

ROAD TO RECOVERY

Three Year Plan 2024-2027



**CENTRAL
HAWKE'S BAY**
DISTRICT COUNCIL

This Three Year Year Plan was adopted by Central Hawke's Bay District Council on **13 June 2024** in accordance with the Local Government Act 2002.

This plan would normally be for 10 years. Cyclone-affected Councils have however been given special legislative relief to instead focus on three years through the Severe Weather Emergency Recovery Legislation Act 2023, as we deal with the uncertainty and recover following Cyclone Gabrielle.

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.

Together we Thrive!

E ora ngātahi ana!

Proud District

Prosperous District

Connected Citizens

Strong Communities

Smart Growth

Environmentally Responsible

Durable Infrastructure

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A message from Mayor Alex and your Council Team



Tamatea – Central Hawke’s Bay is an outstanding district to live, work and play. The long-term future is bright and we will continue to grow and thrive as we secure our place as a strong, community-spirited, innovative, food-producing rural district that is vital to the future of the region and our country. In the short term, amid the challenges of cyclone recovery and tackling big infrastructure and financial challenges, we’ve prioritised our existing and new expenditure on three key urgent priorities:

Land Transport, Critical Three Waters Investment and Recovery.

Like councils all over New Zealand, we’re developing a Three Year Budget in difficult times, however we are also facing the challenges of Cyclone Gabrielle.

We’ve had to take a ruthless approach to prioritising our existing and new expenditure for the next three years, by focussing on three urgent key priorities being land transport, water and wastewater services and recovery.

We’re in a time where we are recovering from Cyclone Gabrielle, community expectations are high and legislative obligations require more from us than ever before. It’s also costing more than it ever has before.

We had to make a number of tough calls to get rates over the next three years to the proposed levels – from closing transfer stations to deferring roles in the organisation, as well as making other smaller reductions over the next three years. We’ve also used external funding in the first year to reduce over \$850,000 of rates on the targeted stormwater ratepayer. None of this is enough.

There are still many costs that we don’t fully know how we will pay for either.

We have \$129 million of roading damage yet to fund. Four of our five wastewater treatment sites were flooded and damaged, with the long-term impacts on these sites not yet known.

Our drinking water treatment plants supplying water to our three main townships remain vulnerable. We have a stormwater network that required investment prior to the cyclone and needs further urgent investment.

We also have the Pōrangahau community still in Category 2A, with it being unclear for how our infrastructure may need to respond to any future flooding solution.

Any major community or open spaces projects have been deferred or will be externally funded. Beyond this, we have greatly reduced or deferred most existing spending.

This still hasn’t been enough to offset the rates increases required. Even shutting every library and reducing investment across

every community service still wasn’t enough to offset the costs we face.

Our approach remains on balancing our current situation with ensuring we prioritise and keep investing in our infrastructure for the future. In our engagement with you, we clearly heard from you that as a community we can’t repeat the mistakes of the past and choose not to fund our critical infrastructure for the future.

Despite the affordability challenges we face, many people also submitted encouraging us to increase our investment in many activities too. This gives us reassurance that so many of our community understand the critical nature and challenges we face in our infrastructure.

Thank you to everyone that offered their advice, thoughts and views on this Three Year Plan – your feedback has helped shape our Thriving Central Hawke’s Bay of the future.

Alex Walker

Mayor of Tamatea, Central Hawke’s Bay



It's not fair. All these increased cost factors have all come together to create a perfect financial strategy 'costing storm'. As Councillors we are acutely aware we need to balance the need for investment, the cost increases to existing assets and services, as well as cyclone recovery costs – with affordable rates increases. It's no secret that the funding system for local government is broken. For us, rates make up well over half of Council's funding and relying so heavily on rates is unsustainable and now at a tipping point.



Gerard Minehan
Councillor Ruataniwha Ward

This plan starts to address the major backlog of our land transport issues, but we have at least a decade of investment ahead of us. We still haven't had our funding confirmed for \$129m of roading recovery repairs. We all want to get on with it, but we simply can't afford to fund it alone.



Kate Taylor
Councillor Aramoana/Ruahine Ward

The rate increase is confronting for everyone. We have been asking the same questions ratepayers ask - where can the cuts be made? What can be stopped or delayed? To quote Wellington Regional Councillor, Thomas Nash 'One key driver of failing water and other infrastructure is the long-standing political drive for low council rates'. The reality is this Three Year Plan has no 'nice to haves', those we can deliver on will be relying on external funding. This Three Year Plan is very much the plan that concentrates on roads, water and rubbish.



Pip Burne
Councillor Ruataniwha Ward

The nice-to-haves have already been pushed out and we can't repeat the three waters mistakes of the past. We need to carry on with the investment we've made to date on our infrastructure but acknowledge it doesn't come without significant cost to everyone. It's positive we're making a start on funding the roading backlog - but there is still much more to fund and to complete.



Jerry Greer
Councillor Aramoana/Ruahine Ward

This Three Year Plan will be challenging for everyone, especially our whānau already under pressure. We've explored every opportunity to reduce costs where we can but it's still not enough.

Exham Wickham
Councillor
Ruataniwha Ward



Council has worked hard over the past year navigating cost increases and recovery, while trying to maintain an organisation that is moving forward, preparing for the future and meeting the needs of our people. We have tested every opportunity available to us to reduce costs.

