p>Council has been purposely raising the level of project management sophistication and rigour in the organisation over the last three years to prepare for the anticipated major increases in capital expenditure this Long Term Plan includes.</p> <p>The key changes have included the establishment of a specialist internal project management office, made up of key technical and project management roles that have been fully resourced, along with specialist project management software and other technical services.</p> <p>In 2018 and 2019, Council have also procured and implemented long-standing professional services arrangements with key providers to support the increased scope and deliverability requirements of the organisations projects.</p> <p>Some of the engineering design work for the wastewater projects has already been completed as part of earlier option consultations.</p> <p>Therefore the risk is more related to engaging construction firms and project managing this work.</p> <p>If the projects does fall behind the schedule contained in the Long Term Plan, Council has the ability to revise the speed of delivery in future annual plans, and alter rating, developments contribution, and borrowing assumptions at that time. Any money already collected can be carried forward to a later year to be used at the point of construction.</p>

Forecasting Assumption	Risk	Likelihood of Occurrence	Financial Impact	Risk Mitigation Factors
<p><b>Skill shortages</b></p> <p>The Council will be able to attract and retain suitably qualified and able staff.</p> <p>Many technical and knowledge based professions are forecasting future skills shortages. In part this is in recognition of an aging population particularly in instances where this is alongside flat or declining populations. Further, there is a need to retain suitably qualified staff to ensure efficient continuity of activities and minimise loss of institutional capacity and knowledge.</p>	<p>The risk is that the Council will not be able to recruit and retain the right staff. If the risk occurs then increased reliance may be placed on contractors with an impact on costs or there may be a risk to continuity of service and loss of institutional knowledge.</p>	<p>Moderate</p>	<p>Moderate</p>	<p>As part of enhanced people and capability functions, council has implemented recruitment processes that focus on the lifestyle offering of the Central Hawke’s Bay District and that provide a market based remuneration. A process to develop staff and grow leadership is also in place to meet organisational needs, as well as an overarching communications approach celebrating and recognising the unique work of our District.</p>
<p><b>Contractor Availability</b></p> <p>We will be able to find skilled contractors to undertake the work we require, to the agreed standards, deadlines and cost.</p> <p>There are a number of emerging and forecast challenges with availability of contractors. These are associated with the current building boom and focus on major centres, as well as possible skill shortages within the contracting sectors themselves. These challenges may present to the Council in terms of availability, cost and quality of work. A certain amount of this risk is reduced with some services being brought in-house rather than contracted out.</p>	<p>The risk is that there will be a shortage of contractors, or that contractors will not deliver to the agreed standards and specification within the agreed time. If the risk occurs, it could result in an increase in the price, timeframes, and/or quality.</p>	<p>Moderate</p>	<p>High</p>	<p>We have a procurement manual which ensures we have robust contracts. Our contracts outline what we expect to receive from our contractors. If the work is not completed to the agreed standards and specifications, then we have legal rights.</p> <p>We are further supporting industry through skills and talent opportunities to bridge these gaps.</p>



Forecasting Assumption	Risk	Likelihood of Occurrence	Financial Impact	Risk Mitigation Factors
<p><b>Technology and Connectivity</b></p> <p>Technology is changing rapidly in terms of both availability and uptake. Making accurate predictions and forecasts for this factor is difficult.</p> <p>Advances in science and technology continue to transform the way our society works. This provides some exciting new opportunities and solutions but also comes with risks. Governments at various levels will be challenged by demand to harness the benefits of technology while providing prudent oversight.</p> <ul style="list-style-type: none"> <li>• High-speed internet access is increasing demand for online Council services.</li> <li>• Robotics and automation will change the way we work and provide new futures for manufacturing.</li> <li>• Advancement in the 'internet of things' provides opportunities for smarter and more responsive services.</li> <li>• Opportunities will continue to emerge for different models of service delivery and connectedness.</li> <li>• Cybercrime will increase as will the related focus and resource requirements for security</li> <li>• Dramatic changes to vehicle technology are around the corner and could dramatically change our models of transport and vehicle ownership.</li> <li>• Advances in technology may provide alternative solutions to large scale network infrastructure challenges (such as wastewater systems).</li> <li>• Energy technology is becoming more advanced, effective and cheaper. Public demand for clean energy is increasing.</li> <li>• 3D printing (or additive manufacturing) will dramatically change the way we design, produce and distribute products.</li> </ul>	<p>Technology generally presents opportunities rather than risk. However, there is some risk associated with long term planning and infrastructure commitments made by Council which could be inconsistent with any emerging technologies that provide more preferable solutions.</p> <p>The greatest risk is therefore for the 'opportunity loss' of new technologies that are not taken up or adopted late.</p>	<p>Moderate</p>	<p>Moderate</p>	<p>Local government is generally risk averse where investment into new technologies is concerned.</p> <p>Generally, these need to be established and proven for Council to make the investment. Major strategies and projects will explore technology based solutions as part of the contextual and options analysis. Of note this will include the upgrades that will be required to wastewater treatment systems over the coming ten years and beyond.</p>



# Central Hawke's Bay District Council Development Contributions Policy 2021

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# 1. Introduction

CHBDC plays a significant role in facilitating and coordinating development and providing infrastructure in a timely and affordable manner. It is an essential part of CHBDC business to take into account the social, economic, environmental and cultural interests of people and communities to meet reasonably foreseeable needs of future generations. This is a strategic role that individuals, the community, the private sector or central government cannot fulfil alone. The effects of growth require CHBDC to incur capital expenditure, acting on behalf of the wider community to provide new or additional network or community infrastructure.

Population and business growth create the need for new subdivisions and developments, and these place increasing demands on the assets and services provided by CHBDC. As a result, significant investment in new or upgraded assets and services is required to meet the demands of growth. The purpose of the Policy is to ensure that a fair, equitable, and proportionate share of the cost of that infrastructure is funded by development.

Development contributions are the fees payable to Council for capital expenditure planned to be provided, or already constructed, for additional community facilities (such as stormwater, roads, reserves and public amenities) required to service growth. These contributions may be required on resource consents (subdivision and land use) and / or building consents or service connections in situations where the development will have additional impact on infrastructure.

This Policy applies when you subdivide land, build, alter or expand a non-residential building, or may apply when you change the use of an existing building. The extent of the Development Contribution required will depend on the type, size and location of the development.

The legislation that sets out how Council operates and prepares a Policy is the Local Government Act 2002 (LGA). Council considers how it funds the required infrastructure as part of the overall preparation of the Long Term Plan. Council must weigh up where benefits and costs should lie as any reduction in the proportion of development contribution charges to pay for growth will have to be paid by existing ratepayers.

The LGA (S199) provides that development contributions may be required in relation to development if the effect of the development, either individually or cumulatively, is to require new or additional assets or assets of increased capacity, and as a consequence Council incurs capital expenditure to provide appropriately for:

- Reserves
- Network infrastructure
- Community infrastructure

Council will apply development contributions only where new or additional assets or assets of increased capacity are required. CHBDC has aging infrastructure that is in many cases at full capacity so growth that results from development will drive the need for new or expanded assets. Development contributions will only be sought in the geographic catchments that the infrastructure will serve. The nature and extent of the infrastructure and its associated anticipated costs are detailed for each geographic area.

This DCP is set out in six sections:

- Section 1 sets out the overview of the DCP and the process.
- Section 2 sets out the Vision and Strategy of Council, the key assumptions, and how this relates to Council goals and other policies.
- Section 3 sets out how the charges are calculated and the categories of land use development, the administration procedures and the process for objections and reconsiderations.
- Section 4 sets out how the charges have been developed and the methodology behind the allocation of costs to each type of development.
- Section 5 covers how the Policy is reviewed and the Schedule of Charges is carried out.
- Section 6 is the Glossary with key definitions of terms in the Policy.

The schedules and appendices to the policy contain further detail about development and the implementation of the policy. This includes development contribution rates and development contribution catchment maps. It also lists the assets/programmes of work that development contributions fund.

Planned investment for Water and Wastewater in Otāne, Waipawa and Waipukurau over the next ten years supports these urban areas being treated as one catchment (connected water supplies and a single wastewater treatment plant). Stormwater will still be treated as a separate catchment in each urban area. Community infrastructure and Parks and Reserves are charged district wide to reflect the benefits and access for these activities across the District.

Council will charge Development Contributions for these five major groups, with the majority of costs focused on the three waters:

- Water
- Wastewater
- Stormwater
- Community Infrastructure (Libraries, Solid Waste and Community Buildings)
- Parks and Reserves

No contributions are sought for land transport and community halls at this time. Existing hall facilities are deemed adequate to provide for the potential future demand created through growth. Councils existing approach to Financial Contributions for Land Transport will remain in the interim. The use of development agreements and other tools where it can be demonstrated that development will have an impact on the land transport network will also be used.

It is fair that those driving development pay a proportionate share towards the cost. The ratepayers of the District are facing a significant increase in investment to meet the servicing demands from development. Development contributions will help to reduce reliance on ratepayers and other funding sources.

The development contributions payable for reserves, community infrastructure, water supply, wastewater and stormwater per HEU and catchment in this policy are set out in the following table.

### Development Contributions Payable

The development contributions payable for reserves, community infrastructure, water supply, wastewater, stormwater per HEU and catchment as the adoption date of this Policy are set out in the following table.

GROWTH GEOGRAPHIC AREA	ACTIVITY	TOTAL GROWTH CAPEX	PER LOT DC
<b>District wide</b>	Reserves	\$1,568,500	\$1,171
	Community Infrastructure	\$1,410	\$239
			<b>\$1,410</b>
<b>Otāne, Waipawa and Waipukurau</b>	Wastewater	\$9,461,582	\$10,838
	Water	\$8,570,973	\$9,818
	Stormwater	\$2,147,825	\$2,736
	Reserves		\$1,171
	Community Infrastructure		\$239
			<b>\$24,802</b>
<b>Takapau</b>	Wastewater	\$237,143	\$3,205
	Water	\$104,109	\$1,407
	Stormwater	\$112,713	\$1,523
	Reserves		\$1,171
	Community Infrastructure		\$239
			<b>\$7,545</b>
<b>Pōrangahau</b>	Wastewater	\$962,143	\$16,036
	Water	\$84,413	\$1,735
	Stormwater	\$62,713	\$1,045
	Reserves		\$1,171
	Community Infrastructure		\$239
			<b>\$20,226</b>

(Prices exclude GST).

## 2. Overview of the DCP and Process

### 2.1 Purpose and Principles of Development Contributions

The purpose of the DCP is to ensure that reserves and infrastructure capital expenditure is funded by those parts of the community who benefit from that expenditure. Those responsible for creating growth within our district, whether through subdivision, building, new service connections or a change in land use, are being asked to pay a fair share of the resulting additional infrastructure cost incurred by council. The market by itself will not achieve the coordinated response required to develop the networks.

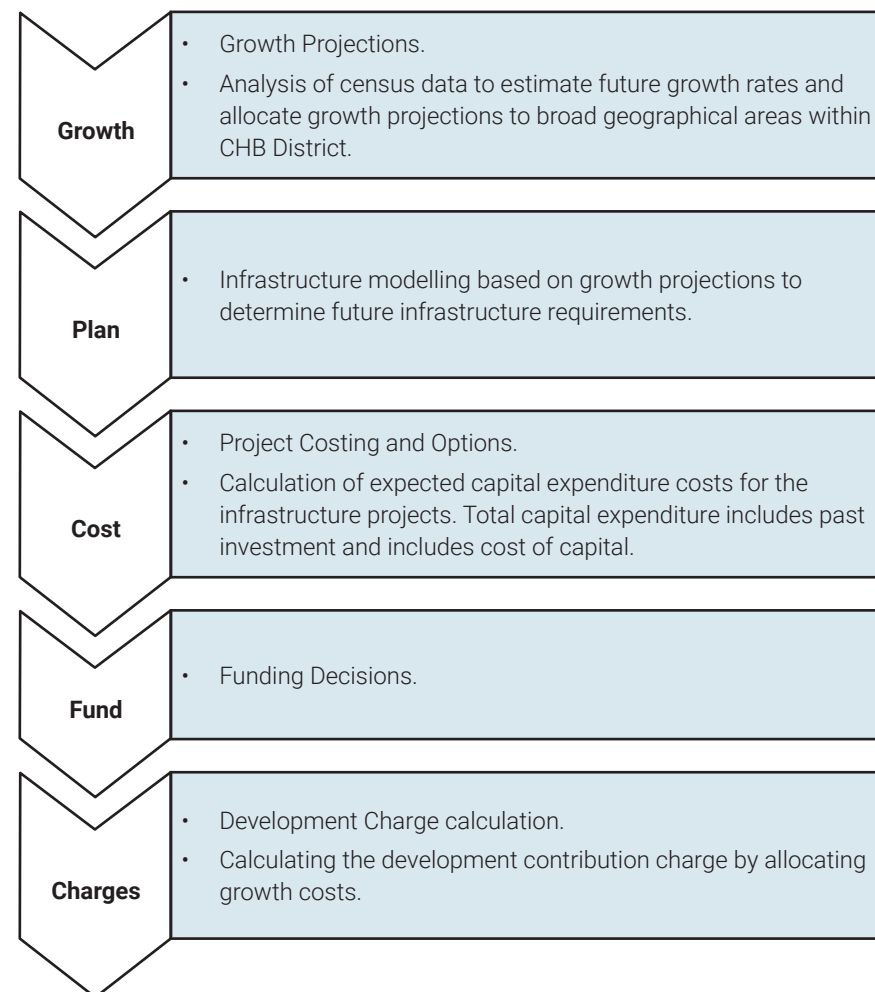
This DCP sets out the DCs payable by developers and property owners, how and when they are to be calculated and paid, and a summary of the methodology and the rationale used in calculating the level of contribution required.

The purpose of this policy is to:

1. Enable Council to provide infrastructure and facilities to cater for growth, in a timely fashion and affordable for ratepayers
2. To provide the framework for Council to charge DCs for residential and non-residential development in the District to fund capital expenditure for network infrastructure, reserve land and community infrastructure
3. Provide predictability and certainty to stakeholders on how infrastructure for growth is to be funded, and establishing a transparent, consistent and equitable basis for recovering DC from developers
4. To recover from developers a fair, equitable and proportionate portion of the total costs of the capital expenditure to service growth over the longer term.

This DCP has been developed to be consistent with the purpose of the DC provisions as stated in section 197AA of the Local Government Act 2002 (LGA). In preparing the DCP Council has had regard to and taken into account the DC principles in section 197AB of the LGA. These have been used by Council to ensure the DCs charged are fair and reasonable, as well as lawful.

Section 102 of the LGA requires the Council to have a policy on Development and/or Financial Contributions as part of its funding and financial policies in its LTP. Sections 106 and 201 of the LGA set out the required contents of this DCP. This policy must be reviewed at least every three years.





The process for Council to develop DC charges is set out below. The DCP has a considerable amount of planning and analysis that underpins the charges set by Council.

A fair and equitable approach needs to be taken to fund the provision of infrastructure having regard to existing and future populations. The existing population has already made a considerable investment in services. Those initiating new development benefit from connecting to or using existing services and should pay their fair share of capital expenditure.

The following diagram demonstrates the flow process in the development of the DCP.

## 2.2 History

Council's first DCP was adopted in June 2006. Council had previously funded growth related costs of development via financial contributions (FCs) under the Resource Management Act 1991 (RMA), and through rates. The DCP was subsequently revised in 2008 and during each 10-Year Plan cycle in 2009, 2012, 2015 and 2018. These policies were amended to reflect different growth forecasts, legislation changes, standards of infrastructure, experience in implementing the DCP and changing Council policies.

This 2021 review has been developed as part of the 2021 Long Term Plan (LTP) process and is based on the Council's capital expenditure programme as set out in the 2021 - 2031 LTP.

## 2.3 How Infrastructure Growth Funding is Allocated

DCs are driven by the infrastructure projects required to meet service demands related to growth. These projects are designed to meet the forecast levels of service as stated in the LTP. Development that results in additional dwellings, buildings and activity, in turn impacts on CHBDC's services infrastructure. This impact must be recognised and mitigated. Those causing the impact should meet a reasonable proportion of the costs associated with upgrading infrastructure where that upgrading occurs due to development pressure.

Council has reviewed the proportion of infrastructure growth costs that will be funded from DCs. Council has determined DCs are the appropriate funding source to fund 100% of the growth related costs. Where there is a level of service or renewal component this proportion of the capital cost is funded from rates and loans. In particular, see the analysis contained in Appendix 4.

The total cost of forecast capital projects is set out in Appendix 1. Funding part of these costs through rates would otherwise result in an unfair burden being placed on the existing ratepayer community. Growth related infrastructure costs make up around 5.7% of CHB's total planned capital expenditure of \$314 million of the life of the Long Term Plan 2021 – 2031.

## 2.4 Activities for Funding Capital Expenditure of Growth

Council activities for which DCs will be used to fund growth related capital expenditure are:

- a) Network infrastructure for stormwater, wastewater, water supply;
- b) Reserve land acquisition and development for parks and open space (including Esplanade Reserves, walkways and cycleways);
- c) Community infrastructure (Solid Waste, Library, Administration Building).

## 2.5 When a Development Contribution is Required

Under Sections 198 and 199 of the Local Government Act 2002, Council may apply a development contribution, including GST, for developments generating increased reserves, network or community infrastructure demands upon the granting of:

1. A resource consent
2. A building consent
3. An authorisation for a service connection.

As a general rule, DC will be assessed, and any requirement for payment of contributions advised, at the earliest opportunity. This is generally at the subdivision consent stage.

Council considers that the subdivision consent stage is normally the most appropriate stage to take a development contribution for residential developments for the following reasons:

- Practicality of implementation
- Economies of scale in implementation costs
- Best available knowledge for projections and allocating budgets

In the absence of subdivision, Council will apply DCs at the building consent or service connection stage where additional units of demand are created by additions to land or buildings.

A DC is required in relation to a development when:

- A particular subdivision, construction of a building, land use or work generates a demand for reserves, network infrastructure, or community infrastructure
- The development (either alone or in combination with another development) requires new or additional assets or assets of increased capacity (reserves or infrastructure).

The effect of a development in terms of impact on these assets includes the cumulative effect that a development may have in combination with another development. A DCP also enables Council to require a development contribution that is used to pay, in full or in part, for capital expenditure already incurred by the Council to provide infrastructure to service expected growth.

The Council has a preferred approach to require payment for assessed DC charges at the time of assessment. For non-residential subdivisions one or more HEUs would be payable at the resource consent stage. Future developments on that subdivided land would be reassessed at a building consent stage and any additional DCs required from that development would be invoiced at that stage.

Council does have the ability to defer/postpone DC requirements, where allowed for in this Policy and considered appropriate. The processes detailing these issues are set out in section 5.19.

## 2.6 Limitations to the Application of Development Contributions

Development which does not either in itself or in combination with other developments generate additional demand for community facilities will not be liable to pay a DC.

Council will also not require a DC for network infrastructure, reserves or community infrastructure in the following cases:

- Where it has, under Section 108(2)(a) of the Resource Management Act 1991 (RMA), imposed a condition on a resource consent in relation to the same development for the same purpose; or
- Where the Council has already required a DC for the same purpose or the same building work (so long as there is no change in scale and intensity)
- Where agreed with the Council the developer will fund or otherwise provide for the same reserve, network infrastructure or community infrastructure; or
- Where the territorial authority has received or will receive sufficient funding from a third party to fund particular infrastructure.

## 2.7 Relationship to Resource Management Act

DCs under the LGA are in addition to, and separate from, financial contributions under the RMA. Council intends to use DCs under the DCP as its main means of funding infrastructure required as a result of growth over and above the works and services that may be required as conditions of subdivision or resource consent.

Council may require a Financial Contribution, as a condition of consent, in accordance with any relevant rule in the District Plan under the RMA. Financial Contributions cannot be applied as a condition of consent where a DC has been required for the same purpose on the same development.

In 2006, Council resolved to only take financial contributions for roading work when the road to be modified or upgraded is adjacent to the subdivision. This will be done by way of conditions in a Resource Consent for subdivision and the development will not be subject to Development Contributions under the LGA for roading.

Financial Contribution provisions are currently detailed in the current Central Hawke's Bay Operative District Plan.

In the reviewed District Plan due to be notified in May 2021, Council have not included the requirement for Financial Contributions due to timing. There are a range of other tools that Council has available to it, and Council is considering advice on the most appropriate approach for growth related costs, beyond the current operative District Plan. This body of work falls outside of the scope of this policy.

Council will also still have the authority to require works or services on new developments to avoid, remedy and mitigate the environmental effects of proposed developments through resource consent conditions or in accordance with any relevant rule in the District Plan. DCs are for the acquisition, installation or expansion of assets over and above the works and services that may be required as a condition of consent.

For the smaller urban areas outside of the current urban serviced areas, Council as service provider may require capital contributions through fees and charges for properties who apply to connect to township water or wastewater services.

### 3. Vision, Strategy and Council Assumptions

The Council outlines its Vision, Strategy and Council outcomes in the LTP. Linkages to the DCP are discussed in Appendix 4.

Urban growth is spread across Waipukurau, Waipawa, Otāne, Takapau and Pōrangahau. Considerable growth in rural subdivision and population is forecast across the District. Council has developed Project Thrive that was adopted in 2017 and included in the 2018 LTP. This sets the vision, goals and objectives for Central Hawke's Bay. The District Plan is currently under review and may impact the 2024 revision of the DCP, based on the implementation of the Central Hawke's Bay Integrated Spatial Plan 2020 – 2050 and the relevant timing of development forecast for the ten year period.

A new wastewater treatment plant is planned to service Otāne, Waipawa and Waipukurau. The new plant will include capacity for growth. New treatment plants for water and wastewater are also planned to meet the new vision, as well as mandatory standards and RMA consents.

#### 3.1 Significant Assumptions of the Development Contributions Policy

##### 3.1.1 Council Role

Council is assuming that it will act as the lead agency to ensure existing core infrastructure requiring upgrading is available to service growth developments in the District. Where new infrastructure is required only within a development, it is the responsibility of the Developer to provide, with the option of gifting the new assets to Council provided they meet Councils standards.

There is the potential for major developments, where agreed with Council through a development agreement, for developers to take the lead role. In this instance Council may contribute to a development where additional capacity is required to service adjacent developments to ensure other developments are not constrained. Council's role will be assessed at each review of the LTP and DCP every three years. There is also the possibility of the 3 waters sector being removed from Council responsibility as part of a government led review. This DCP and the 2021 CHBDC Long Term Plan, based on national guidance assumes that the current structures and responsibilities will remain as they are.

The Council ensures, on behalf of current and future residents and ratepayers, that land development is carried out in a manner that results in acceptable outcomes in terms of aesthetics, environmental impacts and service standards.

##### 3.1.2 Development Contribution Areas

For the purposes of DCs, the areas shown for each township (and the district as a whole for Community Infrastructure and Reserves) that has growth related infrastructure asset type are the areas that development contribution charges apply. Growth in the CHB District is occurring mainly in these areas and additional infrastructure is required to meet this demand.

The **service catchments** show each urban area that forms a catchment (Refer to Maps in Appendix 2 of this policy and further explanation in Appendix 4).

**Table 1: Table Outlining Areas for Activities where Development Contributions will be Charged**

AREA	ACTIVITIES FOR WHICH DEVELOPMENT CONTRIBUTIONS WILL BE CHARGED
Central Hawke's Bay District (Districtwide)	Reserves and other Community Infrastructure
Waipukurau, Waipawa and Otāne	Water, Wastewater and Stormwater
Takapau	Water, Wastewater and Stormwater
Pōrangahau	Water, Wastewater and Stormwater

For clarity the council considers that for stormwater activities, a development not only creates a demand for infrastructure within the hydrological catchment it is located in, but also creates demand (by the growth community within the development) for stormwater management and flood protection over a wider area.

The other small rural townships in the Central Hawke's Bay have little growth currently and infrastructure capacity is available. There is no growth related infrastructure investment planned in the ten-year period. Council will reassess demand and capacity in these coastal townships as part of the 2024 review.

##### 3.1.3 Development Types and Units of Demand.

In meeting its requirements under Schedule 13(2) of the LGA 2002 to attribute units of demand to particular developments or types of development on a consistent and equitable basis, the council has considered:

- The need to separate residential and non-residential activities because of the different demands they place on activities of the council,

- b. The range of non-residential development types and impacts on infrastructure,
- c. The complexity of trying to make the Policy account for every different development type,
- d. The availability of data to support differential unit of demand factors for various types of development.

The Council considers that:

- There is data currently available to identify some average demand factors for a limited number of non-residential development types,
- Using broad averages for a limited number of development types is sufficient to approximate the range of development likely to occur in CHB urban areas,
- As determined by Council staff a special assessment can be used where a development results in an impact on infrastructure significantly different from that envisaged in this policy.

### 3.1.4 Planning Horizons and the Period Covered by this Policy

A 10-year timeframe has been used as a basis for forecasting growth and applying a development contribution. Benefits will be distributed over that timeframe with averaging to avoid the effects of lumpy infrastructure works within any given year on DCs.

This timeframe aligns to the period included in the Long Term Plan. Council has detailed planning and costings for infrastructure networks for this ten year period.

Development beyond this timeframe will involve additional growth related infrastructure services that have not yet been fully costed. These longer term infrastructure requirements to service growth, and the additional households enabled, will be included in future DCPs.

### 3.1.5 Projecting Growth

The Council is planning for new development that is occurring in the CHB urban centres. This places demands on the Council to provide a range of new and upgraded infrastructure. The successful application of the DCP is dependent on population projections and the Council adopted spatial growth demand within the District.

The DCP uses the growth projections as set out in the Key Forecasting Assumptions section of the LTP. These forecasts are based on the high growth scenario from Squillions Ltd adopted by Council in July 2020 and available here. CHB is currently experiencing a surge in growth that is resulting in strong population and household growth driven in part by strong growth in Hastings and Napier. This is a significant change in trend that is putting increasing pressure on infrastructure. The Covid-19 pandemic has caused

additional population gains as more people return to smaller townships and family roots, and there are very few opportunities for existing residents to migrate elsewhere. The latest annual estimate from Statistics NZ indicates growth is at 2.3% a year. The population and new dwellings are growing faster than was forecast in the 2018 LTP and DCP.

Forecasts will be updated as part of each LTP process based on actual growth, Statistics NZ forecasts and annual population estimates.

District growth has been split into each major urban area and the balance of the district. The forecasts are informed by Project Thrive, the Operative District Plan, Council Asset Management Plans and actual historic developments. The impact of non-residential development varies depending on economic conditions but is expected to be relatively minor.

This DCP applies an assessment of the demand for services generated for each urban catchment and district wide (for Community Infrastructure and Reserves) to determine the number of HEUs for Water, Wastewater, Stormwater, Community Infrastructure and Reserves.

A summary table of the key forecasts is shown below. Council is forecasting strong household growth of 2% a year to 2031.

Table 2: Forecast Household Equivalent Unit Numbers

TOWNSHIP / MAIN URBAN AREA	NUMBER OF HOUSEHOLDS (HEU)				
	Actual	Forecast – June Year			
	2018	2021	2031	Change 2021-2031	2018 DCP forecast Change 2018- 2028
Waipukurau	1,755	1,793	2,253	460	230
Waipawa	843	853	968	115	60
Otāne	246	258	408	150	50
Takapau	216	222	296	74	5
Pōrangahau	78	83	143	60	20
Total Main Urban Areas	3,138	3,210	4,068	858	365
CHB District	5,418	5,530	6,870	1,340	535

### 3.2 Non-Residential Growth and Focus

Council has not carried out detailed growth forecasts of non-residential gross floor areas for the urban areas. These forecasts have been assessed as not being required due to the very modest growth in non-residential developments. Over the last six years new non-residential developments have averaged 1,100m<sup>2</sup> a year. Some of this will just be replacing existing buildings so would not be levied a DC charge. There may also be some developments where existing buildings have been extended, which could have a DC charge levied.

While population and household growth is forecast to be much stronger than previously forecast, the current impacts with Covid-19 means that non-residential growth is not expected to increase to the same extent. In the 2019/20 year new non-residential consents has increased to over 2,000m<sup>2</sup>. Given the level of uncertainty Council has decided to retain and expand the ability to charge DCs.

The DCs for non-residential growth related to the three waters will only include charges for the urban catchments. It is expected that this growth will be centred on the Otāne, Waipukurau, Waipawa catchment. A modest amount of HEUs are included in the overall forecasts. No growth in non-residential has been assumed for Takapau or Pōrangahau, however the ability to charge a DC in those catchments has been provided for in the event that development occurs and has an impact on the network infrastructure.

Farm buildings outside of the urban catchments on existing lots will not be charged DCs. Rural subdivisions will have a DC charge applied for Reserves and Community Infrastructure.

Table 3:

NON – RESIDENTIAL CATCHMENTS	DC CHARGES THAT APPLY	FORECAST CHANGE IN GROSS FLOOR AREA 2021 TO 2031	ADDITIONAL HEU'S 10 YEAR TOTAL
Otāne, Waipukurau, Waipawa	Water, Wastewater, Stormwater	20,000m <sup>2</sup>	Water - 148 Wastewater - 148 Stormwater - 60
Takapau, Pōrangahau	Water, Wastewater, Stormwater	Nil	Nil

Table 4: Non-residential Growth Assumptions and Multipliers

	PROPORTION OF GROWTH	M2	MULTIPLIER	WATER	WASTEWATER	STORMWATER
Commercial / Retail / Office / Community	0.2	4000	GFA	12	12	12
Industrial / Warehouse	0.3	6000	GFA	24	24	18
Restaurants and bars	0.2	4000	GFA	52	52	12
Visitor Accommodation and Residential Services	0.3	6000	Unit / Room @ 30m <sup>2</sup> each	60	60	18
<b>Total HEU</b>		<b>20,000</b>		<b>148</b>	<b>148</b>	<b>60</b>

### 3.3 Other Assumptions

- Timing of expenditure – the timing of specific projects is likely to vary over time as they are reliant on actual growth rates, the cost of providing infrastructure, demand for housing, the state of the economy, developer profit margins and many other economic and societal factors that Council has little control over. Council is carefully monitoring the actual level of development and aims to be just ahead of service demands on infrastructure, where it is cost efficient to do so.
- Method of service delivery when Council is providing infrastructure - Council uses both in-house staff and external consultants to fund, design and manage the provision of core infrastructure needed to service forecast growth. Construction is usually done through a tender process by the private sector. This is currently assessed as the most efficient model for delivery. Council will reassess this assumption at least every six years as part of meeting the requirements of section 17A of the LGA.

- Third party funding availability – Council is assuming that there will be no third party funding for growth related infrastructure projects used to calculate the DC charges. If alternative funding for these projects does become available, from Development Agreements or government / regional grants, Council will amend the schedule and reduce total funding required through DCs.
- Debt servicing – From time to time, Council DC activity reserves may be in deficit. This occurs if the required infrastructure is more expensive than the balance of DC revenue already collected. Council will loan fund any required work at this point. Future DC revenue will pay off the loan, including interest. The interest rate charged will be at the average Council rate at that time.

### 3.3.1 Best Available Knowledge

This DCP is based on the best available knowledge that Council has at the time of adoption. The Project expenditure schedule in Appendix 1 is consistent with the LTP, however may be updated each year and the DCP will be reviewed every three years. As time passes, discrepancies may emerge between historic Council documents and the updated schedule in Appendix 1. For DC purposes the Schedule will prevail.

### 3.4 Capital Expenditure Council Expects to Incur as a Result of Growth

Each capital project is identified as renewal, level of service (Rates funded) or growth (DC funded). The total growth costs for each activity covered by this DCP are then divided by the number of additional HEUs in each activity in each catchment, including the non-residential component. This results in DC charges by activity and catchment for each additional HEU.

In determining the total estimated growth component to be funded by DCs, careful consideration was given to those matters listed under sections 101(3) and 106 of the LGA for each individual activity (network infrastructure or community facility). Key considerations included:

- The nature and operation of the activity
- An analysis of who will benefit from the planned capital expenditure work, and
- An analysis of who will cause the need for the planned capital expenditure work.

A more detailed description of each activity, the funding approach taken for each activity and justification for the funding approach taken for each activity is included in Section 6 of this Policy.

The level of service component of Council's identified infrastructure works, relates to increasing the level of infrastructure provision due to higher public expectation, environmental or statutory obligations e.g. environmental standards for water quality or technological improvements Asset Management Plans, for each activity, define the relevant level of service for that activity.

Where the infrastructure works to service growth also result in an increase in the level of service to the community, then the value of the improved service is treated separately. This is noted as Total Level of Service Component in Table 3. Renewal of all assets is also identified separately and makes up the largest proportion of capital expenditure. Levels of service and renewals are not funded through DCs.

### 3.5 Capital Expenditure Council has Already Invested in Anticipation of Development

DCs will also be required to meet the cost of capital expenditure for growth already incurred over the past ten years, but have not yet been funded. This applies only where Council has previously made the decision to carry out the work on the basis that it is to be fully or partly funded by future DCs. Council has a legal requirement to use the funds within 10 years for the purpose they were taken for.

### 3.6 Unit of Demand

A unit of demand is a Household Equivalent Unit (HEU), the average demand for infrastructure services created by one additional house developed. A DC for network infrastructure is required where additional units of demand are created. A HEU is equivalent to one residential lot containing one residential unit. All residential lots are assumed to contain one HEU as this is efficient, equitable and appropriate. While actual demand will vary between households the impact on infrastructure is assessed as minor.

It is assumed that these demand levels will remain the same for the forecast period. Reviews of the DCP will consider the relativities between residential and non-residential developments.

### 3.7 Schedules Forecast Values

All capital expenditure schedules in this policy are exclusive of GST.

The schedules are in 2021 dollars. Schedules will be updated annually to ensure relevance and transparency. The DC charge applied in future years may be adjusted for inflation using the Producers Price Index Outputs for Construction (PPI) as at 30 June each year and included in the Fees and Charges Schedule of Council as permitted in Sections 106 (2B) and (2C) of the Local Government Act 2002. The latest charges will be published on Council's website [www.chbdc.govt.nz](http://www.chbdc.govt.nz)

To enable a simple application of the policy CHBDC has set the minimum unit of demand as an household equivalent unit (HEU). Any activity that in CHBDC's opinion uses CHBDC's network infrastructure to a greater extent than that of a single household unit will be assessed in multiples of household units as covered under the section headed "Extraordinary Users" in this policy.

### 3.8 Development Contributions Payable

The development contributions payable for reserves, community infrastructure, water supply, wastewater, stormwater per HEU and catchment as the adoption of the policy are set out in the following table.

GROWTH GEOGRAPHIC AREA	ACTIVITY	TOTAL GROWTH CAPEX	PER LOT DC
<b>District wide</b>	Reserves	\$1,568,500	\$1,171
	Community Infrastructure	\$320,350	\$239
			<b>\$1,410</b>
<b>Otāne, Waipawa and Waipukurau</b>	Wastewater	\$9,461,582	\$10,838
	Water	\$8,570,973	\$9,818
	Stormwater	\$2,147,825	\$2,736
	Reserves		\$1,171
	Community Infrastructure		\$239
			<b>\$24,802</b>
<b>Takapau</b>	Wastewater	\$237,143	\$3,205
	Water	\$104,109	\$1,407
	Stormwater	\$112,713	\$1,523
	Reserves		\$1,171
	Community Infrastructure		\$239
			<b>\$7,545</b>
<b>Pōrangahau</b>	Wastewater	\$962,143	\$16,036
	Water	\$84,413	\$1,735
	Stormwater	\$62,713	\$1,045
	Reserves		\$1,171
	Community Infrastructure		\$239
			<b>\$20,226</b>

(Prices exclude GST).

## 4. Assessment of Development Contributions

### 4.1 Commencement

Relevant applications (as set out in section 3) made on or after the adoption of this policy are subject to assessment for development contributions under this policy. Applications made on or after 1 July 2006 and before the adoption of this policy will be subject to assessment under previous policies, unless where exceptional circumstances apply. Applications for resource consent may also be subject to assessment for financial contributions under the Operative District Plan.

### 4.2 Delegation of Assessments

Assessments will be made by an officer of Council. Reconsideration of assessments, as described in Section 5 of this Policy, will be made in accordance the delegations provided to the appropriately authorised Officer of Council.

Decisions about whether to enter into development agreements and on what terms will be made in accordance with the delegations provided to the appropriate authorised Officer of Council.

Decisions about waiving or remitting the costs that would otherwise be recoverable in respect of objections, will be made in accordance the delegations provided to the appropriate authorised Officer of Council.

Decisions about remitting development contributions will be made in accordance the delegations provided to the appropriate authorised Officer of Council.

### 4.3 Applications Assessed

Council will assess the following types of applications to determine whether development contributions are required under this policy:

- a) Applications for subdivision resource consent under the Resource Management Act 1999 (RMA).
- b) Applications for land-use resource consent under the RMA, or for building consent or a Certificate of Acceptance under the Building Act 2004 (Building Act) where the consent/certificate is associated with:
  - i. The creation of new dwellings (including relocation of existing houses) on a site
  - ii. The creation of new buildings or extension of the gross floor area of buildings

- iii. The change in use of a building
  - iv. An increase in the design occupants of a visitor accommodation or residential services activity
  - v. An increase in the area of impervious surfaces.
- c) Applications for service connection including water, wastewater, trade waste and stormwater.

The assessment will be made against the first consent application lodged for a development and a reassessment made on every subsequent consent application.

The Council will assess subdivision for a non-residential development as a minimum of 1 additional HEU per activity per allotment. The development will be reassessed if there is a subsequent building consent or service connection.

When Council takes a development contribution at subdivision consent stage, the expected principle nature of activities authorised by any existing land use consent for the site and/or, in the underlying Zoning, will determine the type of development contribution payable.

The Council may choose to defer the assessment of land use consents if there are special circumstances. For clarity Council will usually charge a minimum of 1 additional HEU per activity per allotment at the subdivision stage.

Each reassessment will take into account the number of units of demand previously assessed and determine whether the development still generates the same number of units of demand.

#### Note:

1. Council will not defer assessment of development contributions for residential development.
2. Development Contribution fees will not be deferred for non-residential subdivisions and one or more HEU are payable at resource consent stage with the balance payable at building consent stage when the full scope becomes apparent.
3. Designations are not assessed, but the development may be assessed at building consent stage.



4. Applications for works necessitated by a condition of a consent are not exempt from development contributions.

Process for Assessing Development Contributions Payable:

**Table 6: Process of Assessing if Development Contributions are Payable**

<b>Step 1</b>	Catchment Area	Establish what catchment area the 'development' lies (Appendix 2)
<b>Step 2</b>	Number of HEU's	Establish the number of HEUs created by the 'development' (Section 5.7)
<b>Step 3</b>	Number of HEU's Credit	Establish per activity the 'credits' applicable to the parcel of land (Section 5.10)
<b>Step 4</b>	Number of HEU's payable	Calculate the increase in HEU's
<b>Step 5</b>	Charge per HEU	Establish the development contribution per HEU for that particular catchment area as per Schedule of Charges (Appendix 1)
<b>Step 6</b>	Amount of DC's payable	Calculate the development contributions payable

**4.4 Activities for which Development Contributions are Assessed**

Applications will be assessed for contributions for five different activities:

- Reserves
- Community Infrastructure
- Water Supply
- Wastewater
- Stormwater

Land Transport is not included in this DCP. The Central Hawke's Bay road network is extensive, servicing a relatively spread population, has severe geotechnical conditions and is subject to weather extremes. The network itself is generally of a good standard and of a high value. No major roading capital expenditure for growth is anticipated. It is however possible that this will need to be revised in the event of an increase in truck and other heavy vehicle movements.

In the event of significant subdivision development, all changes to the road network directly caused by the development (internally and/or externally) are to be completed by the developer at the developers' expense based on the criteria set out in the 'current operative District Plan' under the Financial Contributions as allowed under the RMA.

**4.5 Formula for Calculating Contributions**

Contributions (C) for reserves, land transport, water supply, wastewater and stormwater will be calculated according to the following formula:  $C = H \times R$

Where:

H = Number of Household Equivalent Units (HEUs) or units of demand calculated in accordance with section 5, less any credits calculated in accordance with section 5.10; and R = The applicable rate per HEU for the type of contribution (activity) and the catchment associated with the development (refer to Appendix 2).

**4.6 Catchments**

The catchments for charging each type of contribution are set out in Appendix 2, and the rationale further explained in Appendix 4. If for any reason a development or service connection request falls outside the catchment for water, wastewater or stormwater and is still served by the network infrastructure, then the calculation of contributions shall be as if the development or service connection was located within the catchment.

The capital expenditure related to growth is associated with one or more catchments on an activity-basis. The catchments are determined based on key characteristics including geography, service delivery and the nature and complexity of service provision. The catchments can be either local or district-wide. Individual capital works projects are allocated to catchments depending on the nature of the project and the community the project is intended to serve.

For this DCP there is four catchments:

**Table 7: Table Outlining the Catchment Areas and Activities Covered in each Catchment**

CATCHMENT AREA	ACTIVITY COVERED
Otāne, Waipawa and Waipukurau	Water, Wastewater and Stormwater
Takapau	Water, Wastewater and Stormwater
Pōrangahau	Water, Wastewater and Stormwater
District wide	Reserves and Community Infrastructure

Any development outside of the identified catchments has not been addressed in terms of infrastructure capacity anticipated as part of the existing reticulation network. Any request to extend services or infrastructure outside of the determined areas will need to be specifically assessed through a separate development agreement.