Kia pai tō rā
Kelly Annand
Deputy Mayor
Councillor
Ruataniwha Ward



We've got few options available to us, particularly with the changes in Three Waters and existing regulatory pressures on us. We've delayed wastewater, prioritised water activities and closed services and it's still not enough. We need Government to understand how important support for Councils like us affected by Cyclone Gabrielle is. We can't do it alone.

Tim Aitken
Deputy Chair Risk
and Assurance
Committee
Councillor
Aramoana/
Ruahine Ward



We're paying 300% more in borrowing costs than what we were three years ago. We've reduced all other borrowing where we can to our most critical priorities. We've got to prioritise the Hawke's Bay Three Waters Model to get the big driver of three waters costs down for our community.

Brent Mugeridge
Councillor
Aramoana/
Ruahine Ward



What's it All About?

The Three Year Plan sets out the Council's activities, costs, and required revenue and rates, for the next three years. This document is our Three Year Plan 2024-2027.

Our last Long Term Plan review – 'Facing the Facts' took place in 2021. The #thebigwaterstory, started to address our three waters infrastructure challenges and while we now know more than we have ever known about the state of our assets, they are old. We must face the challenges of ageing infrastructure as well as the impact of Cyclone Gabrielle on our wastewater plants and our roading network. This Three Year Plan presents you with the reality of four trade-off areas, what we are going to do, and the budget we have set.

The process

The Three Year Plan was developed over 12 months, which included reconfirming Council's strategic direction, development of key inputs such as growth predictions and updating asset management plans.

Prior to formal consultation Council developed a Three Year Consultation Document and supporting information to provide community with options and trade-offs to consider. The options were limited to areas where tangible rating impacts could be achieved, however Council's options to make significant reductions to rates were limited.

We ran a full month of consultation and engagement sessions across our community on four key trade-off areas from 10 April - 12 May 2024. This included other key consultation matters such as the Tukituki (Tarewa) Swingbridge, how we pay for growth and the mechanism we use to charge permanent swimming pool owners for their 3-yearly swimming pool inspections and the change to a 100% user pays model.

Due to the Severe Weather Emergency Recovery Legislation Act 2023 we were not required to complete an audit on this Three Year Plan.

The feedback from the community through the consultation was largely future focused and provided guidance on what matters most to the people of our district. Following hearings and deliberations on the submissions, Council adopted the Three Year Plan on 13 June 2024. Recognising that this is a Three Year Plan, we can expect that things will continue to change as we gain greater certainty and come to fully understand the implications from Cyclone Gabrielle on our community. Any major changes will need to be addressed through an amendment to our Three Year Plan or at the time of the next Long Term Plan review in 2027.



Trade-off areas

The four trade-off areas we consulted on were:



TRADE-OFF #1

Sorting Land Transport

Prioritising ongoing investment in Land Transport Activity over the Three Plan and beyond, to begin to address the growing backlog of historic maintenance.



TRADE-OFF #2

Drinking Water and Wastewater Investment

Critical investment in our drinking water services and deferment of the wastewater programme until reviews of Cyclone Gabrielle's impact are complete.



TRADE-OFF #3

Prioritising Stormwater

New investment in stormwater focused on urban areas in the first year and ongoing years of the Three Year Plan.



TRADE-OFF #4

Service Reductions and Efficiencies

Reductions of \$1.5 million made across all service and delivery areas including the permanent closure of some transfer stations and reduction of hours in others. It also includes other levels of service reductions across other activities, deferring new projects and capital spend, reducing staffing costs, and utilising Better Off Funding to fund the Rural Recycling Trailer in Year 1.

What were we up against?

Since the 2021-2031 Long Term Plan, we've had costs increase dramatically. These factors are having a major impact on the rating requirements we have.

Cyclone Gabrielle – roading recovery



While we've had some initial Government funding, we still have \$129 million of roading repairs from the cyclone to fund. We've made an allowance in this Three Year Plan, but if we can't achieve an adequate level of external funding, it will take over a decade to make the critical roading repairs required.

Stormwater recovery



Following Cyclone Gabrielle and our recovery conversations with the community, you told us to move with urgency to address stormwater maintenance. We've listened and this proposed budget nearly doubles the previous investment that was made on stormwater management. We will leverage off external funding to fund this new investment in the first year.

Uncertainty in river reviews



We've had to slow our planned wastewater projects due to the uncertainty and impact of river modelling on major investment projects – such as Waipawa, Waipukurau, Takapau and Pōrangahau Wastewater Plant upgrades.

Changes to Three Waters Reform



The change in Government saw the proposed Three Waters Reform Programme repealed. This change in policy means that Three Waters will remain a core Council activity at this time, and the capital programme that began in the 2021 Long Term Plan will continue, albeit rephased due to Cyclone Gabrielle.

Prior to the Three Waters Reform Programme progressing the Hawke's Bay Waters Model was a priority, and Council are prioritising this again to address the major affordability challenges created by the delivery of Three Waters activities.

Cost of delivering services



Services are costing more than ever before to deliver. Bridges are 38% more expensive to build now than three years ago. Roads and water supply infrastructure are 27% more expensive. Sewerage systems are 30% more expensive.

Insurance costs

We are facing annual insurance costs just short of \$1 million per year. In the last 12 months, increases have been over \$200,000 with no appropriate alternatives, such as self-insurance.

Cost of borrowing



Just like at home, it's costing us more to borrow. In 2021 we could borrow funds at 2.1% per annum (pa). New loans today are costing as much as 6.3% pa. That's a 300% increase over just three years.

This means a \$3m pa increase in interest costs since 2021.



Where have we landed?

Having considered the conversations, submissions and advice from community, we had to make a number of tough calls in confirming the Three Year Plan 2024 - 2027. We've worked really hard to rephase programmes and reduce costs across the organisation, while making allowances for recovery and critical projects.

Council proposed three budget options that explored a lower, central and higher rating impact across four trade-off investment and service areas: land transport, drinking water and wastewater, prioritising stormwater following Cyclone Gabrielle, and other service reductions and efficiencies. While we heard from community that rates affordability is our biggest challenge, Council also heard loud and clear what the key focus areas should be in relation to this Three Year Plan 2024-2027. These included:

Investment in Infrastructure

The feedback from community was to retain a strong focus on infrastructure, in particular on our roads and water services, to ensure we have safe, resilient roading and water supply networks. This means a strong focus on infrastructure remains for the next three years and beyond. We will continue to balance the uncertainty of land transport funding, impacts of the Upper Tukituki Scheme Review and Three Waters Reform which was repealed and reprioritising what 'Local Waters Done Well' looks like for our district and the region.

Service Reductions and Efficiencies

We proposed reductions of \$1.5 million across Council activities, which we have largely adopted. These reductions have substantially remained, with community expecting to see small reductions across community even with increases.

The community supported retaining the current library services provided in the District as they are essential hubs for the communities. This feedback means that Council will continue to provide the current level of service, with no reduction in opening hours.

Reduction of services made across the organisation include permanent closure of the Waipawa and Takapau Transfer Stations, reduced in hours at Pōrangahau Transfer Station, and no new rates funded roles for the next 24 months. Further reductions in organisational wide costs include staffing costs, reducing and deferring open spaces and community facilities renewal projects for the next three years, delaying decisions on the future of the former Waipukurau Library and other community facilities and minor reductions across Economic Development, Governance and all other activities.

Other Consultation Matters

Three other consultation matters were:

1. Tukituki (Tarewa) Swingbridge:

After hearing feedback from the community at its deliberations, Council reaffirmed its support for the Tukituki (Tarewa) Swingbridge as an important asset and so retained funding proposed in the Three Year Plan. However, an important consideration for Council is the significant barrier posed by the Hawke's Bay Regional Council Upper Tukituki Scheme Review to progress the project. Council will reassess the project's viability following the release of the Upper Tukituki Scheme Review and consider whether there are opportunities to accelerate this project in its current state or consider alternative options. Overall, the need to work more collaboratively with the Rotary River Pathways Trust and Hawke's Bay Regional Council was identified as a priority.

2. A proposal to introduce a new Pool Inspection Rate and move to 100% user pays model:

Through the consultation process Council asked pool owners if they supported moving the fee for swimming pools to a targeted rate. The strong feedback from pool owners was that Council continue to invoice at the point of inspection. In this instance Council chose not to introduce a targeted rate, however did shift pool inspection fees to being 100% user pays model.

3. How we pay for growth:

Through the consultation process Council asked whether the community supported the changes to the Development Contribution Levies. Having considered the feedback, Council confirmed the changes to the Development Contributions Policy to ensure we have a mechanism for recovering costs incurred by developers in relation to growth related infrastructure. The new policy also introduced new provisions that enable development of second dwellings on properties.



Uncertainty Remains

Uncertainty still remains in this Three Year Plan, which will likely need further decisions over the next three years as more information emerges. These include:

Land Transport Funding – Cyclone and Maintenance

While we’ve had some initial Government funding, we still have \$129 million of roading repairs from the cyclone to fund. We’ve made an allowance in this Three Year Plan, but at the time of writing this Three Year Plan we are still awaiting confirmation from Government on what this will be. While we have made an allowance in this Three Year Plan, if we do not receive the funding requested, it will take over a decade to make the critical roading repairs that are required.

While we have also sought an increase to our maintenance programme funding from the New Zealand Transport Agency (NZTA) Waka Kotahi, we expect this to be confirmed after 1 July. This means that while Council may want to fund more, NZTA Waka Kotahi funding may not be realised to the extent we have planned for in this Three Year Plan

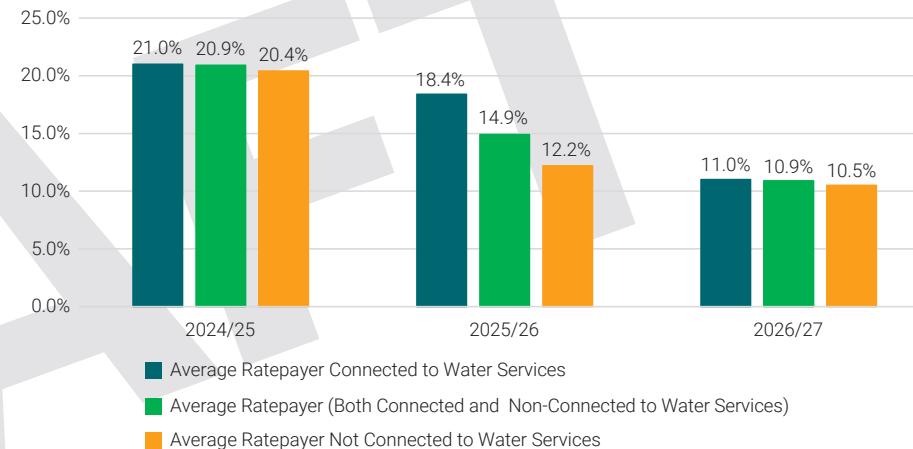
Impacts of Upper Tukituki River Scheme Review