#### 4.7 Assessment of HEUS on the Basis of Multipliers

Subject to Section 5.8 and 5.9, the number of HEUs associated with a development will generally be assessed on the basis of the standard multipliers set out below, less any credits provided for in 5.10.

##### a) Residential Developments

ACTIVITY FOR WHICH CONTRIBUTIONS ASSESSED	UNIT OF MEASURE	MULTIPLIER (HEU MEASURE)
All	Allotment or 1st dwelling on an allotment	• 1 - (allotments and dwelling units).
All	Every second and subsequent dwelling unit on an allotment.	• 1 - Every second and subsequent dwelling unit on an allotment.

##### b) Non-residential Developments

The following are based on common factors of average demand. For the three waters the units of demand are set at 100m<sup>2</sup> of Gross Floor Area (GFA), then converted to HEUs based on the standard for a residential dwelling. Reserves and Community Infrastructure are zero rated as the demand is primarily generated from households. Developments that are determined by Council as having an impact on network services well above what is covered by the categories below (such as wet industries or a major food processing plant) can be considered as a special assessment (see section 5.9).

Table 9: Non-residential Base Unit Conversion Multipliers

NON-RESIDENTIAL CATEGORY	WATER PER 100M <sup>2</sup> GFA	WASTEWATER PER 100M <sup>2</sup> GFA	STORMWATER PER 100M <sup>2</sup> GFA	RESERVES	COMMUNITY INFRASTRUCTURE
Commercial / Retail / Office / Community	0.3	0.3	0.3	Nil	Nil
Industrial / Warehouse	0.4	0.4			
Restaurants and bars	1.3	1.3			
Community Facilities	0.3	0.3			
Visitor Accommodation and Residential Services	0.3 Per Unit / room	0.3 Per Unit / room			

#### 4.8 Additional Rules Relating to Assessment on the Basis of Multipliers

Each application is assessed as a residential development, non-residential development, or a mixture. Mixed developments are assessed under the provisions that apply to both residential and non-residential developments for the applicable parts of the development.

Units of demand will only be assessed for water or wastewater if a connection to the network is or will be available. Stormwater will only be assessed if the development is within a stormwater catchment area.

Allotments subject to an amalgamation condition, or that will be subject to an amalgamation condition, shall be considered as one allotment for the purpose of calculating HEUs.

Non-residential developments will generally be classified as a single development type, i.e. the one that best represents the dominant or primary activities associated with the development; and ancillary activities will not be considered separately. However, where a development has distinct parts, Council may, in its discretion, consider these parts separately. For example, the wine manufacturing component of a winery may be considered separately from the restaurant component.

Where a non-residential development is not described by the types of non-residential development identified above, the multiplier for the type of development with the most similar demand characteristics will be used.

Outdoor display areas for goods, e.g. garden centre display areas will be included in the calculation of GFA for retail, provided they are formalised areas primarily for display and not storage of goods.

Where a residential and non-residential aspect of a development share a common footprint, the number of HEUs for stormwater shall be based on the approach for non-residential development, i.e. impervious surfaces.

#### **4.9 Special Assessments of HEUs on the Basis of Actual or Anticipated Demand**

If the actual demand associated with a non-residential development is likely to be significantly different, that is at least 50% more or less than what is implied by the multipliers and demand assumptions in 5.7b, the Council may, in its discretion, choose to calculate the number of HEUs on the basis of the actual anticipated demand (including peak water take, peak wastewater discharge and wastewater content), less any credits provided in 5.10.

This 'special assessment' may be called for at the Council's discretion.

The applicant will be expected to provide supporting information and detailed calculations of their development's water supply, wastewater and stormwater demands in base units. Using the standard base unit/HEU conversions (Table 9) these estimates may then be converted to HEU's and charged accordingly. This additional information could be made part of a Section 92 (RMA 1991) request or at requested pre-application stage.

In determining whether to use this alternative calculation Council will consider the likelihood that the demand will change over time and whether, therefore, the standard approach may be more appropriate.

An assessment on the basis of actual anticipated demand shall be made by estimating the actual demand associated with the development for each service in the units of measure set out in 5.7, and dividing this by the demand assumptions for a HEU set out in table 11 in section 6.3. The calculation may be adjusted to reflect other factors that influence the design of infrastructure, peak demand issues and measures to mitigate demand.

#### **4.10 Assessment of Credits for Historic Development**

Historic credits acknowledge prior development of the site which has ceased and will be applied against the number of units of demand assessed for a development calculated under 5.3 to 5.9. The following principles shall apply to calculating credits:

- The onus is on the applicant to include details in the application of the historic development
- Credits can only be used for a development on the same site and cannot be transferred from one site to another
- The number of credits available is calculated under the policy that applies at the time of the assessment of the new development
- Additional credits will not be refunded if the number of units of demand assessed for any activity for the historic development exceed the number of units of demand assessed for the new development. However, the historic development may be considered again when assessing credits for any future development

There are a number of situations where credits may be considered:

- Existing residential dwelling units on site
- Payment of ½ or full rates charges for the water, wastewater or stormwater on the existing lot
- The previous lawfully established activity or lawfully consented buildings on a site
- Credits will not be given if the original activity was non-residential and did not pay or was unlikely to have paid a contribution. This applies to activities that were permitted and did not require any form of consent, but that have placed additional demand on Councils services.
- Cross leases that are separated into 'Fee Simple' titles will not attract contributions if there are no related works on site that will increase demand for Council infrastructure.
- Any vacant section is assumed to have one HEU credit to the extent that it is serviced (if physical connections are not in place no credit may be assumed).
- Credits for historic non-residential development will only be awarded if the elements that imply that development (i.e. the buildings, impervious surfaces etc.) were present in the ten years prior to assessment.

#### 4.11 Reductions

The value of the development contribution assessed will be reduced for the following reasons:

##### a) Esplanade Reserves

Esplanade Reserves or strips required under the RMA and associated with the development will be offset against development contributions payable for Reserves, up to the value of the contribution payable. Valuation of the Esplanade Reserve or strip will be GST exclusive and shall be assessed in terms of section 62(1)(b) of the Public Works Act 1981. The date of valuation shall be no more than 12 months before the requirement for the contribution.

##### b) Special Circumstances

Special circumstances may apply in relation to some service connections that may be taken into account to reduce the development contribution payable e.g. a targeted or special rates levy has been agreed pending the installation of a new service and as such provides for that property to connect to the services when commissioned. Under these circumstances the agreement would be honoured and no development contribution would be applied, except for where the demand proposed is greater than that envisaged by the special rate and a development contribution, or part thereof, will be charged.

##### c) On-site Provision of Infrastructure

The Council will consider a reduction in the development contribution assessed where the applicant will provide additional infrastructure on-site that reduces the demand for Council infrastructure. This could include:

- Wetlands, storage tanks and rain gardens to limit stormwater run-off and reduce reticulated water usage,
- On-site pre-treatment of wastewater.

The applicant would need to prove that the additional infrastructure is over and above the standard services required by Council and would directly offset the standard demand for services. An assessment may be carried out by Council to identify how many (if any) HEU's should be deducted from the development contributions calculated under 5.7 and 5.8.

#### 4.12 Remissions

Council will consider requests for remission of development contributions on the following grounds:

- The development is by a non-profit organisation and/or it will provide wide ranging benefits to the public.

Any such request must be made in writing and within 20 working days after the date on which the Council sent notice of the level of development contribution Council requires.

The request must include the following information:

- Description of the site and specific application subject to the contribution
- Description of the organisation seeking the remission and confirmation that it is a non-profit organisation as defined in the glossary
- Description of the benefits that the development will provide to the public and the extent of access to those benefits.

The request will be considered in accordance the delegations provided to the appropriate authorised Officer of Council.

The Authorised Officer will have regard to the following criteria in determining whether to grant a remission and the quantum of the remission:

- The level of the public benefits provided by the activity and the extent of access to those benefits, and
- The development contributions reserve funding available to Council.

Council will give written notice of the outcome of its consideration of the request within 15 working days of its receipt of the request and all relevant information relating to the request.

#### 4.13 Reassessment of a Development

Where a development becomes subject to assessment under more than one development contribution policy or version of a policy then the assessment of units of demand under the most recent policy or version shall prevail for the development as a whole.

To avoid doubt, no refund shall be given, or additional contributions required, because the rate per unit of demand has changed.

#### 4.14 Money or Land

The LGA provides that a development contribution for Reserves may be money or land, or both. Under this policy the contribution for Reserves shall be made in money unless, at the sole discretion of the Council, land is accepted.

In general, Council will only accept land as a development contribution for Reserves where it is specifically for a recreation, scenic or historic reserve and will be vested as such on subdivision or otherwise classified. However, Council may also accept easements for access etc. to existing Reserves or for recreational purposes. In determining whether to accept land the Council will have regard to existing policies. Drainage reserves and areas within reserves that are used primarily for drainage (e.g. retention pond areas), while they may be accepted by Council, will not form part of a development contribution for Reserves.

#### 4.15 Development Agreements

The Council may enter into specific arrangements with a developer for the provision and funding of particular infrastructure under a development agreement, including the development contributions payable, as provided for under sections 207A - 207F of the Local Government Act 2002. For activities covered by a development agreement, the agreement overrides the development contributions normally assessed as payable under the Policy.

The Council will consider a developer’s written request to enter into a Development Agreement without unnecessary delay. The Council will provide the developer written notice of its decision on the request and reasons for the decision. The Council will take into account the provisions contained in the Policy, as well as any other matters considered relevant. Similarly, where the Council requests that a developer enter into a Development Agreement, the request must be considered by the developer without unnecessary delay, who must provide written response to the Council.

A Development Agreement may record specific arrangements with a developer for the provision of particular infrastructure to meet the special needs of a development, which include (but is not limited to):

Where a development involves a large area to be developed over a long time period.

Where a development requires a special level of service or is of a type or scale which is not readily assessed in terms of units of demand.

Where a development is in a Deferred Residential Zone or any other area where Council is not currently planning to provide infrastructure for the 10-year period covered by the Policy. In those cases, a Development Agreement, private sector funding of infrastructure and an agreed Structure Plan would be required at first instance.

The content and effect of a Development Agreement must be meet the requirements of the Local Government Act 2002, and in particular section 207C.

#### 4.16 Payment Due Dates

The following table summarises when a development contribution invoice is generated and required to be paid. In most instances the invoice will be generated at the time an application for Code Compliance Certificate, Certificate of Acceptance or 224c is made, unless requested earlier.

Table 10: Summary of Invoicing and Payment

APPLICATION TYPE	TIMING OF ACTION
Land Use	An invoice will be issued at the time the Land Use resource consent is granted. Payment must be made within 20 days of the invoice being issued on granting the consent, and / or before the Land Use is given effect to.
Service Connection Request (where a building consent is not lodged/required)	An invoice will be issued at the time the connection request is approved and payment is due within 20 days of the invoice being issued. Payment must be made prior to any connection being made.
Building Consent	An invoice can be requested at any time by the applicant. If no invoice is requested, an invoice will be issued automatically at the time of application for Code Compliance Certificate or Certificate of Acceptance. Payment must be made prior to Issue of the Code Compliance Certificate or Certificate of Acceptance.
Resource Consent (subdivision)	An invoice can be requested at any time by the applicant. If no invoice is requested, an invoice will be issued automatically at the time of application for 224c. Payment must be made prior to issue of the 224c.

#### 4.17 Enforcement Powers

Council may recover debt through normal court action.

Until development contributions required in relation to a development have been paid Council may also, pursuant to section 208 of the LGA:

- In the case of a development contribution required when granting resource consent under the RMA, withhold the section 224(c) certificate on a subdivision and prevent the start of a resource consent
- In the case of a development contribution required when granting a building consent under the Building Act, withhold the Code of Compliance Certificate
- In the case of a development contribution required when granting a Certificate of Acceptance, withhold the Certificate of Acceptance
- In the case of a development contribution required for an authorisation for a service connection, withhold that service connection
- In each case, register the unpaid development contribution under the Statutory Land Charges Registration Act 1928, as a charge on the title of the land in respect of which the development contribution was required.

#### 4.18 Refunds

A refund of money or return of land will occur in the circumstances set out in sections 209 (development does not proceed) and 210 (Council does not spend) of the LGA where applicable.

#### 4.19 Postponements

Postponements on payment of a development contribution will not be applied.

#### 4.20 Reconsideration Process

As set out in section 199A(1) of the LGA, any person required by Council to make a development contribution may request a reconsideration of the requirement if they believe that:

- The development contribution was incorrectly calculated or assessed under the territorial authority's development contributions policy; or
- The territorial authority incorrectly applied its development contributions policy; or
- The information used to assess the person's development against the development contributions policy, or

- The way the territorial authority recorded or used it when requiring a development contribution, was incomplete or contained errors.

As set out in section 199A(4) a person may not apply for a reconsideration of a requirement for development contributions if they have already lodged an objection to that requirement under section 199C and Schedule 13A of the LGA.

Any such request must be made in writing within 10 working days after the date on which the person lodging the request for the reconsideration received notice from the Council of the level of development contribution Council requires.

The request must clearly state the site and specific application subject to the contribution, the particular contribution(s) to be reviewed, and any matters the person would like Council to take into consideration when undertaking the review.

The reconsideration will be undertaken in accordance the delegations provided to the appropriate authorised Officer of Council.

The reconsideration will be limited to consideration of the grounds for reconsideration listed in the bullets in this section.

Council will give written notice of the outcome of its reconsideration within 15 working days of its receipt of the request and all relevant information relating to the request.

Note: The LGA also provides a process for persons to object to development contributions assessed and for decisions on objections to be made by independent development contribution commissioners. Refer to Schedule 13A of the LGA for further details.

#### 4.21 Other Matters

##### Goods and Services Tax (GST)

Once all the development contribution calculations are complete, GST shall be added to the final invoice as required by the legislation and/or regulation of the day.

##### Valuations

Where it is necessary to value land to ensure the maximum contribution requirement in section 203(1) of the LGA is not exceeded, or to assess the value of an Esplanade Reserve or contribution in land, the value shall be assessed in terms of section 62(1)(b) of the Public Works Act 1981. The date of valuation shall be no more than 12 months before the requirement for the contribution.

In addition, where it is necessary to value land to ensure the maximum contribution requirement for Reserves in section 203(1) LGA is not exceeded, valuation of the additional allotments created by subdivision shall be calculated as the average value (the mean) of all post-development allotments intended or capable of supporting residential development.

**Applications to Vary Consents or the Conditions of Consent**

Where applications are received to vary a consent or the conditions of a consent, a new assessment will be made reflecting any increase or reduction on the demand for infrastructure and/or services that would result in a change to the HEUs relating to the original consent application.

**Council Developments**

Council is exempt from paying any development contributions on any development that itself is a capital expenditure for which development contributions are required. Council is otherwise required to pay development contributions as assessed under the policy.

## 5. Explanation of the Method for Development of the Schedule of Charges

### 5.1 Relevant Provisions in the Local Government Act 2002

Relevant provisions in the LGA that provide the legislative framework for this DCP include the following:

- Section 197AA and 197AB provides the purpose and principles for development contributions
- Section 199 provides the basis on which development contributions may be required.

Subsection (2) clarifies that Council may require a development contribution in relation to capital expenditure already incurred by the territorial authority in anticipation of the development.

Subsection (3) states that in subsection (1), effect includes the cumulative effects that a development may have in combination with other developments.

Section 203 (1) sets the maximum contributions for reserves and for network infrastructure and community infrastructure - Development contributions for reserves must not exceed the greater of:

- 7.5% of the value of the additional allotments created by a subdivision, and
- The value equivalent of 20 square metres of land for each additional household unit created by the development.

Development contributions for network or community infrastructure must not exceed the amount calculated by multiplying the cost of the relevant unit of demand by the number of units of demand assessed for a development or type of development (Clause 1 and 2 of Schedule 13 of the LGA).

Schedule 13 contains the general methodology for determining the maximum development contribution. In short, this requires identification of the capital expenditure costs, as set out in the LTP, which the Council expects to incur to meet increased demand resulting from growth and to attribute these costs to units of demand.

Clause 2 of Schedule 13 of the LGA, further requires that Council demonstrate that the units of demand are attributed to developments on a consistent and equitable basis.

### 5.2 The Capital Works Programme

Development contributions are only charged in relation to capital projects identified in the LTP. This includes both current projects identified in the Activity Management plans, as well as past projects. These are listed in Appendix 1. The Capital Works Programme is founded on a range of considerations including:

- Provisions of the LGA, such as the purpose of local government (Section 10), decision-making requirements (sections 76-81), the principles relating to local government (Section 14)
- The community outcomes identified in the Long Term Plan under the LGA
- Projections of growth and other changes in the community which could drive changes in demand
- Service provision levels and standards, which define the services being provided to the community in terms of criteria
- Plans and strategies.

Other types of network and community infrastructure capital projects could potentially be considered for development contributions in the future.

Council has used the best information available at the time of developing this policy to estimate the capital expenditure. However, it is likely that actual costs will differ from estimated costs due to factors beyond the Council's control, such as changes in the price of raw materials, labour, etc and the timing of capital works taking place.

### 5.3 Unit of Demand

The Household Equivalent Unit (HEU) is the base unit of demand used to apportion costs between different types of development in the calculation of development contributions. It represents the assumed demand for the service generated by an average household.

Units of demand can be assessed at subdivision, land use and building consent stages. It is Council's preference to assess and apply a development contribution at the first stage of development, namely the subdivision consent stage. Individual developments may create multiple units of demand for any of the given community facilities.



This table contains the demand assumptions for an independent household unit (i.e. one unit of demand or 1 'HEU'). The demand assumptions were used to develop the multipliers used to attribute units of demand to non-residential developments. They are also used to attribute units of demand to developments assessed as a special assessment under section 5.9.

**Table 11: Demand assumptions for an HEU**

ACTIVITY	UNIT OF MEASUREMENT FOR HEU	DEMAND PER HEU	COMMENTS
Reserves	Apportionment of total demand on Reserves	1 apportionment	
Community Infrastructure	Apportionment of total demand on Community Infrastructure	1 apportionment	
Water	Daily flow	820 litres per day	
Wastewater	Daily flow	615 litres per day	
Stormwater	Impervious surface area	340m <sup>2</sup>	Excludes impervious surfaces associated with roads or other public land.

Every dwelling is assumed to represent one HEU of demand for each service.

Section 5.7 sets out the multipliers used to calculate the number of HEUs associated with non-residential development. In essence, these multipliers represent the assumed typical relationship between the demand generated by non-residential development and the demand generated by households. Similar multipliers are used to convert the growth model to HEUs in the funding model.

#### 5.4 Measurements to Determine Units of Demand for Activities

Different types of measurements are used to allocate units of demand for each activity for residential and non-residential developments (refer Section 6.3).

For all activities a differentiation is made between residential and non-residential development due to the demand they place on the network activities.

The catchment areas are defined for each activity as shown on the maps in Appendix 2.

The HEU divisor needs to account for both residential growth and non-residential growth. Residential is assumed at 1 HEU per additional allotment. Non-residential growth is converted to HEUs using the following assumptions:

- Water = 1 HEU per 0.84 m<sup>3</sup> per day usage
- Wastewater = 1 HEU per 0.6145 m<sup>3</sup> per day of discharge
- Stormwater = 1 HEU per 340 m<sup>2</sup> of impervious surface area (ISA), including roof area
- Reserves and Community Infrastructure = 1 HEU per additional allotment.

There will be circumstances where no HEU assessment is necessary. For example, where the development is providing all its own infrastructure, thereby creating no demand on Council assets.

The following provides a specific explanation of units of demand allocated for each activity. Increasingly Councils are managing the three waters as integrated networks. Each impacts on the others and growth and capacity requirements have to be managed across the three activities. This is driving the integration of the Otāne, Waipawa and Waipukurau urban three waters networks.

Contributions for water, wastewater and stormwater will be used for the works identified, but can generally be described as:

- Increasing the capacity of pipes, pumps, and storage, treatment and disposal facilities
- Providing new pipes, pumps, and storage, treatment and disposal facilities
- Extension of piped infrastructure to service additional areas
- Increasing the capacity of drains, culverts and other structures
- Extension of the drainage network to service other areas
- Land purchase and easements
- Modelling networks to assess the impact of development
- Design and consenting costs which form part of the capital work projects

##### 5.4.1 Water Supply

For the purposes of DC's, interdependence within the networks creates a need for integrated management of the operation of the necessary components. As such, the management and professional services of Water is undertaken with District urban supply and demand issues in mind. The catchments have been split into the following for the direct catchment operations:

- Otāne, Waipawa and Waipukurau – operating as an interconnected network with supply pipes linked.
- Takapau
- Pōrangahau

An amount of 100% growth has been assumed where the works are purely to service future development and include extensions of the existing network to and within future development areas. Where existing reticulation is being duplicated or upgraded, and there are currently deficiencies in the level of service, i.e. marginal capacity with regard to firefighting capacity or low-pressures during peak demand, a proportion of the cost has been included as level of service.