As the Upper Tukituki Scheme Review is yet to be released later this year, key infrastructure projects, including our wastewater treatment plants and the Tukituki (Tarewa) Swingbridge have been delayed until we understand the implications of this review. Consequently, the Three Year Plan Budget has been adjusted and key projects rephased until such a time as the Upper Tukituki Scheme Review is complete.

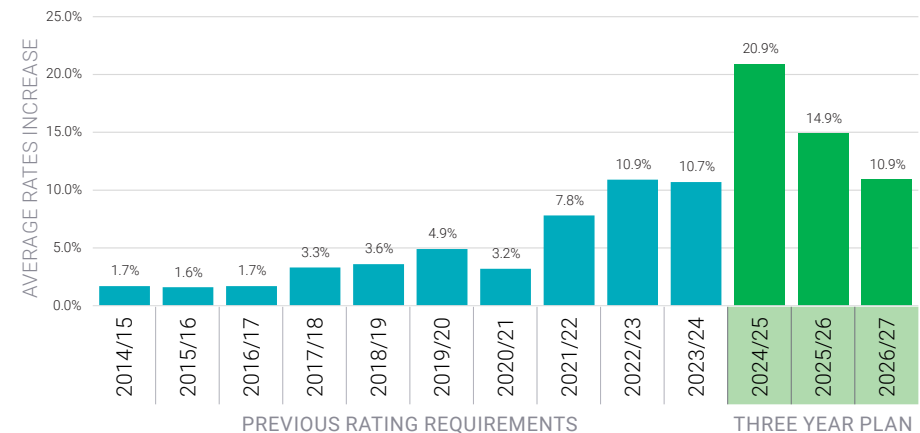
Three Waters Reform – Local Waters Done Well

As the Three Waters Programme has been repealed, this change in policy means that Three Waters remains a core Council activity in this Three Year Plan. As a consequence, the capital programme of the 2021-2031 Long Term Plan has been rephased and our attention returns to progressing the regional Hawke’s Bay Water Model. Council has prioritised progressing this with our wider regional Councils as we understand the major affordability challenges created by the delivery of Three Waters activities in our district.

Average Rates Movement Proposed Year on Year



Rates reality



DRAFT

Road to Recovery

Consultation document supporting information Three Year Plan 2024–2027

This supporting information forms the basis of the content that the Consultation Document has been developed upon.

To guide you through this supporting information we have created three sections of key information.

Section 1 – Where are we heading?

This section outlines the outcomes for our community of the future, with our vision, goals and principles for the future of Central Hawke’s Bay.

Section 2 – How are we going to get there?

This section outlines each of the activity statements for each activity, including performance measures, Group Financial Impact Statements, significant negative impacts and other supporting information.

Section 3 – Finance and Rating Information

In this section you’ll find all of our key financial policies, our full financial and infrastructure strategies, key assumptions and key financial statements for Council.

Following the completion of consultation and engagement with the community, this supporting information will be used to form the basis of the Three Year Plan.

We’re planning to use these same sections in our final Three Year Plan, to help you navigate between the supporting information used in consultation and the final Three Year Plan document that is adopted by Council for the 2024-2027 period.

Want to know more?

Still can't find what you are looking for in this supporting information?

Feel free to contact us on:

Email: threeyearplan@chbdc.govt.nz

Phone: 06 857 8060

Person: Any Central Hawke’s Bay Library or Service Centre

Wāhanga 1 Section 1

**Where are
we heading?**

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.

What our vision means

Despite the immediate challenges, we are Thriving! Project Thrive's 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.

Achieving this vision will require a team effort. Together we Thrive!

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 future-proof Central Hawke's Bay.

We have identified seven strategic goals for achieving this vision:



Goal 1: A proud district

He Rohe Poho Kererū

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.



Goal 2: A 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 3: Strong communities

He Hapori Kaha

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.



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.



Goal 5: Smart growth

He Tipu Atamai

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.



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.



Goal 7: Durable infrastructure

He Hanganga Mauroa

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.



**PROUD
DISTRICT**
HE ROHE POHO KERERŪ

Goal 1: A proud district

He Rohe Poho Kererū

Our aspiration

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.

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 and authentic, 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.

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.

Our target:

By 2031, 95% of our residents believe that Central Hawke's Bay is a great place to live.



**PROSPEROUS
DISTRICT**
HE ROHE TŌNUI

Goal 2: A prosperous district

He Rohe Tōnui

Our aspiration

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.

Our goals

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 whānau 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.

In 2021, the effects of Covid-19 and prolonged drought, and now Cyclone Gabrielle in 2023, 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 creates 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.

Our target:

By 2031, the GDP per FTE in Central Hawke's Bay is at or above the New Zealand average.



Goal 3: Strong communities

He Hapori Kaha

Our aspiration

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.

Our goals

We will support our community to be recognised as true treaty partners with Mana Whenua 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.

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 Mana Whenua – 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.

Our target:

By 2031, more than 95% of our community find it easy to express their identity (83.8% in the 2018 Census).



CONNECTED CITIZENS

HE KIRIRARAU WHAI HONONGA

Goal 4: Connected citizens

He Kirirarau Whai Hononga

Our aspiration

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 whānau 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 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 future-proof 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.

Our target:

Our community's overall life satisfaction is maintained or increased year on year (baseline is 7.8/10 – in the 2018 Census data).



Goal 5: Smart Growth

He Tipu Atamai

Our aspiration

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 1960s.

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 most 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 landowners, 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.

Our target:
By 2031, we have enabled 750 new dwellings within existing residential boundaries.



Goal 6: Environmentally responsible

He Whakaaro Nui ki te Taiao

Our aspiration

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 wellbeing. Our response to changes in our economy, climate and society must leave our environment in a better place than when we found it.

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: Durable infrastructure

He Hanganga Mauroa

Our aspiration

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.

Our goals

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.

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 target:
By 2031, over 85% of our community has confidence that we are appropriately planning for the future renewal and long-term development of our assets.

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

Mana 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 Mana Whenua to achieve their aspirations. Based on four pou that strategy's vision is:

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

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 Mana Whenua of Tamatea – Central Hawke's Bay.

Our Policy Approach

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

Council's **Governance Policy Framework** sets the Māori Contribution to Decision-Making Policy as an integral policy in Council's overall Governance Policy Framework.

The **Māori Contribution to Decision-Making Policy** recognises the special and unique position of Mana Whenua of Tamatea – Central Hawke's Bay District and the important role Māori have to play in enhancing and contributing to Council's decision-making processes. It 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 Māori to contribute to 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 Mana 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?

Māori 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 Whātua provides advice, support and leadership to Council, chief executive, senior leaders and wider staff in order to enable effective partnerships and engagement with, and meaningful participation in, Council’s work and processes by Tangata Whenua. Our work in this space has already included multiple hui with marae and hapu, as well as regional partners and organisations.

Māori Wards and Advisory Roles

Council resolved to establish Māori Wards for the 2025 and 2028 Local Government Elections in November 2023. This now paves the way for establishment of a Māori Ward(s), which will be determined through Council’s wider representation review in 2024, to have effect for the 2025 Elections.

At this same time, Council resolved to establish two Māori Advisory roles to the Council table, to provide a Te Ao Māori world view. This will be in effect until the end of the 2022–2025 Triennium.

Establishment of the Tamatea Partnerships Committee

In the establishment of new committees, for the 2022–2025 Triennium, a new Tamatea Partnerships Committee was established. This committee seeks to bring the voice of Mana Whenua to the table to hui and collectively share the priorities and relationships between us all.

We are hopeful for the future successes of what this partnership will bring.

Wāhanga 2 Section 2

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








Groups of Activities and Services

This section shows what we are doing over the next three 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						
								
Goal:		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 Council's services, organised in groups of activities.

It links all of Council's actions and activities back to our Vision, Goals and Principles to show how 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 Three Year 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 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.

Funding Impact Statement for Whole of Council

Funding impact statement for the year ending 30 June 2023

	AP 2024 \$000	LTP Yr1 2025 \$000	LTP Yr2 2026 \$000	LTP Yr3 2027 \$000
Sources of operating funding				
General rates, uniform annual general charges and rates penalties	17,811	21,335	23,701	26,051
Targeted rates	9,840	12,083	14,705	16,549
Subsidies and grants for operating purposes	5,359	7,124	6,478	6,967
Fees, charges	6,742	6,151	6,704	6,815
Interest and dividends from investments	79	181	186	194
Local authorities fuel tax, fines, infringement fees and other receipts	486	336	216	222
Total operating funding	40,317	47,210	51,990	56,798
Applications of operating funding				
Payments to staff and suppliers	38,003	63,971	67,271	70,286
Finance costs	1,982	3,200	3,947	4,567
Other operating funding applications	(1,956)	(1,700)	(1,758)	(1,805)
Total applications of operating funding	38,029	65,471	69,460	73,048
Surplus (deficit) of operating funding	2,288	(18,261)	(17,470)	(16,250)
Sources of capital funding				
Subsidies and grants for capital expenditure	4,144	28,051	29,815	30,838
Development and financial contributions	2,197	2,272	2,570	2,880
Increase (decrease) in debt	24,761	16,432	17,543	14,773
Gross proceeds from sale of assets	21	58	61	65
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding	31,123	46,813	49,989	48,556
Applications of capital funding				
Capital expenditure				
- to meet additional demand	3,837	1,366	451	568
- to improve the level of service	15,597	7,970	10,111	11,678
- to replace existing assets	17,417	20,141	22,582	19,315
Increase (decrease) in reserves	86	225	375	500
Increase (decrease) of investments	(3,526)	(1,150)	(1,000)	245
Total application of capital funding	33,411	28,552	32,519	32,306
Surplus (deficit) of capital funding	(2,288)	18,261	17,470	16,250
Funding balance	0	0	0	0

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?