A development contribution for the reticulated water network will be based on the value of future identified growth works, and any works already completed since June 2021 for the key network in anticipation of growth. All new developments in the reticulated water network will be subject to a development contribution.

All growth works within the service catchment are considered to service any allotment within the specified boundary, up to a uniform service level, at any time. All components of the network also have excess capacity that will cater for anticipated future capacity uptake. Any identified capital development growth-related works undertaken on the identified key network add to the capacity of the existing network directly.

#### 5.4.2 Wastewater

For the purposes of DCs, like the water network, the interdependence within the networks creates a need for integrated management of the operation of the necessary components. As such, the management and professional services of Wastewater is undertaken with District urban treatment and discharge and demand issues in mind. The catchments have been split into the following for the direct catchment operations:

- Otāne, Waipawa and Waipukurau – operates as an interconnected network with planned investment in a combined treatment plant.
- Takapau
- Pōrangahau

The infrastructure works identified include significant upgrades to the existing trunk sewer network in Waipawa and Waipukurau, treatment plants and some pump stations to provide capacity for future growth. Generally, the growth component for trunk and pump station upgrades and treatment plants is assessed at between 0% and 50%. Extension of the wastewater network or new pump stations are assessed as 100% growth component.

A development contribution for the wastewater service catchments will be based on the value of future identified growth works, and any works already completed since

June 2021 for the key network in anticipation of growth. All new developments in the above wastewater service catchments will be subject to a development contribution.

All growth works within the service catchment are considered to service any allotment within the specified boundary, up to a uniform service level, at any time. All components of the network also have excess capacity that will cater for anticipated future capacity uptake. Any identified capital development growth-related works undertaken on the identified key network add to the capacity of the existing network directly.

#### 5.4.3 Stormwater

Like the water and wastewater networks, each stormwater network is defined using an integrated catchment approach as all stormwater runoff within each urban catchment area has to be catered for, regardless of where the stormwater originates from. Runoff from areas with no stormwater issues flows into areas that do require capital works, so all areas are covered by the catchment area. The network has interdependent network components and there is an integrated system of services and facilities designed to protect property from flooding and improving water quality.

Stormwater infrastructure development within the catchments will be based on compliance as outlined in Operative District Plan or any future District Plan, and the network capacity, under a fully developed catchment scenario. The catchments are:

- Otāne, Waipawa and Waipukurau – operates as a interconnected network with planned investment in a combined treatment plant.
- Takapau
- Pōrangahau

A stormwater development contribution for each of these catchments is based on the value of future growth components, and any works already completed since June 2021, to be located within the entire catchment in order to meet the defined level of service under the fully developed catchment scenario.

All new developments in the defined service catchments will be subject to a development contribution. Additional development in areas with existing developed stormwater assets still creates additional runoff and this has to be catered for as it flows through the network. Additional development in partially developed or new areas can have a significant effect on the demand for additional stormwater infrastructure including secondary flow paths.

The standard allotment area of residential development and hence information related to site coverage and impermeable surface area (ISA) has been used to calculate a unit of demand. Note these are relative units of demand between each type of development. All residential development is assumed to create one HEU. All non-residential development is assessed on the amount of ISA (site coverage) compared with residential development, with a minimum of one HEU.

HEUs are based on the typical residential unit. Houses have been increasing in size for many years, and lot sizes have been declining. With driveways and paths the ISA of an average residential lot is now assessed at 340m<sup>2</sup>. This is the ISA used to determine the number of HEUs for each non-residential development.

#### **5.4.4 Reserves and other Community Infrastructure**

The Reserves and Community Infrastructure assets are composed of two distinct parts. They are: land identified as reserve for recreational purposes (“reserves”), and infrastructure associated with that identified land or other land owned or controlled by the Council for public amenities (“community infrastructure”).

Community infrastructure is composed of capital developments and facilities associated with the identified reserves and other land owned or controlled by the Council. This includes, but is not limited to playgrounds, administration buildings, carparks, landfills, libraries and recreational complexes, and public toilets – both on and off reserves.

The reserves and community infrastructure provide active and passive recreational facilities to the District community. For new community infrastructure, park and reserve facilities established specifically for new growth areas, 100% of these infrastructure works are to be funded by growth. For new facilities that include improvements to existing levels of service, various proportions of the cost have been attributed to future growth over the next 10 years depending on the details of each project.

The Development Contributions are district wide and are based on the value of identified future provision, and any works already completed since June 2021, of district wide parks, reserves and community infrastructure associated with growth.

Increased numbers of households and residents create additional demand for sportsfields, passive reserves, libraries, administration buildings, walkways and associated assets such as toilets and playgrounds. Council purchases key new land for reserves significantly before the developments are completed in order to minimise the cost of land purchase and reduce unnecessary servicing costs.

All residential and rural developments in the District specified in the Reserves and Community Infrastructure map in Appendix 2 will pay a DC for reserves and other community infrastructure. DCs will not be charged on non-residential development, or the non-residential component of mixed use developments.

The assumed demand for parks reserves and other community infrastructure is created and driven as a result of additional people, or residential households, being located within the District. Increased demand for parks reserves and other community infrastructure can come from anywhere within the defined area from residential and rural development. Non-residential development generally has no impact on the demand for reserves and community infrastructure networks and therefore DCs for Reserves and other community infrastructure do not apply.

All residential and rural development is assumed to create one unit of demand. All non-residential development is assumed to create zero units of demand.

#### **5.5 Assessment of growth model**

Council has developed growth projections for the period 2021-2051 to estimate future growth within the CHB district. This underpins the development of the policy at two levels. Firstly, as growth drives changes in demand on infrastructure, the growth projections are a foundation for the capital works programme. Secondly, the growth projections are converted into HEUs to model funding and to calculate the development contribution charge (refer to section 5).

The growth projections address three indicators of growth:

- Resident population
- Households
- Gross floor area of non-residential activities.

The full forecasts are available from Councils website and accessible here.

#### **5.6 Key Risks/Effects Associated with Growth Projections**

Growth projections are subject to uncertainties as to the quantum, timing and location of growth. There is a risk that the growth projections in the model will not eventuate, resulting in a change to the assumed demands on community facilities. This could result in the over-provision of infrastructure. Furthermore, if the total amount of growth is less than projected, then the proportion of capital expenditure recovered through development contributions will be less than expected. As a consequence, there may be increased debt servicing costs to Council. Council will

continue to monitor the rate of growth and will update outcomes in the growth and funding models as required.

Under-assessing growth, on the other hand, may result in the under-provision of infrastructure to meet the future demand for services.

## 5.7 Identification of Growth Expenditure and Funding Mechanisms

### General Approach

A schedule of the capital expenditure identified in the LTP that Council expects to incur to meet the increased demand for community facilities resulting from growth is contained in Appendix 1. The proportion of this expenditure that Council expects to fund from development contributions is also indicated.

In determining the growth expenditure and associated funding mechanisms, an analysis is undertaken at three levels:

#### 1. Activity Level

The range of funding mechanisms (consistent with the Revenue and Financing Policy) is identified at the activity level and an initial analysis is made of the considerations in the LGA, including section 101(3).

#### 2. Programme Level

Further consideration is given to the considerations in the LGA and their implications for funding.

#### 3. Project Level

At the project level, the drivers for the project are reviewed and a cost allocation process is undertaken to separate the costs into three drivers (growth, level of service and renewal).

A catchment is then identified for the project and the funding model applied to provide an indication of the 'raw development contributions charge' required to fund the growth component. Further consideration is then given to appropriate funding mechanisms, building on the analysis at the activity and programme level and the considerations in the LGA. This may result in re-consideration of the drivers and cost allocation process.

In general terms, Council has determined to use development contributions to fund the portion of capital indicated in Appendix 1 because:

- a. The portion of capital expenditure identified relates to the growth community in terms of sections 101(3)(a)(ii) (beneficiaries) and/or 101(3)(a)(iv) (exacerbators). Development contributions provide a means of directing funding

to the growth community.

- b. Council recognises that liability for rates is increasingly putting pressure on the social wellbeing of the community and the use of this alternative source of funding will have the benefit of easing the burden of rates.
- c. Council wishes to keep debt levels within the covenants identified in its Financial Strategy.

## 5.8 Cost Allocation

Council makes a judgement about whether the assets being created will provide additional capacity or improve Level of Service (LOS) / renewals and therefore who benefits, the existing users, or the growth users. For this policy Council has only looked at the capital projects for water, wastewater, stormwater, reserves and community infrastructure.

The capital expenditure and benefit allocation in this policy is analysed in the following way:

- Renewal expenditure: this benefits the existing user only and replaces the existing asset base
- Backlog expenditure: new asset capacity is of benefit to the existing user only, to meet the short fall in the current Level of Service
- New services expenditure: capital expenditure to provide benefits to both the existing and the growth user on a pro-rata basis
- Growth expenditure: that which benefits and is needed by the projected growth in the community, estimated over the next 10 years. The life of the LTP. Asset capacity which provides benefits beyond that period will be allocated to future growth communities and may form part of future Development Contribution Policy.

The Level of Service supplied for these activities generates a benefit that is enjoyed by the whole community, both existing and growth users. There is no mechanism to exclude one group from the other. Similarly, both existing and growth users share proportionately in the benefits of excess capacity up to the point that it is consumed by the expanding community.

There is recognition of transitional benefits to both the existing community and the incoming growth community that may occur in some circumstances as a result of excess capacity provided in anticipation of growth. This is often perceived as an improvement in Level of Service, but if there has been no change in the planned Level of Service this is an 'improvement' that will be eroded over time as growth takes up that additional capacity. Council's cost allocation methodology takes account of this transitional benefit where appropriate and allocates it between the growth community and the existing community.

It is recognised that there are components built into the existing network with excess capacity which will benefit the growth community. Some of these components are included in the development contributions calculations as past projects with residual capacity for anticipated growth. Therefore, the growth community benefits from some significant past capital expenditure without incurring any additional charges.

The process of cost and benefit allocation is undertaken using a modelling tool, this model records:

- The judgements made about the drivers of a project i.e. the reasons Council has undertaken the project and who will benefit from the project.
- The model assists in making and recording the allocation of costs between the beneficiaries.
- The model apportions the cost of infrastructure that can be attributed to the existing and growth communities.

Council has, after deliberations and having regard to considerations of fairness and equity under section 197AB of the LGA and the overall impact on the commencing of development contributions under section 101(3) (b), of the LGA, elected to use a rate of 100% for DCs on any identified growth capital work listed in the LTP as cost of development.

The decision to take this action was made by considering the following to:

- Provide reasonable consistency to the growth community of the level of charges (both across all networks and over time),
- Provide fairness and equity to existing ratepayers,
- Recognise the costs to the existing community of sustainable District-wide growth and Council's role in the development cycle that has longer time frames than other parties,
- Ensure optimal environmental outcomes and to protect public health.

Therefore, the model we currently use sets the sharing of benefits as follows:

- 100% for new or growth users of the identified infrastructure

All changes to the utility network directly caused by the development (internally or externally) are to be constructed by the developer at the developers' expense and completed to CHBDC standards. The developer will therefore meet the full actual cost of the water supply, wastewater or stormwater disposal system to the development.

### 5.9 Funding Model

The funding model is used to calculate the development contribution charges, per HEU, by activity and catchment. Each contribution charge represents the sum of the Development Contributions charges calculated for the projects within the activity.

Essentially, the funding model divides the growth portion of cost of each project (identified using the cost allocation process) by the number of Household Equivalent Units projected for the catchment over the funding period for the project, also allowing for:

- Interest credited, when income from development contributions is projected to exceed the amount spent on the project
- Interest on debt, when the amount spent on the project is projected to exceed the income received from development contributions
- The effects of inflation on costs, using the Statistics NZ Producers Price Index Outputs for Construction (PPI) as at 30 June each year.

It is assumed that by the end of the funding period the debt owing on each project is zero.

Interest rates are subject to fluctuation and will be reviewed at each policy review.

### 5.10 Aggregation of the Contribution

Once funding mechanisms have been decided at the project level, the development contributions per HEU are aggregated by catchment and activity to determine the rates per HEU. These are listed in Section 4.

## 6. Review of the Policy and Revision of the Schedule

### 6.1 Review of Policy

It is anticipated that a new DCP will be developed or reviewed with each LTP, or at shorter intervals if Council considers necessary, to take account of significant changes to:

- The DCP
- Policy and strategic plans
- The capital works programme accounting for growth
- The pattern and distribution of development in the district
- Anticipated inflation or interest rates
- Any other matters Council considers relevant.

### 6.2 Revision of the Schedule of Contributions

Council may also revise the schedule of contributions (Appendix 1) with each Annual Plan to reflect significant differences between actual capital costs incurred and the anticipated costs in the capital work programme.

## 7. Glossary of Terms

<b>Allotment</b>	Has the same meaning as sections 2 and 218 of the RMA.
<b>Backlog</b>	That portion of a project that relates to historical catch-up to meet the required level of service for the existing community.
<b>Building</b>	Any structure having a roof supported by columns or walls used or intended to be used for the shelter or enclosure of persons, animals or property of any kind.
<b>Commercial / Retail / Office / Community</b>	Property and business services (e.g. real estate, architects), retail, finance and insurance services, personal services (e.g. beauticians), government administration (e.g. courts, local government), commercial cultural and recreational services (e.g. tourism operators, cinemas), service stations and offices. Medical services (e.g. doctors, optometrists, hospitals), veterinary services, dental services, community care services (excludes accommodation).
<b>Community Facilities</b>	Has the same meaning as section 5 of the LGA - reserves, network infrastructure or community infrastructure for which development contributions may be required in accordance with s199 of the LGA.
<b>Community Infrastructure</b>	For the purpose of classifying developments for calculating HEUs means libraries, halls, churches, club rooms, landfills, sports facilities, places of assembly, museums, etc.
<b>Cost Allocation</b>	The allocation of the capital costs of a project to the various drivers for the project, such as renewal, catch-up (backlog), and additional capacity to meet growth.
<b>Development</b>	As set out in the LGA 2002 S197 Any subdivision or other development that generates a demand for reserves, network infrastructure, or community infrastructure; but does not include the pipes or lines of a network utility operator.
<b>Development Contribution/DC</b>	As set out in the LGA 2002 S197 means a contribution provided for in a development contribution policy included in the long-term plan of a territorial authority; and calculated in accordance with the methodology; and comprising (i) money; or (ii) land, including a reserve or esplanade reserve (other than in relation to a subdivision consent), but excluding Māori land within the meaning of Te Ture Whenua Māori Act 1993, unless that Act provides otherwise; or (iii) both
<b>DCP</b>	Development Contributions Policy
<b>Dwelling Unit</b>	A building (or part of any building) in which a single housekeeping unit resides or could potentially reside.
<b>HEU / Household Equivalent Unit</b>	The unit of demand that relates demand of developments for community facilities to the typical demand by an average household. It forms the basis of assessing development contributions.
<b>GFA / Gross Floor Area</b>	The total of the area of the floors of all buildings, measured from the exterior faces of the exterior walls, or from the centre lines of walls separating two buildings or, in the absence of walls, from the exterior edge of the floor. Gross Floor Area shall include floor spaces in roofed terraces, balconies and porches. Gross Floor Area shall exclude: <ul style="list-style-type: none"> <li>• Service station canopies</li> <li>• Covered pedestrian circulation areas.</li> </ul>
<b>GST</b>	Goods and Services Tax.

<b>Headworks</b>	Headworks describe the pumping station/treatment/Bores etc. part of the network. For Water this occurs at the start of the network where the water is extracted from the bores. For Wastewater and Stormwater headworks means the main pumping stations, treatment ponds, discharge structures etc that occur at the end of the network.
<b>Impervious Surface Area/ISA</b>	Hard surface area which either prevents or retards the entry of water into the soil mantle as it entered under natural conditions pre-existent to development, or that hard surface area which causes water to run off the surface in greater quantities or at an increased rate of flow from that present under natural conditions pre-existent to development.  Common impervious surfaces include, but are not limited to, rooftops (concrete or asphalt), walkways, patios, driveways, parking lots or storage areas, and oiled, macadam or other surfaces which similarly impede the natural infiltration of surface water.
<b>Industrial / Warehouse</b>	Manufacturing and processing activities of a substantial size, e.g. steel fabrication, food processing factories, timber processing, packing houses. Activities primarily involving the storage of goods or property, including warehousing, depots, and wholesaling activities for agriculture / forestry.
<b>LGA</b>	Local Government Act 2002
<b>Lot</b>	Lot is deemed to have the same meaning as 'Allotment' under both the Local Government Act 2002, and the Resource Management Act 1991.
<b>LTP</b>	Long Term Plan
<b>Non-profit Organisation</b>	Any society, association, organisation or registered charitable trust that: <ul style="list-style-type: none"> <li>• Is not carried out for the profit or gain of any member; and</li> <li>• Has rules that do not allow money or property to be distributed to any of its members.</li> </ul> For the avoidance of doubt, non-commercial Council activities will be considered non-profit organisations for the purpose of the remissions.
<b>Network Infrastructure</b>	The provision of roads and other transport, water, wastewater, and stormwater collection and management
<b>RMA</b>	Resource Management Act 1991
<b>Renewal</b>	That portion of project expenditure that has already been funded through depreciation of the existing asset
<b>Residential Allotment</b>	An allotment zoned Residential or Rural in the Combined Regional Land and District Plan and capable of development for residential purposes.
<b>Restaurants / Bars</b>	Activities where food is prepared on-site and/or drinks are sold and consumed on-site (whether private or public).
<b>Service Connection</b>	A physical connection to a service provided by, or on behalf of, CHBDC, including roads and water, wastewater, stormwater reticulation.
<b>Subdivision</b>	Subdivision is deemed to have the same meaning as 'subdivision' under the Resource Management Act 1991.
<b>Visitor Accommodation and Residential Services</b>	Hotels, motels, backpackers, campgrounds, etc. Residential care facilities, e.g. aged care homes



## **8. Appendices**

Appendix 1 – Project Schedule

Appendix 2 – Geographic Catchments

Appendix 3 – Development Contributions Calculations - Examples

Appendix 4 - Appendix 4 - Analysis of Benefits – Section 101(3) LGA Requirements

## 8.1 Appendix 1 – Project Schedule

For development in the areas shown in the activity maps in Appendix 2

### Community Infrastructure

PROJECT NAME	YEARS OF PLANNED EXPENDITURE	TOTAL ESTIMATED CAPITAL EXPENDITURE	FUNDED FROM FUTURE DEVELOPMENT CONTRIBUTIONS (GROWTH COMPONENT) IN \$ 2021	FUNDED FROM RATES / LOANS	FUNDED FROM EXTERNAL SOURCES
Waipukurau Campground Development of new toilet block	2023/24	250,000	12,500	237,500	
New WPK Library Building Construction and FFE	2028 -2030	2,018,000	100,900	1,917,100	
CHBDC Admin Building Strengthen & Modernisation	2026/27	1,789,000	89,450	1,699,550	
District Landfill New cell for Landfill extension	2025/26	2,000,000	100,000	1,900,000	
Transfer Station Capex New Waipukurau Weighbridge	2025/26	150,000	7,500	142,500	
Public Toilets Russell Park New toilet & changing rooms	2025/26	200,000	10,000	10,000	
<b>Total Community Infrastructure Projects Growth Related</b>		\$6,407,000	<b>320,350</b>	5,944,150	
<b>Reserve Balance as at June 2020</b>			<b>Nil</b>		
<b>Total to be Funded from Development Contributions</b>			<b>320,350</b>		

**Water**

<b>PROJECT NAME</b>	<b>YEARS OF PLANNED EXPENDITURE</b>	<b>TOTAL ESTIMATED CAPITAL EXPENDITURE</b>	<b>FUNDED FROM FUTURE DEVELOPMENT CONTRIBUTIONS (GROWTH COMPONENT) IN \$ 2021</b>	<b>FUNDED FROM RATES / LOANS</b>	<b>FUNDED FROM EXTERNAL SOURCES</b>
Developer led projects	2021 - 2031	500,000	500,000	-	
Structure Planning for growths	2021 - 2025	450,000	450,000	-	
Upgrades for growth (District wide)	2027 - 2031	760,435	760,435	-	
Waipawa water mains replacement and upsize	2023 - 2028	1,861,000	372,200	1,488,800	
Great North Rd - High St Main Replacement and upsize	2021/22	200,000	66,000	134,000	
Waipawa Reservoir Replacement	2025/26	2,500,000	825,000	1,675,000	
Waipukurau water mains replacement and upsize	2022 - 2027	1,861,000	372,200	1,488,800	
Waipukurau Second Supply	2021 - 2026	7,166,000	2,364,780	4,801,220	
Hunter Park Reservoir Replacement	2024 - 2026	1,500,000	495,000	1,005,000	
Pukeora Reservoir Replacement	2023/24	4,500,000	1,485,000	3,015,000	
SH2 Replacement and upsize AC Main (Risk)	2022 - 2024	1,500,000	495,000	1,005,000	
Waipawa Water Supply Capital Renewals	2020/21	160,904	8,045	152,859	
Waipawa Water Supply Capital Projects	2020/21	160,904	16,090	144,814	
Waipukurau Water Capital Renewal	2020/21	294,990	14,750	280,240	
Waipukurau Water Supply Capital Projects	2020/21	1,829,490	182,949	1,646,541	
Water treatment plant improvements	2021 - 2024	200,000	20,000	180,000	
Reticulation renewal including pipes and other assets	2021 - 2031	6,658,680	332,934	6,325,746	
District Water Capital Renewal	2020/21	376,145	18,807	357,338	
<b>Total Water Projects Growth Related</b>		32,479,548	<b>8,779,190</b>	23,700,358	
<b>Reserve Balance as at June 2020</b>			Less surplus 34,128		
<b>Total to be Funded from Development Contributions – Water</b>			<b>8,745,062</b>		

**Wastewater**

<b>PROJECT NAME</b>	<b>YEARS OF PLANNED EXPENDITURE</b>	<b>TOTAL ESTIMATED CAPITAL EXPENDITURE</b>	<b>FUNDED FROM FUTURE DEVELOPMENT CONTRIBUTIONS (GROWTH COMPONENT) IN \$ 2021</b>	<b>FUNDED FROM RATES / LOANS</b>	<b>FUNDED FROM EXTERNAL SOURCES</b>
Reticulation renewal and upsizing pipes and other reticulation	2021 - 2031	3,138,042	1,569,021	1,569,021	
Developer led projects	2021 - 2031	500,000	500,000	-	
Great North Rd link Abbotsford to Tamumu for Barret property	2021/22	350,000	175,000	175,000	
Upsize Mt Herbert main for hospital	2023/24	1,381,000	690,500	690,500	
Growth - WPK Old Saleyards / Industrial area	2024/25	1,381,000	690,500	690,500	
Structure plan for growth	2021 - 2025	260,000	260,000	-	
Racecourse Road parallel main	2021/22	1,231,000	1,231,000	-	
Winlove to Svenson Hospital site enablement	2021 - 2023	1,531,000	1,531,000	-	
Pōrangahau wastewater treatment and discharge upgrade	2021 - 2030	17,000,000	850,000	16,150,000	
Takapau wastewater treatment and discharge upgrade	2021 - 2026	2,500,000	125,000	2,375,000	
Waipukurau / Waipawa / Otāne wastewater treatment and discharge upgrade	2021 - 2031	45,300,000	2,265,000	43,035,000	2,400,000
District Sewer Capital Renewal	2020/21	258,877	12,944	245,933	
District Sewer Capital Improvements	2020/21	1,609,038	160,904	1,448,134	
Waipukurau industrial reticulation review	2029 - 2031	6,000,000	600,000	5,400,000	
<b>Total Wastewater Projects Growth Related</b>		<b>82,439,957</b>	<b>10,660,869</b>	<b>71,779,088</b>	<b>2,400,000</b>
<b>Reserve Balance as at June 2020</b>			Less surplus \$118,428		
<b>Total to be Funded from Development Contributions – Wastewater</b>			<b>\$10,542,441</b>		

**Stormwater**

<b>PROJECT NAME</b>	<b>YEARS OF PLANNED EXPENDITURE</b>	<b>TOTAL ESTIMATED CAPITAL EXPENDITURE</b>	<b>FUNDED FROM FUTURE DEVELOPMENT CONTRIBUTIONS (GROWTH COMPONENT) IN \$ 2021</b>	<b>FUNDED FROM RATES / LOANS</b>	<b>FUNDED FROM EXTERNAL SOURCES</b>
Developer led projects	2021 - 2031	1,000,000	1,000,000	-	
Structure Planning for growth	2021 - 2025	180,000	180,000	-	
Waipawa Shortfalls in existing assets	2021 - 2031	500,000	165,000	335,000	
Bush Drain Restoration and upsizing	2022 - 2026	100,000	50,000	50,000	
Pah Flat Drain Channel Upgrade and treatment for growth	2021 - 2024	300,000	150,000	150,000	
Improve performance of open drain racecourse road for growth	2022/23	90,000	45,000	45,000	
Eastern Interceptor capacity increase to fit in with sewer works	2022 - 2024	600,000	300,000	300,000	
Otāne Shortfalls in existing assets	2021 - 2031	500,000	50,000	450,000	
Takapau Shortfalls in existing assets	2021 - 2031	500,000	50,000	450,000	
Waipawa - Parkland infrastructure improvements	2025 - 2026	90,000	9,000	81,000	
Waipukurau Shortfalls in existing assets	2021 - 2031	1,750,000	175,000	1,575,000	
Waipukurau CBD Flooding Upgrade	2023 - 2025	500,000	75,000	425,000	
Reticulation renewal including pipes and other assets	2021 - 2031	1,485,000	74,250	1,410,750	
<b>Total Stormwater Projects Growth Related</b>		<b>7,595,000</b>	<b>2,323,250</b>	<b>5,271,750</b>	
<b>Reserve Balance as at June 2020</b>			Less surplus \$7,668		
<b>Total to be Funded from Development Contributions – Stormwater</b>			<b>\$2,315,582</b>		

**Reserves**

<b>PROJECT NAME</b>	<b>YEARS OF PLANNED EXPENDITURE</b>	<b>TOTAL ESTIMATED CAPITAL EXPENDITURE</b>	<b>FUNDED FROM FUTURE DEVELOPMENT CONTRIBUTIONS (GROWTH COMPONENT) IN \$ 2021</b>	<b>FUNDED FROM RATES / LOANS</b>	<b>FUNDED FROM EXTERNAL SOURCES</b>
Otāne - Main Street upgrade - Concept, Design, Construct	2028 - 2030	240,000	12,000	228,000	
Districtwide Implementation of Cycling and walking Strategy	2022 - 2031	375,000	18,750	356,250	
Waipawa - Nelly Jull Connection - Land Acquisition to SH2	2025/26	210,000	10,500	199,500	
Waipawa - Nelly Jull Connection - Demolition and Development	2029/30	150,000	7,500	142,500	
Waipawa - Implement Town Centre Master Plan	2024 - 2031	250,000	12,500	237,500	
Waipukurau - Town Centre Plan Development	2023 - 2031	200,000	10,000	190,000	
Ongaonga - Upgrade Main Street Tree Planting, furniture	2028/29	65,000	3,250	61,750	
Takapau - Upgrade Main Street Tree Planting, furniture	2030/31	165,000	8,250	156,750	
Districtwide - Implementation of Cycling Strategy	2022 - 2031	250,000	12,500	237,500	
Waipawa - Bush Drain Walkway Land Purchase	2029/30	420,000	21,000	399,000	
Waipukurau - Holt Place to Pōrangahau Road Accessway Development	2029/30	270,000	13,500	256,500	
Waipukurau - Mt Herbert Road to Tukituki Trails Accessway Land Acquisition	2026/27	200,000	10,000	190,000	
Waipukurau - Mt Herbert Road to Tukituki Trails Development	2028/29	75,000	3,750	71,250	
Waipukurau - Svenson Road to Mount Herbert RR Accessway Land Acquisition	2028/29	300,000	15,000	285,000	
District Parks & Reserve New Playground	2030/31	200,000	200,000	-	
Otāne - New Open Space Land Acquisition	2030/31	560,000	560,000	-	
Waipukurau - New Open Space Land Acquisition Hospital Site	2027/28	650,000	650,000	-	
<b>Total Reserves Projects Growth Related</b>		<b>4,580,000</b>	<b>1,568,500</b>	<b>3,011,500</b>	
<b>Reserve Balance as at June 2020</b>			Less surplus \$5,429		
<b>Total to be Funded from Development Contributions – Reserves</b>			<b>\$1,563,071</b>		

CATCHMENT	ACTIVITY	TOTAL TO BE FUNDED BY DEVELOPMENT CONTRIBUTIONS 2021 - 2031	TOTAL ADDITIONAL HEUS RESIDENTIAL FORECAST TO 2031	TOTAL ADDITIONAL HEUS NON-RESIDENTIAL FORECAST TO 2031	TOTAL ADDITIONAL HEUS FORECAST TO 2031	DEVELOPMENT CONTRIBUTION CHARGE PER HEU – EX GST
Otāne, Waipawa and Waipukurau	Wastewater	\$9,461,582	725	148	873	\$10,838
	Water	\$8,570,973		148		\$9,818
	Stormwater	\$2,147,825		60		\$2,736
Takapau	Wastewater	\$237,143	74	nil	74	\$3,205
	Water	\$104,109		nil		\$1,407
	Stormwater	\$112,713		nil		\$1,523
Pōrangahau	Wastewater	\$962,143	60	nil	60	\$16,036
	Water	\$84,413		nil		\$1,735
	Stormwater	\$62,713		nil		\$1,045
District Wide	Reserves	\$1,568,500	1,340	nil	1,340	\$1,171
	Community Infrastructure	\$320,350		nil		\$239
	<b>Total</b>	<b>\$23,632,463</b>				

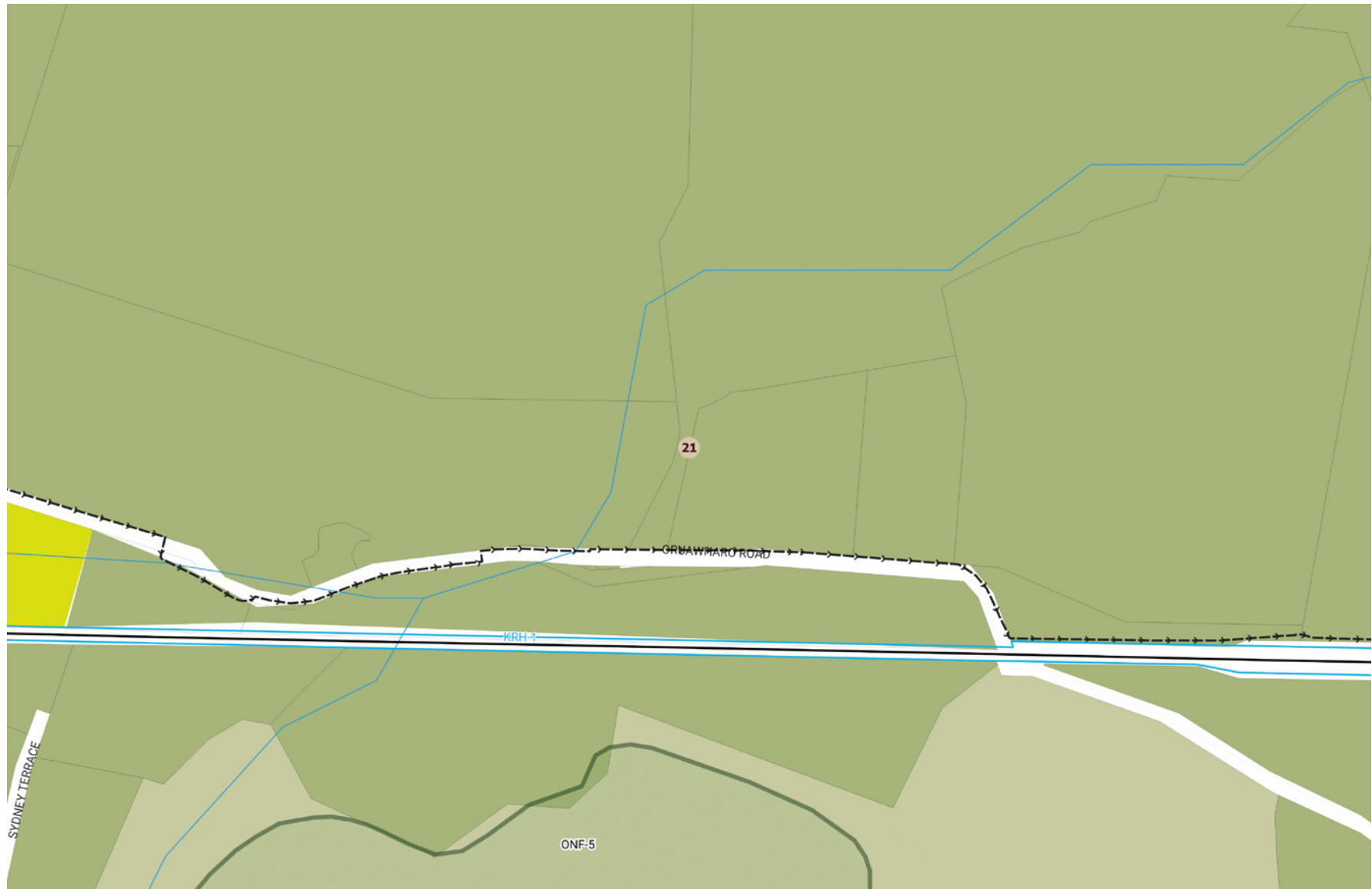
## 8.2 APPENDIX 2 – Geographic Catchments – Water, Wastewater and Stormwater, Reserves and Community Infrastructure