	AP 2024 \$000	LTP Yr1 2025 \$000	LTP Yr2 2026 \$000	LTP Yr3 2027 \$000
Sources of operating funding				
General rates, uniform annual general charges and rates penalties	1,980	2,326	2,572	2,695
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	335	487	431	337
Fees, charges	17	16	17	25
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0
Total operating funding	2,332	2,829	3,020	3,057
Applications of operating funding				
Payments to staff and suppliers	1,708	2,206	2,342	2,323
Finance costs	0	0	0	0
Other operating funding applications	607	629	684	740
Total applications of operating funding	2,315	2,835	3,026	3,063
Surplus (deficit) of operating funding	17	(6)	(6)	(6)
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	0	0	0	0
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding	0	0	0	0
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	21	0	0	0
- to replace existing assets	0	0	0	0
Increase (decrease) in reserves	(4)	(6)	(6)	(6)
Increase (decrease) of investments	0	0	0	0
Total application of capital funding	17	(6)	(6)	(6)
Surplus (deficit) of capital funding	(17)	6	6	6
Funding balance	0	0	0	0

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 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.

Cost over Three Years:

Operating: \$4.992m

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 2024/25	Targets 2025/26	Targets 2026/27	Targets 2027+
Council listens to its community, 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% 2020/21 76% 2022/23	85%	85%	85%	85%
	The percentage of people who consider that Council has engaged and communicated well about Council business.	81% 2022/23	85%	85%	85%	85%
	The percentage of responding Marae that are satisfied/very satisfied that their Mana Whenua status is recognised by Council and they have the opportunity for meaningful involvement in decision-making.	0%	50%	60%	70%	80%
	Council operates within its financial means.	Zero breaches of the Financial Reporting Prudence Benchmarks set in the Financial Strategy	Zero breaches of the Financial Reporting Prudence Benchmarks set in the Financial Strategy	Zero breaches of the Financial Reporting Prudence Benchmarks set in the Financial Strategy	Zero breaches of the Financial Reporting Prudence Benchmarks set in the Financial Strategy	Zero breaches of the Financial Reporting Prudence Benchmarks set in the Financial Strategy

Key documents and links

- [Governance Statement](#)
- [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 coordinate 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 coordinates Council's community planning programme. Community plans are the voice of a community. They obtain local people's views on the place that they call home, celebrate the things that make a community special, highlight people's goals and aspirations, and create a future vision for the community. Council has worked with the Tikokino, Takapau and Ongaonga communities to support the development of community plans, with the Otāne community plan being finalised.

The distribution of community funding, both funded by Council and other organisations such as *Creative NZ* and *Sport NZ*, is also a major focus of this activity.

Cost over Three Years:

Operating: \$1.549m

Measuring our Progress

The following measures describe how we'll 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 2024/25	Targets 2025/26	Targets 2026/27	Targets 2027+
In partnership with our community we develop and implement effective strategies, policies and initiatives that support community wellbeing.	The percentage of the community satisfied with the Social Development activity of Council.	76% 2022/23	85%	85%	85%	85%
	Central Hawke's Bay Network of Network Action Plans are developed and implemented.	New	100%	100%	100%	100%
Council provides quality advice, information and support to community groups, agencies and communities and helps build a strong community and voluntary sector.	The percentage of community groups associated with the Social Wellbeing Network that are satisfied with the advice and support provided by Council.	95%	95%	95%	95%	95%

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
- 

SMART GROWTH
HE TIPU ATAMAI
- 

PROSPEROUS DISTRICT
HE ROHE TŌNUI
- 

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 leverages 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 Mana Whenua, the Kaikora Seed Drying Facility (\$650k) and the Ministry for Primary Industries (MPI) SFFF co-funded Growing and Almond Opportunity (\$100k).

Setting the foundations for Economic Success

Economic Development Action Plan 2019

Funded through the PGF our Economic Development Action Plan charts a strategic course for sustainable economic wellbeing. The plan outlines seven key pillars and associated actions – both short and long term – that drive economic growth and prosperity. The recent impact of Cyclone Gabrielle has prompted us to reflect and reassess our approach, reinforcing our dedication to fostering a resilient and thriving economy.

Central Hawke’s Bay Tourism Destination Plan and Needs Assessment

Funding through the Tourism Infrastructure Fund, the [Tourism Destination Plan and Needs Assessment 2020](#) guides our collaborative efforts with our partner organisation Hawke’s Bay Tourism. By working through our plan, we aim to elevate our region’s tourism potential, ensuring that it remains a vibrant and sought-after destination for visitors and locals alike.

Cost over Ten Years:

Operating: \$2.324m

Measuring our Progress

The following measures describe how we'll 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 2024/25	Targets 2025/26	Targets 2026/27	Targets 2027+
Council supports the enhancement of economic wellbeing by the delivery of increased job opportunities, a diversified and resilient local economy, and increased productivity.	Implement the Economic Development Action Plan (Implementation Plan).	New	100%	100%	100%	100%

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

DRAFT

Land Transport Group

DRAFT

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 New Zealand Transport Agency Waka Kotahi (NZTA), each council receives a Funding Assistance Rate (FAR) to supplement the local share obtained through rates. This funding is used to complete local land transport activities such as local road maintenance and improvements, public transport and cycling improvements.