### Takapau Geographic Catchment

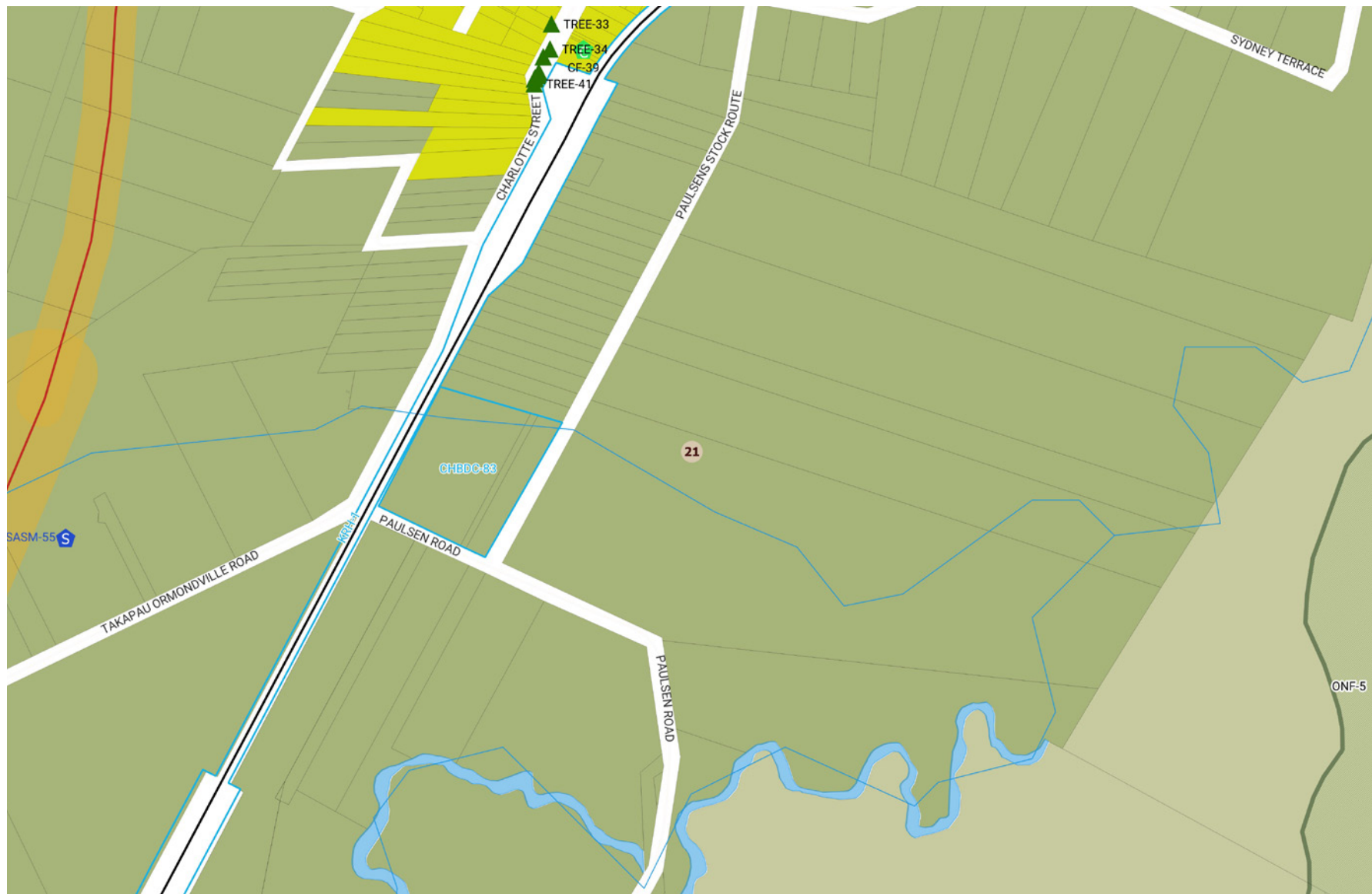




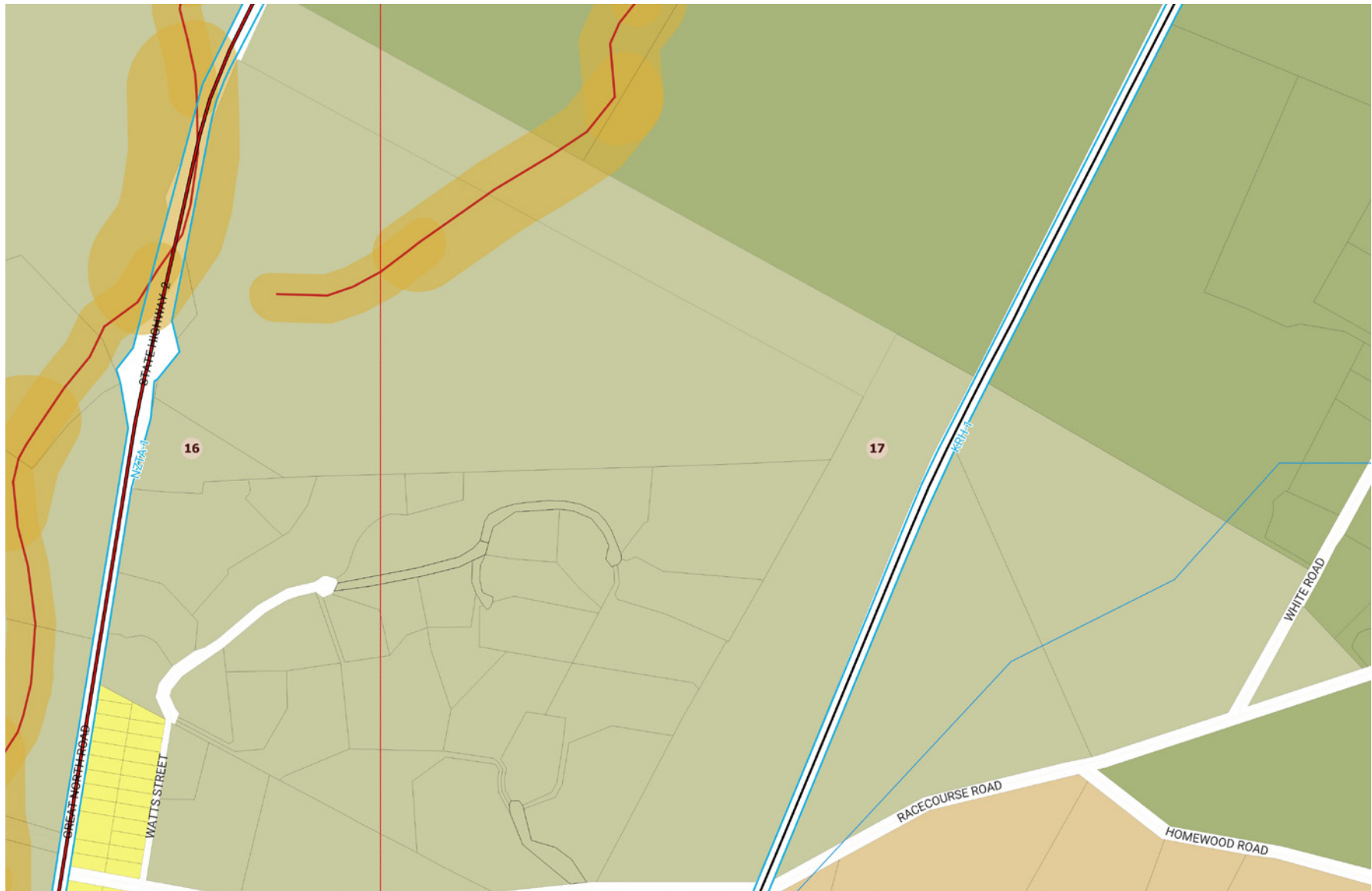
Takapau Geographic Catchment



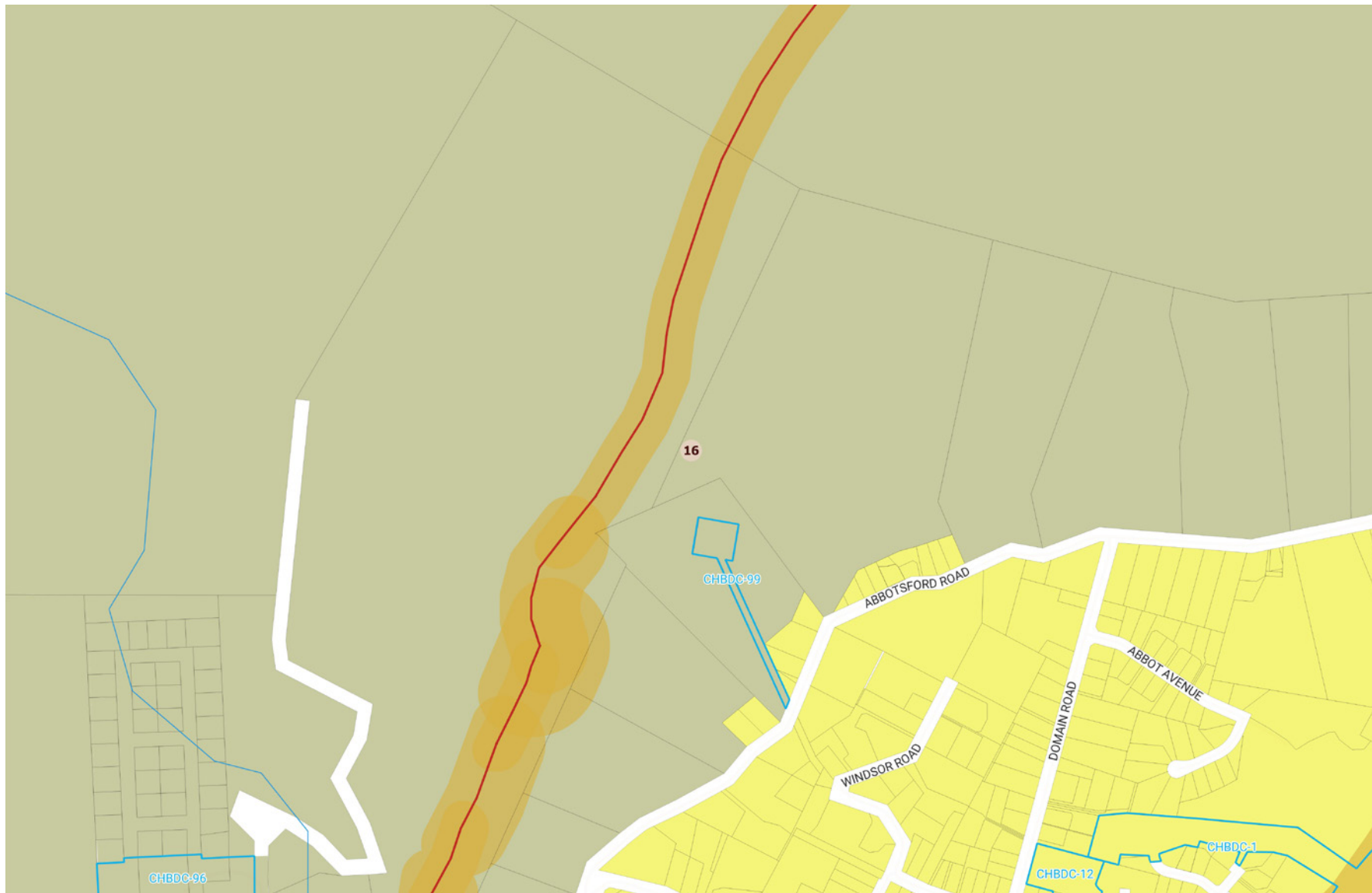
Takapau Geographic Catchment



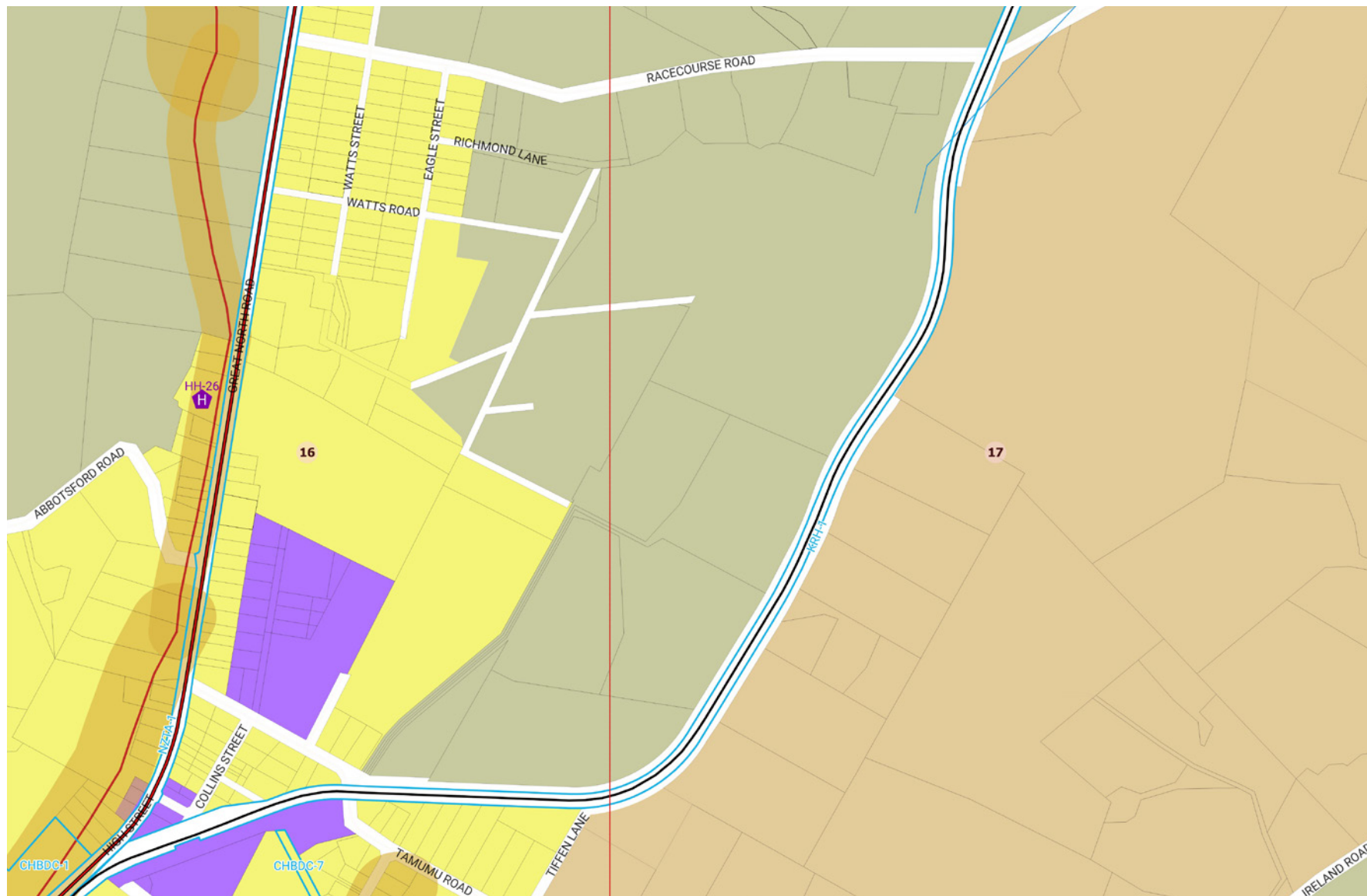
Waipawa Geographic Catchment



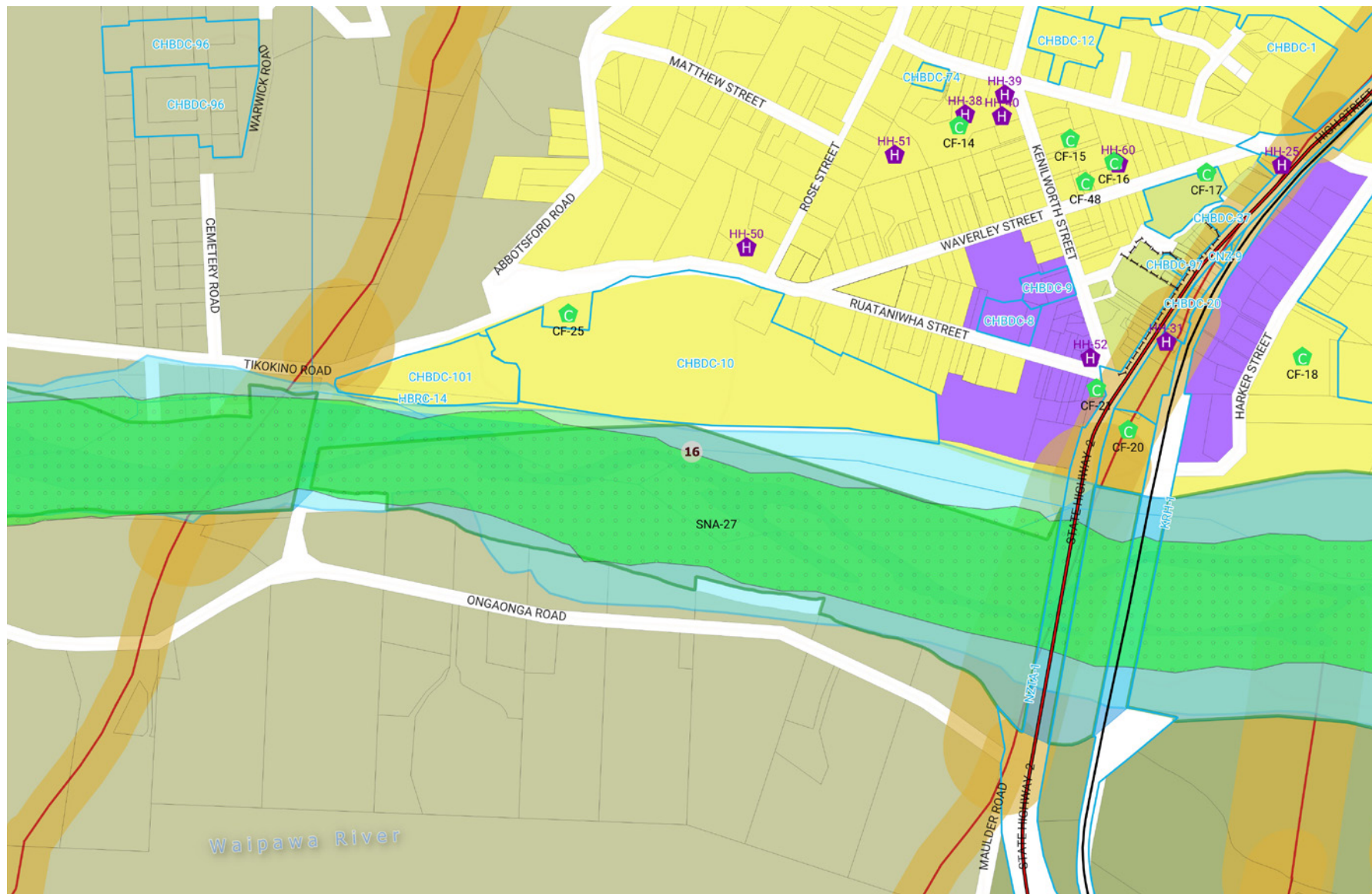
Waipawa Geographic Catchment



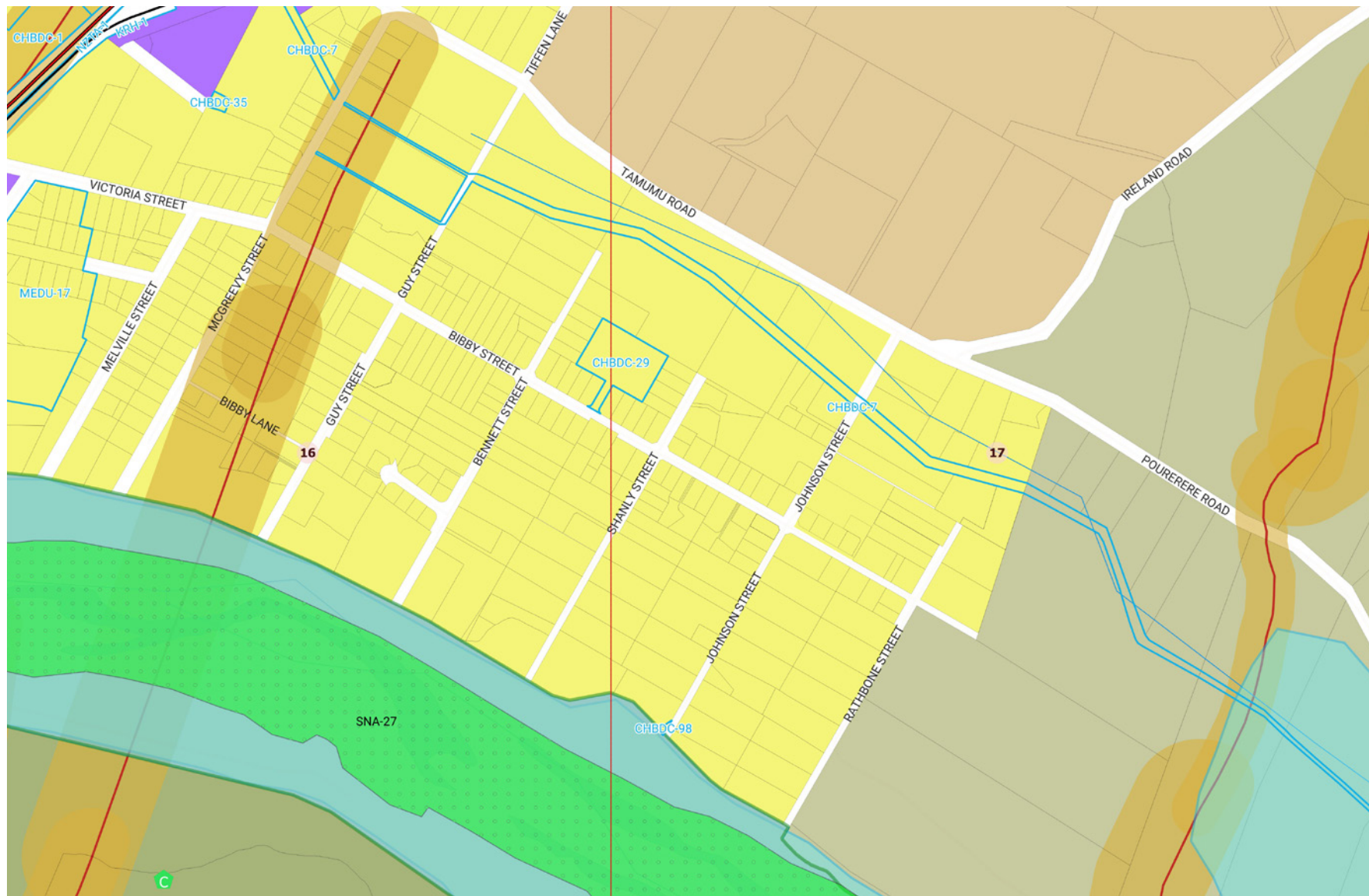
Waipawa Geographic Catchment



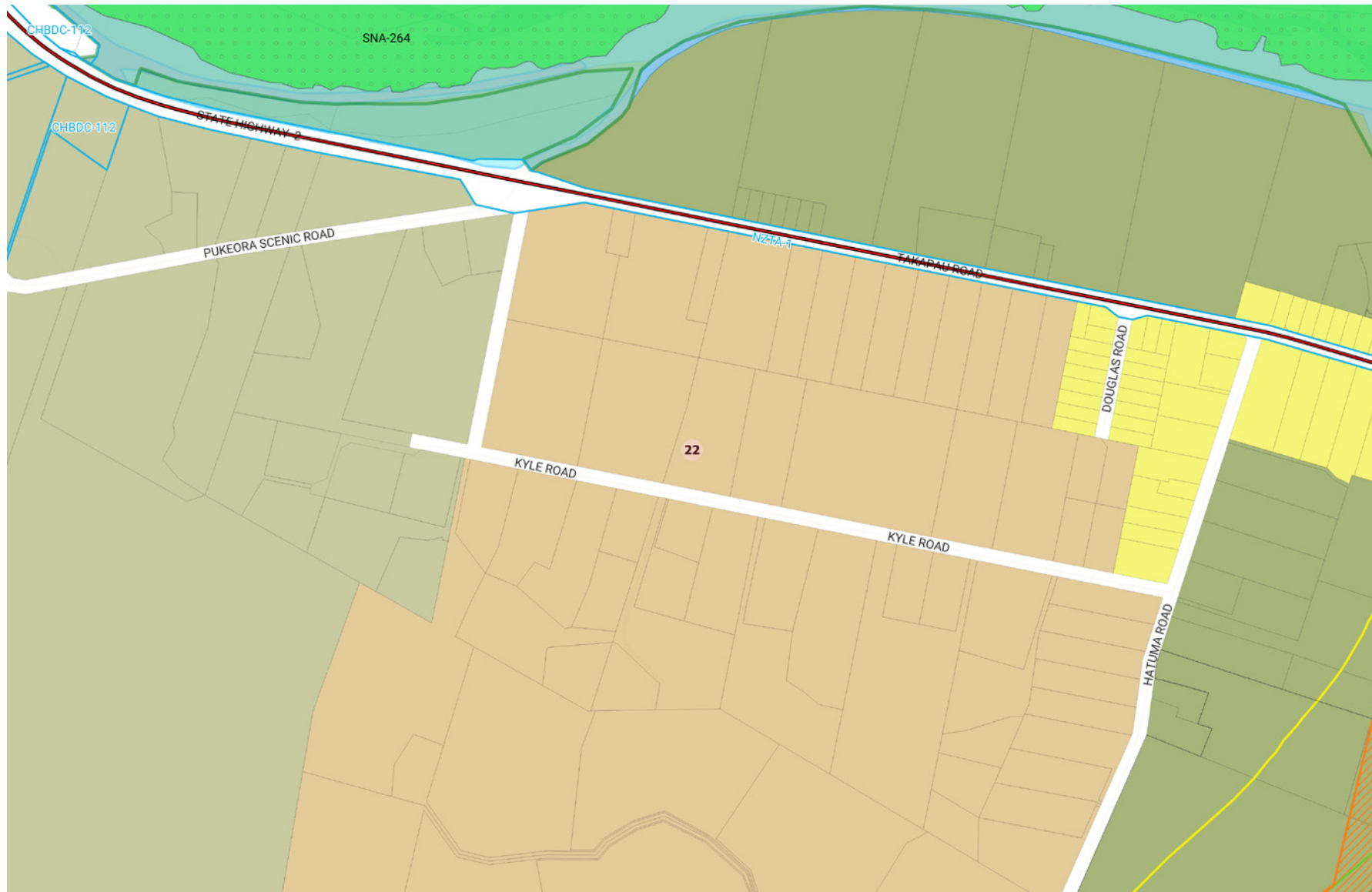
Waipawa Geographic Catchment



Waipawa Geographic Catchment

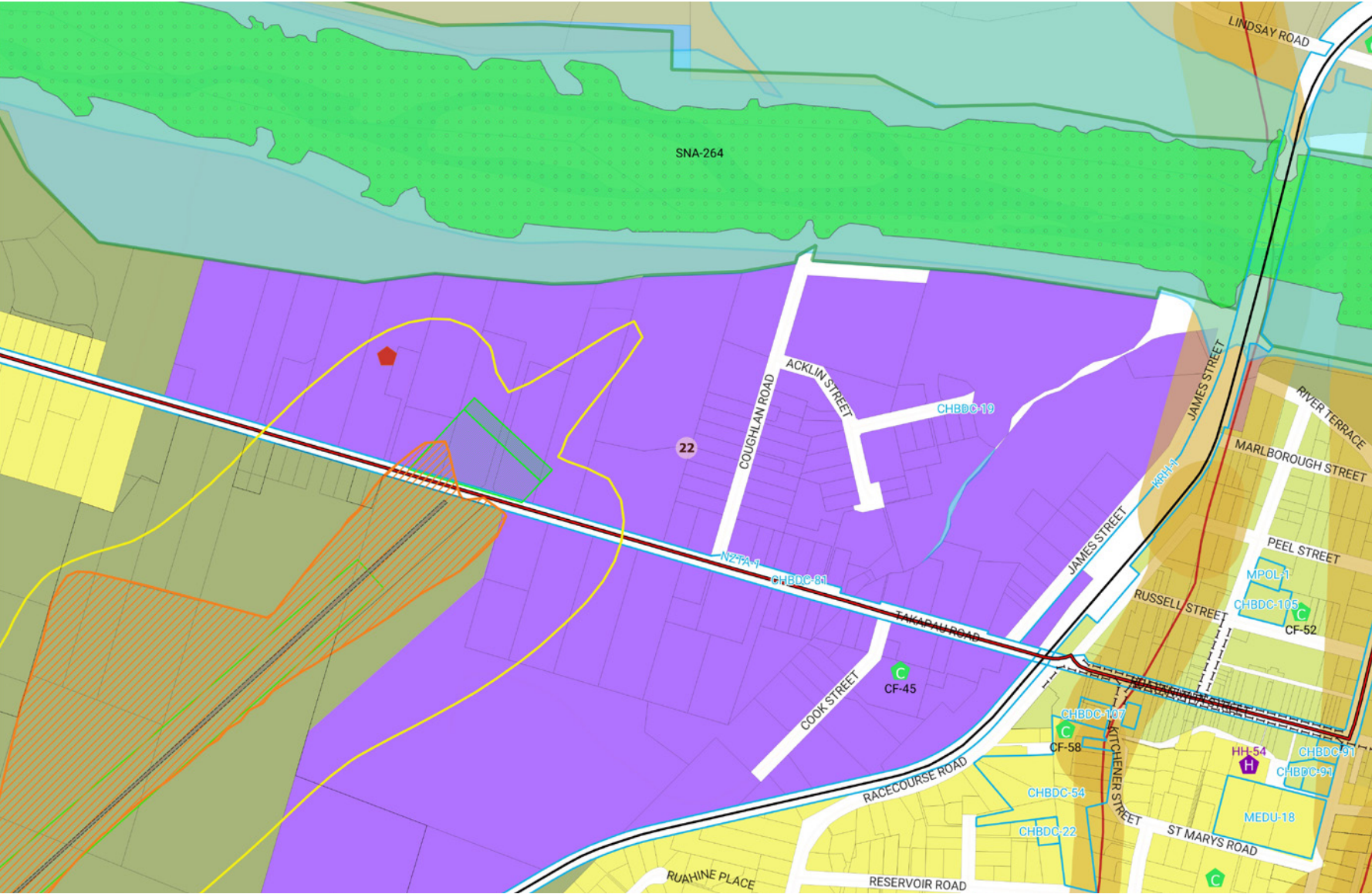


Waipukurau Geographic Catchment

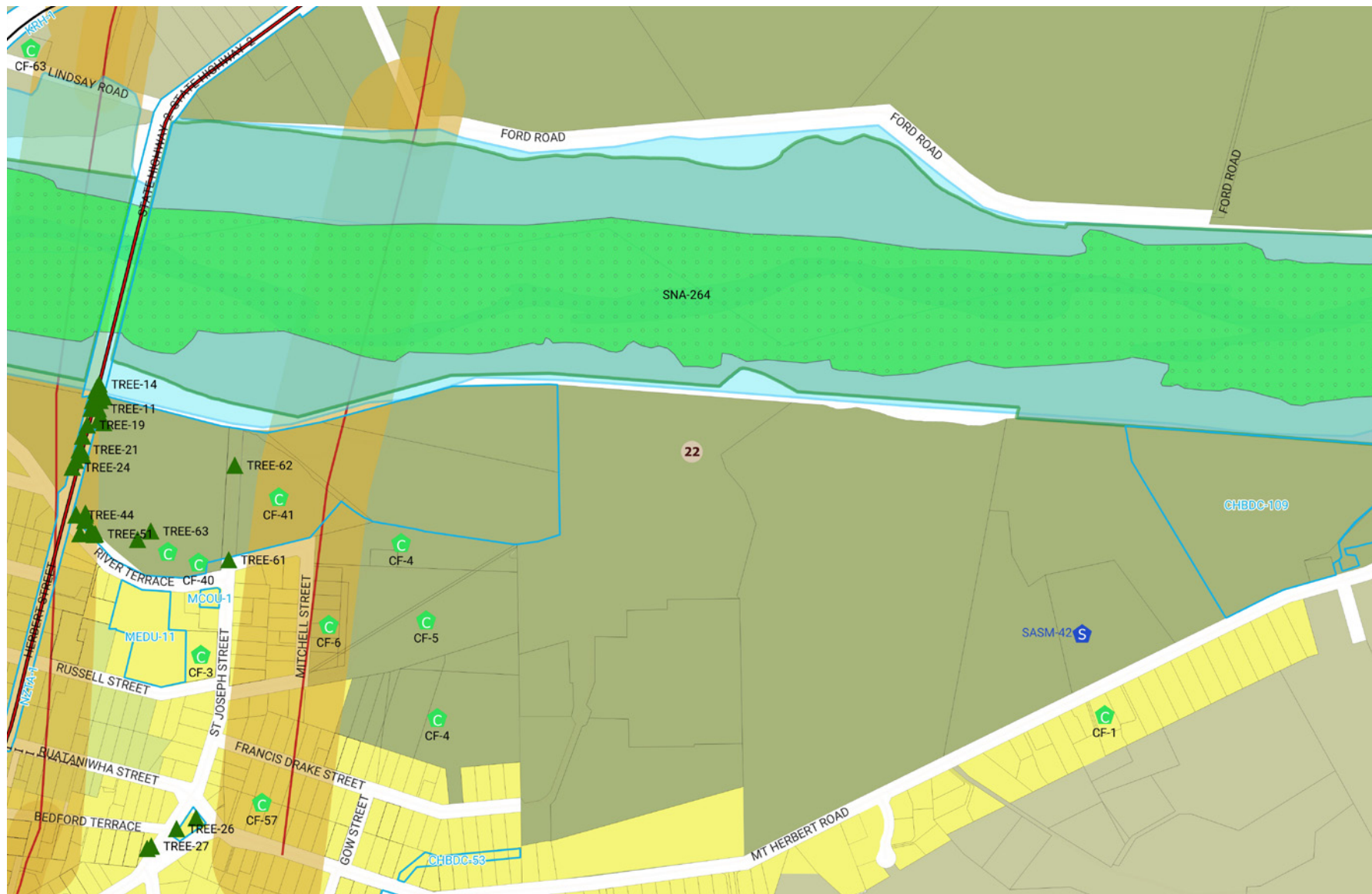




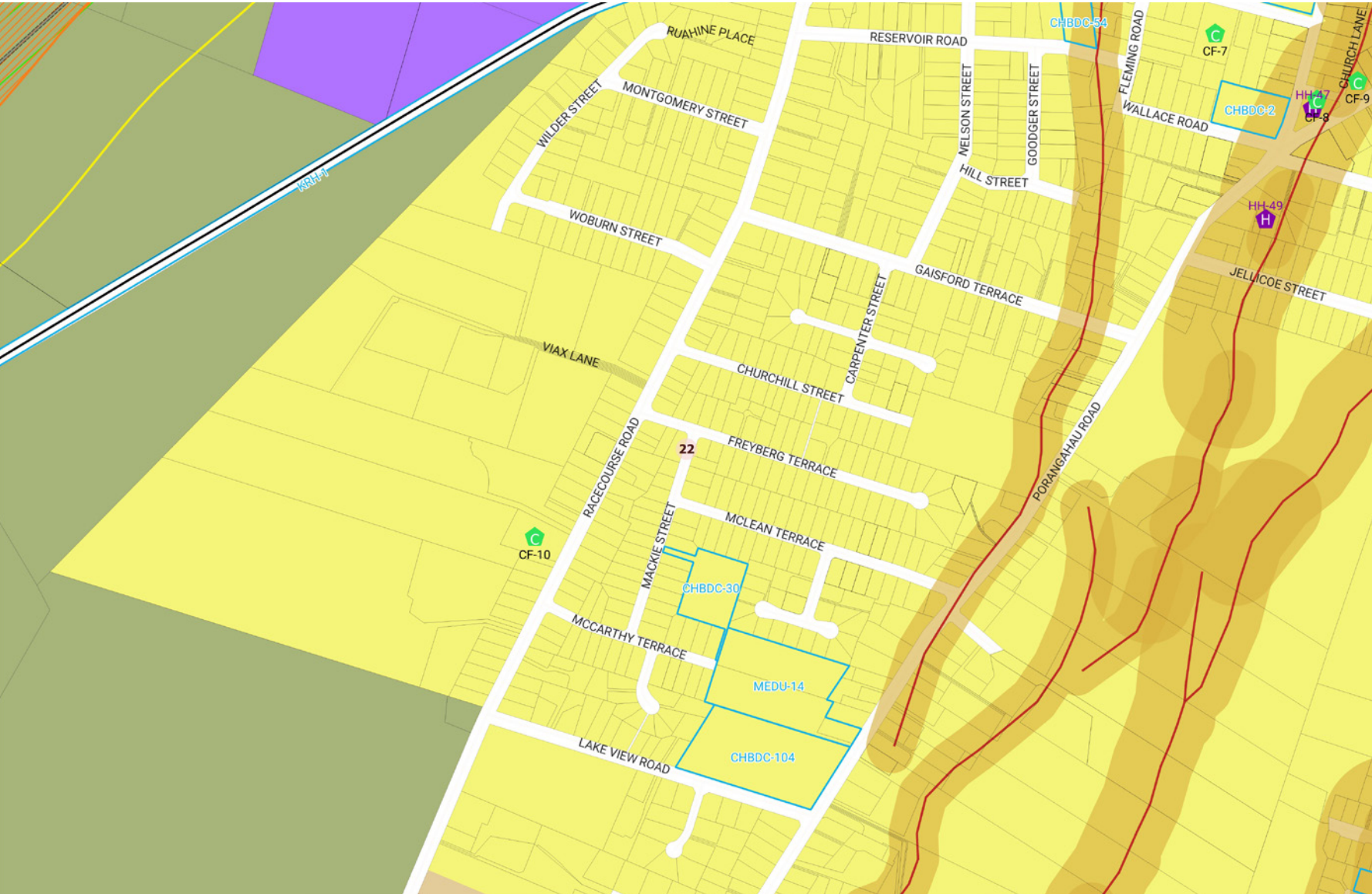
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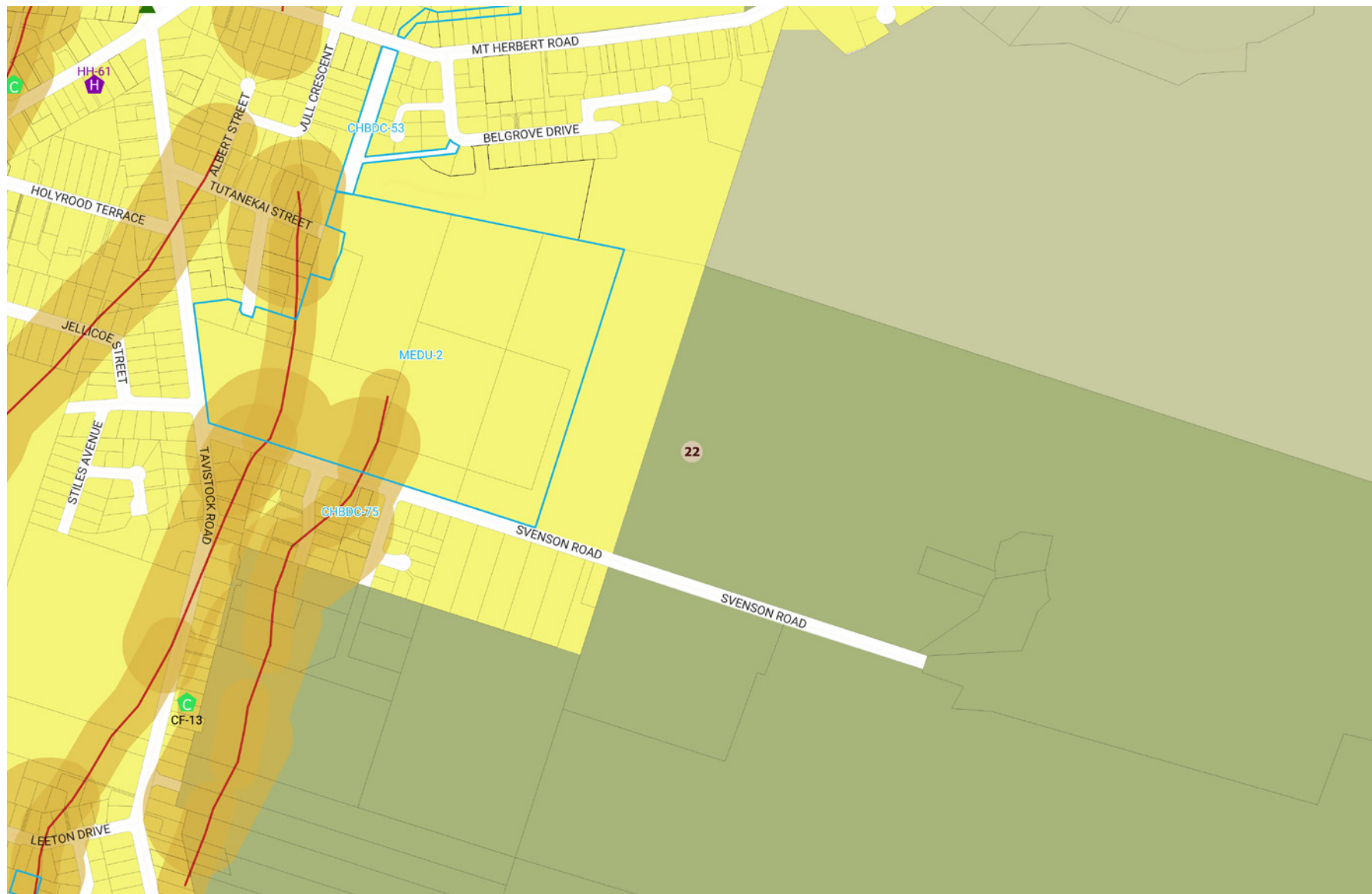
Waipukurau Geographic Catchment



Waipukurau Geographic Catchment



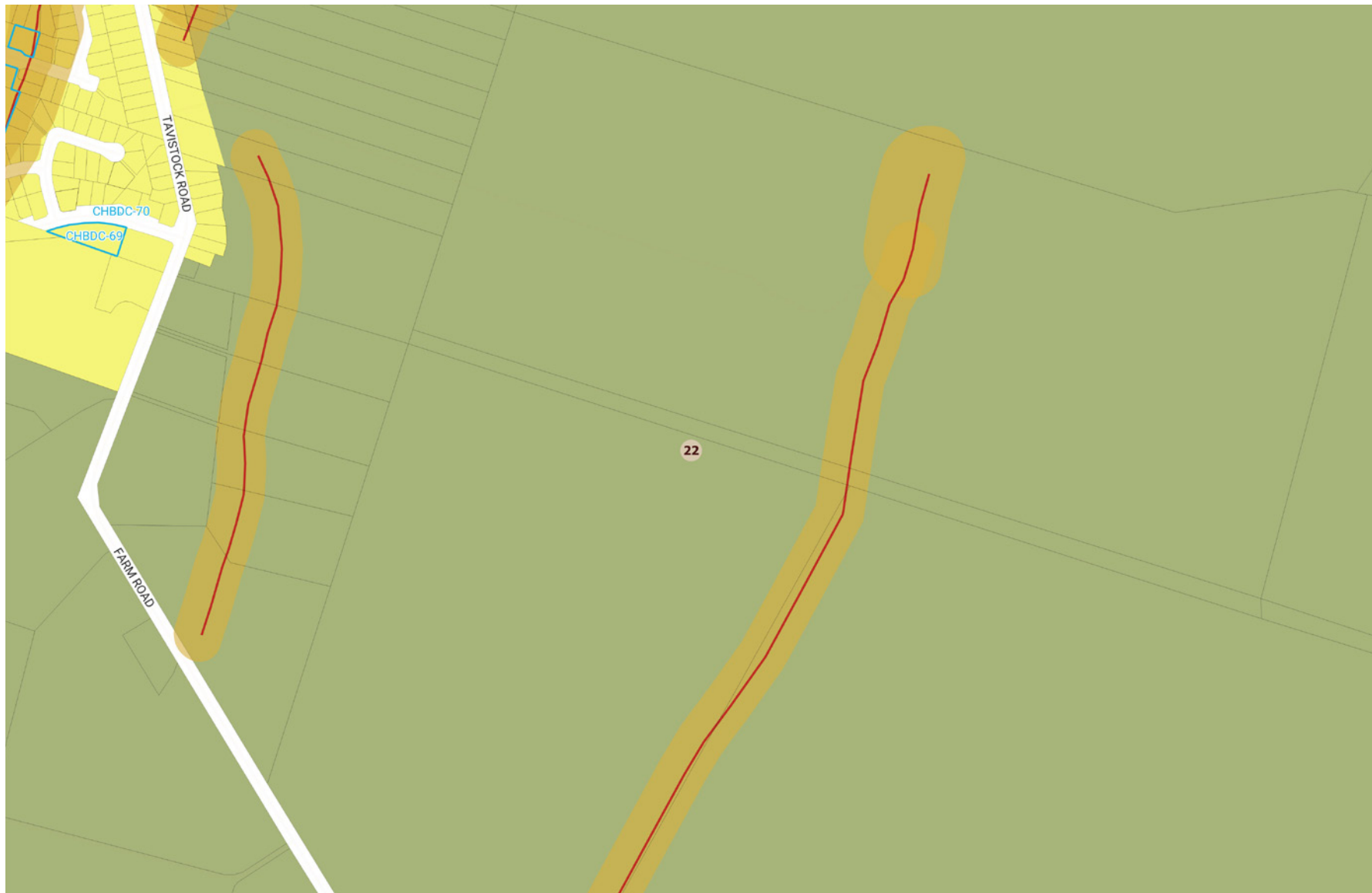
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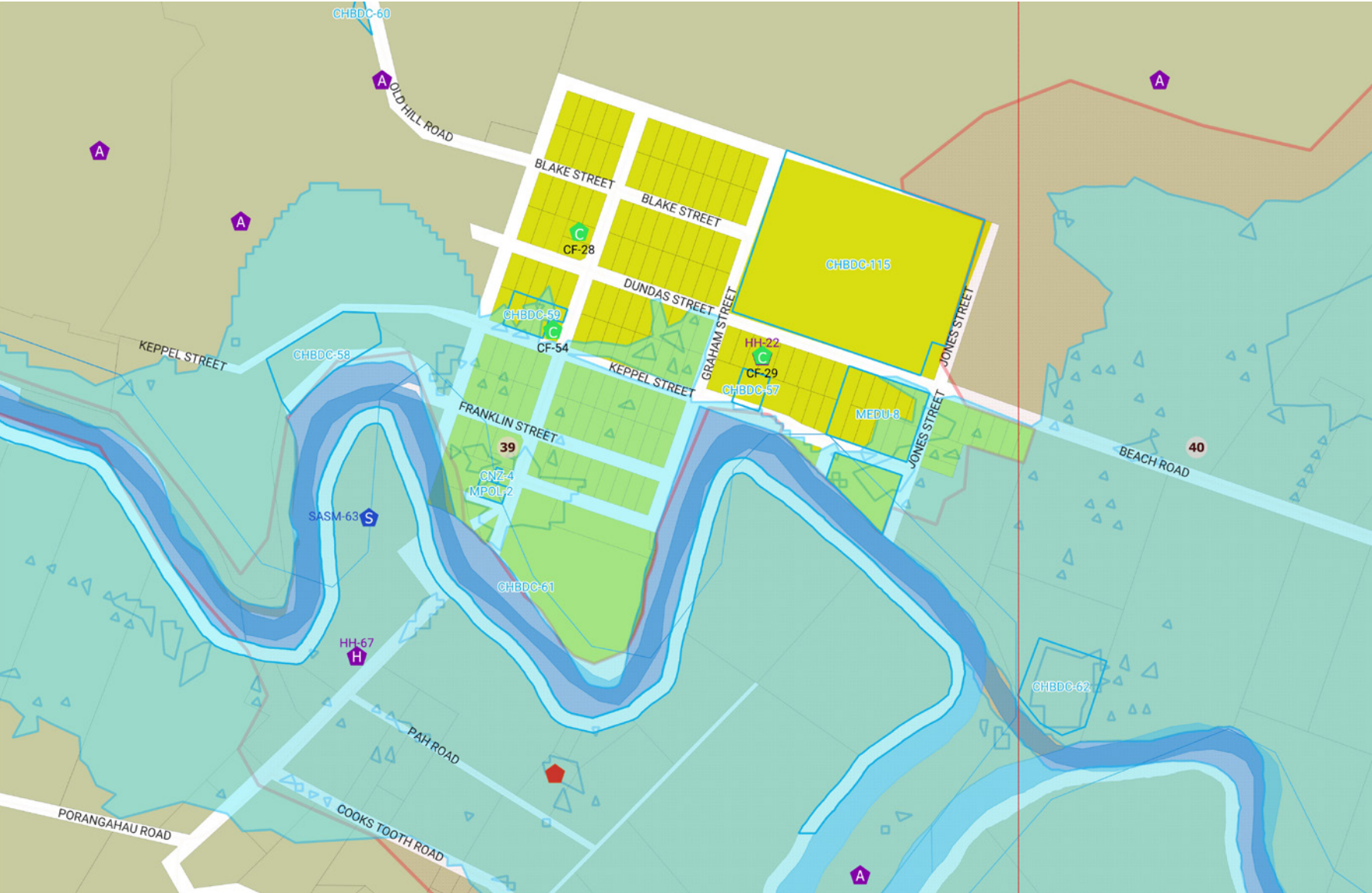
Waipukurau Geographic Catchment



Waipukurau Geographic Catchment



Pōrangahau Geographic Catchment



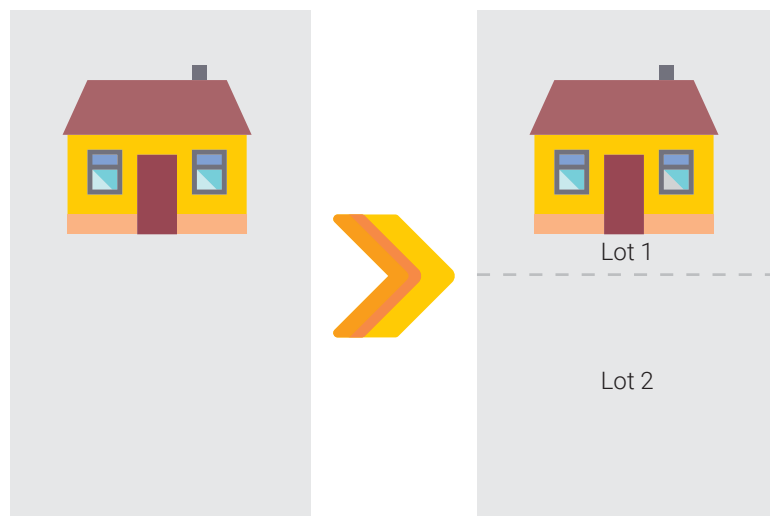
### 8.3 Appendix 3 - Development Contributions Calculations - Examples

#### Example 1 – Residential Subdivision

Proposal: Subdividing to create an additional lot (Lot 2) located within the Otāne, Waipawa, Waipukurau Urban Area (as located on Maps in Appendix 2). The new site is connecting to council services.

Assessment: One set of contributions for the additional lot created.

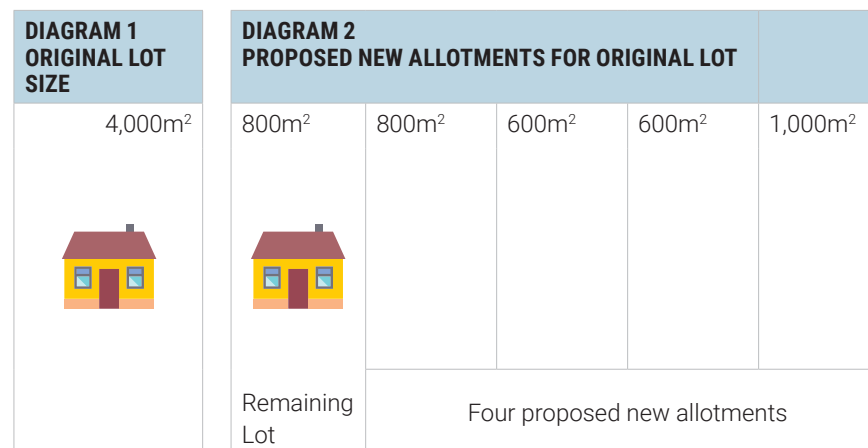
ACTIVITY	NUMBER OF EXTRA HEU'S BEING CREATED BY THE PROPOSAL	CHARGE PER HEU (\$)	TOTAL COST OF THE PROPOSAL (GST EXCLUSIVE)
Reserves	1	\$1,171	\$1,171
Community Infrastructure	1	\$239	\$239
Water	1	\$9,818	\$9,818
Wastewater	1	\$10,838	\$10,838
Stormwater	1	\$2,736	\$2,736
Total DC Charge			<b>\$24,802</b>





**Example 2 – Development Contributions Calculation (Residential Multi Lot):**

Consider the example of a proposed residential subdivision as shown in diagrams 1 and 2 below. The proposed subdivision is from an original lot size of 4000 m<sup>2</sup> that is located within the Otāne, Waipawa, Waipukurau Urban Area. The proposed subdivision will result in the creation of three new additional allotments each consisting of variable areas of up to 1000 m<sup>2</sup>. The Development Contribution will be worked out in relation to the new units of demand created (four new additional lots) that will contain a total area of 3200 m<sup>2</sup>. An example to work out the appropriate contribution is set out below.



**Step 1** What Development Contribution catchment is the development in? Otāne, Waipawa, Waipukurau

**Step 2** Establish what type of development and stage of development? Residential activity at subdivision stage.

**Step 3** What is the demand for each Community Facility being created for the proposed development? 4 additional lots .

ACTIVITY	ALLOTMENTS	NUMBER OF HEUS PER LOT	\$ PER HEU (GST EXCLUSIVE)	TOTAL DC CHARGE PAYABLE (GST EXCLUSIVE)
Reserves	4 additional allotments (5 final lots less 1 existing lot)	1	\$1,171	\$4,684
Community Infrastructure	4 additional allotments (5 final lots less 1 existing lot)	1	\$239	\$956
Water	4 additional allotments (5 final lots less 1 existing lot)	1	\$9,818	\$39,272
Wastewater	4 additional allotments (5 final lots less 1 existing lot)	1	\$10,838	\$43,352
Stormwater	4 additional allotments (5 final lots less 1 existing lot)	1	\$2,736	\$10,944
Total DC Charges			\$24,802	\$99,208

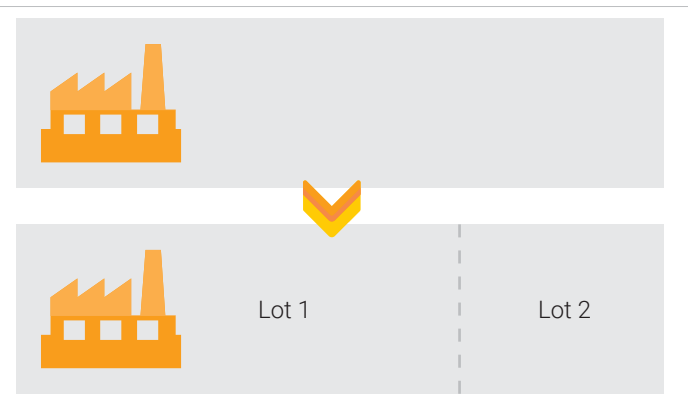
(Note: An existing unit of demand is determined by either an existing equivalent residential unit on the site such as a dwelling or a past contribution has been paid in respect to that development.

### Example 3 – Non-Residential Subdivision

Proposal: Subdividing to create one additional vacant non-residential lot in the Otāne, Waipawa, Waipukurau Urban Area. The new site will be serviced.

Assessment: One set of contributions for the additional vacant lot created.

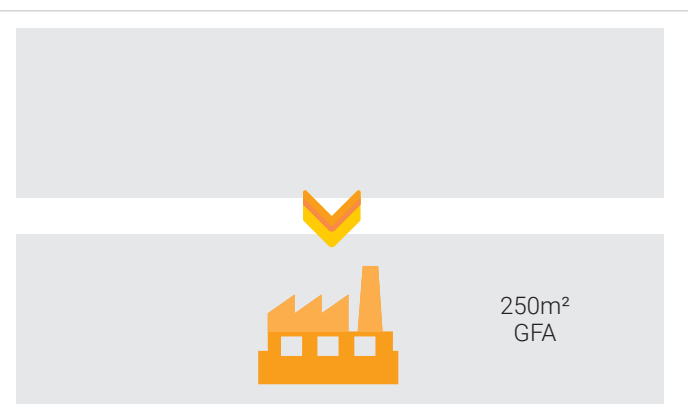
ACTIVITY	NUMBER OF EXTRA HEU'S BEING CREATED BY THE PROPOSAL	CHARGE PER HEU (\$)	TOTAL COST OF THE PROPOSAL (GST EXCLUSIVE)
Reserves	1	Nil	Nil
Community Infrastructure	1	Nil	Nil
Water	1	\$9,818	\$9,818
Wastewater	1	\$10,838	\$10,838
Stormwater	1	\$2,736	\$2,736
Total DC Charge		\$23,392	<b>\$23,392</b>



### Example 4 – Develop one Non-Residential building on a site with existing buildings

Proposal: Erect a 500m<sup>2</sup> single storey Industrial Building located in the Otāne, Waipawa, Waipukurau Urban Area. The building is in addition to existing buildings on site and is connected to council services. Creates an additional Impervious Service Area of 900m<sup>2</sup> including carparks.

ACTIVITY	HEU'S PER 100M <sup>2</sup> GFA (AS PER SECTION 5.7 B)	CHARGE PER HEU (\$)	TOTAL COST OF THE PROPOSAL (GST EXCLUSIVE)
Reserves	Nil	Nil	Nil
Community Infrastructure	Nil	Nil	Nil
Water	$0.4 * 500/100 = 2$	\$9,818	\$19,636
Wastewater	$0.4 * 500/100 = 2$	\$10,838	\$21,676
Stormwater	$0.3 * 900/100 = 2.7$	\$2,736	\$7,387
Total DC Charge			<b>\$48,699</b>



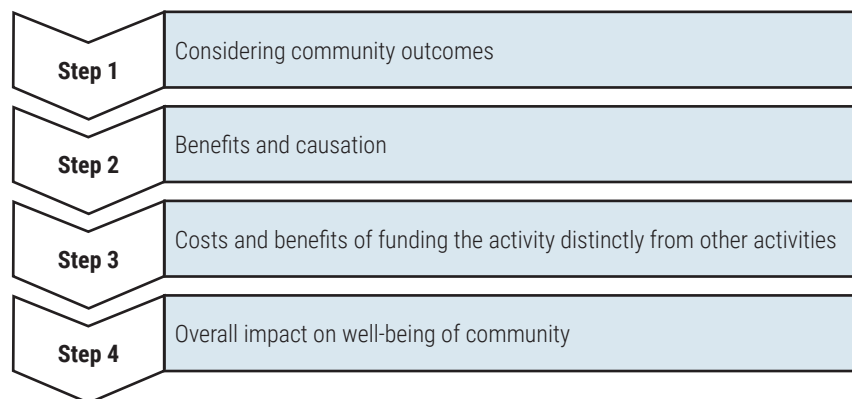
#### 8.4 Appendix 4 - Analysis of Benefits – Section 101(3) LGA Requirements

The Council has determined the appropriate funding sources to meet the expected total capital cost of growth capital expenditure identified in the schedules of this DCP. Council has elected to fund through DCs the total cost of growth related capital expenditure. Sections 106 and 101(3) of the LGA require that the following be considered:

The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of:

- (a) In relation to each activity to be funded:
  - (i) The community outcomes to which the activity primarily contributes;
  - (ii) The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals;
  - (iii) The period in or over which benefits are expected to occur;
  - (iv) The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
  - (v) The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and
- (b) The overall impact of any allocation of liability for revenue needs on the community.

The Council has followed the four steps outlined below in making the above assessment. These steps are discussed in detail below.



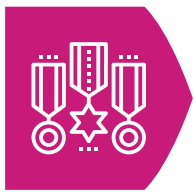






**Step 1 - Considering Community Outcomes (Section 101(3)(a)(i))**

Our vision for Central Hawke's Bay is a proud and prosperous district made up of strong communities and connected people who respect and protect our environment and celebrate our beautiful part of New Zealand. Community outcomes are as identified in the draft 2021 LTP. For the purposes of the DCP, activities have been grouped into:

- Reserves
- Community Infrastructure
- Water supply
- Wastewater, and
- Stormwater.

DCs have been established to support these activities and help deliver the Vision and community outcomes to which each group of activities contributes as shown below:

Table – CHBDC infrastructure activities contributions to Community Outcomes / Strategic Priorities - Project Thrive

<b>Vision:</b>	<b>Central Hawke's Bay – a proud and prosperous District, made up of strong communities and connected people, who respect and protect our environment and celebrate our beautiful part of New Zealand.</b>						
<b>Our DNA:</b>	<b>Working Together Customer Excellence Thinking Smarter Planning for Tomorrow</b>						
<b>Goal:</b>	 <b>Proud District</b>	 <b>Prosperous District</b>	 <b>Strong Communities</b>	 <b>Connected Citizens</b>	 <b>Smart Growth</b>	 <b>Environmentally Responsible</b>	 <b>Durable Infrastructure</b>
Solid Waste	✓	✓	✓	✓	✓	✓	✓
Water Supplies	✓	✓	✓	✓	✓	✓	✓
Wastewater	✓	✓	✓	✓	✓	✓	✓
Stormwater						✓	✓
Places and Open Spaces	✓	✓	✓	✓		✓	

## Step 2 – Benefits and Causation

Under sections 101(3)(a)(ii) through (iv) of the LGA, Council also has to consider who benefits from the community facilities, over what time period, and who created the need.

When having regard to how Council activities contribute to identified community outcomes, the Council develops a programme of infrastructural capital works and reserves purchases. For each of the individual capital projects included in the programme, the Council assesses who created the need for that project, who will benefit from the asset that it creates and how long that benefit will last.

The Council has:

- Estimated the extent of growth within the overall District and each township, translated this estimated growth into an expected number of Households and Household Unit Equivalents (HEU); and
- Identified the capital expenditure necessary to meet the needs of the growth community.

Where the existing capacity of community facilities is insufficient to provide the levels of service to new residential and non-residential users specified by the Council in the LTP, those new developments create the need for new community facilities which requires the Council to incur capital expenditure.

The Council also recognises that there may be capital expenditure necessary to increase the level of service for all, due to:

- Required renewals;
- Ratepayers who want increased levels of service;
- Obligations on the Council to raise the levels of service to meet resource consent or statutory obligations and conditions; and
- Visitors to the District using the facilities.

The allocation of the benefits and the costs (public vs private benefit) has had regard to these factors.

For each of the individual projects that require capital expenditure to cater for growth, the Council makes an assessment about whether the asset being created will benefit the existing community or the new developments, or both of those groups. In making this assessment, the Council will consider a number of factors, including:

- The capacity of existing facilities to meet stated levels of service;
- The extent to which the relevant capital project will provide:
  - i. A renewal,
  - ii. An increased level of service; or
  - iii. A new service.

For each individual project that requires capital expenditure, the Council determines the length of time over which the asset created by that expenditure will provide a benefit to the community.

## Step 3 – Costs and Benefits of Funding the Activity Distinctly from Other Activities

On an activity by activity basis, the Council considers the costs and benefits of funding each activity distinctly from other activities as required by s101(3)(a)(v). This analysis is contained in the Revenue and Finance Policy. The benefits of additional community infrastructure capacity generally accrue to the improved or new properties generating demand for that capacity.

The Council considers that the use of DCs to fund the cost of growth in community facilities, in proportion to the benefit received by forecast developments, provides the benefits of greater transparency, greater accountability and intergenerational equity.

The current community facilities for stormwater, water, wastewater, community infrastructure and reserves servicing the CHB are not sufficient to cater for growth. Some small townships have considerable capacity in these facilities after many years of static population and household numbers, and Council has a strategic goal of supporting these townships. Development in the rural area will only be asked to contribute to Reserves and Community Infrastructure. All future residents in the CHB will gain benefits from these facilities.

## Step 4 – Overall Impact on Wellbeing of Community

Finally, the Council considers how funding each activity will impact on the wellbeing of the community. DCs are considered to be fair because they allocate growth costs to the section of the community that creates the need for Council to incur that expenditure, i.e. developers, new residents and new business activities.

Council must balance the overall impact of rates and fees and charges. DCs need

to be set at a level which still enables development and they must be levied in a fair, reasonable and equitable manner. Setting DCs at a level that does not fund growth would impose an unfair burden on the economic wellbeing of the existing ratepayer community.

Additional analysis for each of the following types of community facilities is set out in Section 6:

- Water: section 6.4.1
- Wastewater: section 6.4.2
- Stormwater: section 6.4.3
- Reserves and Community Infrastructure: section 6.4.4

The following analysis sets out the rationale for Council identifying the catchment areas for DC charges for water, stormwater and wastewater, reserves and community infrastructure. Each of the three waters activities (water, stormwater and wastewater) has three catchments based on the different networks of water supply, reticulated services and treatment plants. These areas are defined in the maps in Appendix 2.

- **Reserves and Community Infrastructure**

Reserves assets are open to all residents and visitors to access free of charge. New developments increase the number of residents and generate increased demand for passive and active recreational facilities, as well as assets such as toilets, libraries and community halls.

Regardless of the location of the development, additional residents utilise a range of facilities and create demand for more walkways, reserve space and other assets. Council has reserve land, halls and other assets located across the District. Walkways, major playgrounds, libraries and major parks are located in the areas of greatest population density.

While most Recreation and Community Infrastructure assets in the CHB have been assessed as having spare capacity for growth Council has identified some assets that have capacity issues. These projects have been included in the DC schedule of projects that require DC funding.

- **Water**

The water networks service urban and industrial areas and are funded by properties connected to each network in urban areas. Across the district all the major urban areas require additional capacity (supply, treatment and pipe reticulation) to cater for expected growth. As such DC charges apply to each

network area that requires capacity investment to service the developments that are forecast for each network.

The Otāne, Waipawa, Waipukurau network is planned to be operated as a single network system. All properties connected to an urban water supply in the CHB are now charged the same for operating costs, except those properties with a meter and charged on a volume basis. Each network is designed to achieve the same level of service for water quality and delivery. Where supply is interconnected the networks are treated as one for DC purposes. For these reasons there is a single HEU DC charge for Otāne, Waipawa, Waipukurau residential, and equivalent HEU charges for non-residential, for the costs to service growth. The Takapau and Pōrangahau networks are physically separated and have specific DC charges that reflect the upgrades required for growth in those networks.

CHB undertakes modelling and planning work that benefits all the networks. These costs related to future growth are charged to DCs at a uniform level across the three catchments.

- **Wastewater**

The wastewater networks service urban and industrial areas and are funded by properties connected to each network. Across the district all the major urban areas require additional capacity (reticulation, treatment and discharge) to cater for expected growth. As such DC charges apply to each network area that requires capacity investment to service the developments that are forecast for each network.

The Otāne, Waipawa, Waipukurau network is planned to be operated as a single network system. A single connected treatment plant and discharge is planned to service all three urban areas. All properties connected to urban wastewater in the CHB are now charged the same for operating costs, except those non-residential properties charged under the trade waste bylaw. Each network is designed to achieve the same level of service for water quality and delivery. For these reasons there is a single HEU DC charge for Otāne, Waipawa, Waipukurau residential, and equivalent HEU charges for non-residential, for the costs to service growth. The Takapau and Pōrangahau networks are physically separated and have specific DC charges that reflect the upgrades required for growth in those networks.

CHB undertakes modelling and planning work that benefits all the networks. These costs related to future growth are charged to DCs at a uniform level across the three catchments.

- **Stormwater**

The networks service urban and industrial areas and are funded by properties connected to each network. Existing stormwater flows within catchments are also generated from flows from rural areas upstream of urban areas. stormwater within urban areas is generated as runoff of rainfall from impervious hard surfaces and saturated ground. Across the district the three catchments identified for DCs require additional capacity to cater for expected growth. The need for additional stormwater network services is generated by development and the downstream impacts have to be catered for.

In the last decade there have been significant changes to the requirements to control and capture stormwater. Rules set by Hawke's Bay Regional Council now require more stormwater neutrality from new developments during peak stream / river flows. The result is that Council and developers need to plan to capture and hold parts of stormwater runoff during peak flow events. Council is planning to continue to invest in additional stormwater capacity to meet the new requirements.

Due to the increasing need to manage stormwater in an integrated way with Water and Wastewater Council is using the same catchments as outlined in Water and Wastewater. Infiltration of stormwater into wastewater pipes and discharge impacts from stormwater mean that each activity cannot be managed in isolation.

Regardless of where a development is located in each of the catchments it will add to the need for larger pipes and retention ponds to reduce runoff into the waterways during peak flows in that network catchment.

CHB undertakes modelling and planning work that benefits all the networks. These costs related to future growth are charged to DCs at a uniform level across the three catchments.







**Central Hawke's Bay District Council**

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