Currently Council receives a 59% funding assistance rate from NZTA, which is forecast to remain the same over the next three-year period. The FAR rate is due for review in 2026/2027.

Roading Recovery

In this Three Year Plan, Council is working on receiving an enhanced emergency funding rate of 95%. If this isn’t achieved, Council’s recovery will take over 15 years to complete at our normal FAR of 59%. On 4 April 2024, mayors from across the Hawke’s Bay region met with Prime Minister Christopher Luxon, along with the Regional Recovery Agency and Mana Whenua, to advocate for a combination of enhanced funding rates and bespoke additional assistance that would see Central Government cover the cost of the majority of the remaining repairs to local roads, with the balance to be funded through rates.

Cost over Three Years:

Operating:	\$33.910m
Capital:	\$26.703m
Recovery:	\$77.400m

Measuring our Progress

The following measures describe how we'll 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 2024/25	Targets 2025/26	Targets 2026/27	Targets 2027+
To deliver safe, reliable and lasting road assets that connect our people and places, and allow our district to prosper.	DIA Non-Financial Performance Measure Reducing trend of serious and fatal accidents where road condition is a factor.	2022/23: 0 Fatalities 8 Serious injuries	Reduce to Zero	Reduce to Zero	Reduce to Zero	Reduce to Zero
	DIA Non-Financial Performance Measure The average quality of ride on a sealed local road network, measured by smooth travel exposure.	90.7% 2022/23	Between 85% and 90%	Between 85% and 90%	Between 85% and 90%	Between 85% and 90%
	DIA Non-Financial Performance Measure At least 20% of the footpaths in excellent condition and no more than 10% of the footpaths in poor condition measured annually.	Achieved 2022/23	Excellent >50% Poor <10%	Excellent >50% Poor <10%	Excellent >50% Poor <10%	Excellent >50% Poor <10%
	DIA Non-Financial Performance Measure The percentage of sealed local road network that is resurfaced.	4.2% 2022/23	Between 7% and 10%	Between 7% and 10%	Between 7% and 10%	Between 7% and 10%
	DIA Non-Financial Performance Measure: System Adequacy The percentage of customer service requests relating to roads and footpaths to which we respond to within five working days.	88%	100%	100%	100%	100%
	Non-DIA Non-Financial Performance Measure The percentage of users satisfied with the roading service provided.	34% 2022/23	65%	70%	75%	80%

Significant Negative Impacts

Significant negative impacts associated with the Land Transport activity are:

- injuries and fatalities from accidents on roads that 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 that have an impact on the mobility of people and cost both economically and socially.

Key documents and links

- Land Transport Strategic Framework
- Land Transport Activity Management Plan

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

	AP 2024 \$000	LTP Yr1 2025 \$000	LTP Yr2 2026 \$000	LTP Yr3 2027 \$000
Sources of operating funding				
General rates, uniform annual general charges and rates penalties	7,780	9,261	10,826	12,216
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	3,132	4,471	5,275	5,910
Fees, charges	67	39	43	46
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	176	130	134	138
Total operating funding	11,155	13,901	16,278	18,310
Applications of operating funding				
Payments to staff and suppliers	7,638	32,382	34,370	35,937
Finance costs	0	0	51	99
Other operating funding applications	2,289	2,488	2,873	3,110
Total applications of operating funding	9,927	34,870	37,294	39,146
Surplus (deficit) of operating funding	1,228	(20,969)	(21,016)	(20,836)
Sources of capital funding				
Subsidies and grants for capital expenditure	4,144	27,169	28,830	30,099
Development and financial contributions	0	100	207	398
Increase (decrease) in debt	1,100	980	905	851
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding	5,244	28,249	29,942	31,348
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	1,050	500	700	1,016
- to replace existing assets	6,007	7,010	8,229	9,248
Increase (decrease) in reserves	(585)	(230)	(3)	248
Increase (decrease) of investments	0	0	0	0
Total application of capital funding	6,472	7,280	8,926	10,512
Surplus (deficit) of capital funding	(1,228)	20,969	21,016	20,836
Funding balance	0	0	0	0

	AP 2024	LTP Yr1 2025	LTP Yr2 2026	LTP Yr3 2027
Land Transport CAPEX				
- Improvements Minor Capital	1,050	500	700	1,016
- Emergency Reinstates	0	0	0	0
- PGF	0	0	0	0
- Sealed Roads	2,508	3,199	3,626	4,052
- Unsealed Roads	675	989	1,120	1,252
- Drainage	850	777	880	984
- Structures	940	859	1,373	1,588
- Footpaths	291	260	295	330
- Signage & Other	743	926	935	1,042
Total	7,057	7,510	8,929	10,264

Places and Open Spaces Group

This Group includes the following activities:

Reserves and Open Spaces

Retirement Housing

Community Facilities

Public Toilets

Libraries

Cemeteries

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

	AP 2024 \$000	LTP Yr1 2025 \$000	LTP Yr2 2026 \$000	LTP Yr3 2027 \$000
Sources of operating funding				
General rates, uniform annual general charges and rates penalties	4,907	5,441	5,736	5,923
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	3	105	5	5
Fees, charges	887	927	956	982
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	45	55	57	58
Total operating funding	5,842	6,528	6,754	6,968
Applications of operating funding				
Payments to staff and suppliers	5,156	3,914	4,223	4,304
Finance costs	106	226	211	194
Other operating funding applications	1,202	1,409	1,389	1,519
Total applications of operating funding	6,464	5,549	5,823	6,017
Surplus (deficit) of operating funding	(622)	979	931	951
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	183	217	224	230
Increase (decrease) in debt	2,325	(182)	(217)	899
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding	2,508	35	7	1,129
Applications of capital funding				
Capital expenditure				
- to meet additional demand	50	51	0	302
- to improve the level of service	697	111	140	717
- to replace existing assets	935	593	514	839
Increase (decrease) in reserves	204	259	284	222
Increase (decrease) of investments	0	0	0	0
Total application of capital funding	1,886	1,014	938	2,080
Surplus (deficit) of capital funding	622	(979)	(931)	(951)
Funding balance	0	0	0	0

	AP 2024	LTP Yr1 2025	LTP Yr2 2026	LTP Yr3 2027
Recreation & Community CAPEX				
- Parks & Reserves	861	243	252	1,229
- Cemeteries	17	31	10	11
- Public Toilets	267	33	16	202
- Retirement Housing	116	50	52	53
- Swimming Pools	8	10	10	11
- Library	133	100	103	137
- Library Buildings	5	12	12	13
- Civic Theatre	28	30	31	32
- Municipal Theatre	46	52	49	50
- Museum	11	12	33	34
- Halls & Community Buildings	190	182	86	86
Total	1,682	755	654	1,858

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, sports fields and walking tracks. The activity beautifies and celebrates our townscape and promotes pride in our places. Providing quality public open spaces gives our locals spaces to enjoy, promotes the district and attracts visitors.

Reserves alongside riverbanks 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.

The Russell Park Masterplan is currently under development and will see the implementation of some quick wins through Better Off Funding in the next three years.

Cost over Three Years:

Operating:	\$4.752m
Capital:	\$1.724m

Measuring our Progress

The following measures describe how we'll 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 2024/25	Targets 2025/26	Targets 2026/27	Targets 2027+
Council provides a range of parks and reserves that are affordable, well maintained and safe, and provide for the recreational (play and sport), cultural and environmental wellbeing 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 average percentage of residential dwellings within ten-minute walk (pedshed) of a Council-owned or supported playground.	New	60%	60%	60%	60–80 %
	The average percentage of urban dwellings within ten-minute walk (pedshed) of a park or community open space.	New	40%	40%	40%	40–60%
	The percentage of people that have used or visited a park, reserve or open space in the last 12 months.	79%	80%	80%	80%	80%
	The percentage of people that are satisfied with 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 65.

Our aged population is increasing. Demand for housing is high and a long waiting list exists for retirement housing.

Cost over Three Years:

Operating:	\$1.365m
Capital:	\$0.155m

Measuring our Progress

The following measures describe how we'll 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 2024/25	Targets 2025/26	Targets 2026/27	Targets 2027+
Council provides safe, well maintained and comfortable community housing for our retired community.	Tenants' overall satisfaction with Council's Retirement Housing services based on response.	82%	90%	90%	90%	90%

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

Council provides and maintains 25 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 Three Years:

Operating:	\$1.403m
Capital:	\$0.250m

Measuring our Progress

The following measures describe how we'll 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 2024/25	Targets 2025/26	Targets 2026/27	Targets 2027+
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.	<7 complaints 2022/23	<8 complaints	<8 complaints	<8 complaints	< 8 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
- STRONG COMMUNITIES**
HE HAPORI KAHA
- PROUD DISTRICT**
HE ROHE POHO KERERŪ

What Council does

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 heated pool at the Centralines Sports Complex. We employ staff on behalf of the Central Hawke’s Bay Museum and provide an operational grant towards its operation each year.

Community Facilities – 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.

In 2022, a Community and Civic Facilities Plan was adopted by Council. This plan guides future planning and investment in Central Hawke’s Bay’s community and civic facilities.

Further planning work on resolving decisions like Waipukurau Library have been paused to prioritise our resource and funding on our most critical and urgent priorities over the next three years.



Cost over Three Years:	
Operating:	\$5.029m
Capital:	\$0.709m

Measuring our Progress

The following measures describe how we'll 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 2024/25	Targets 2025/26	Targets 2026/27	Targets 2027+
Council provides safe, affordable and appropriate facilities that provide for the cultural and social wellbeing of our community. These 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 District Hall Committees satisfied with the advice and support provided by Council.	New	75%	80%	85%	85%

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
- [Centralines Sports 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 wi-fi 24/7. The programmes on offer seek to break down barriers many face and empower our community to lead better lives. Through the Three Year Plan submissions, the community suggested the use of more volunteers in the libraries, particularly through the Friends of the Library and other organisations that use the library. Officers will continue to work with the community to build on the current volunteers in the library.

Libraries Strategic Framework

The service is guided by a strategic framework adopted in 2019. 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 have transitioned into providing services that have wide-ranging relevance to our community. This framework is due for review in the next three years.

Cost over Three Years:

Operating:	\$3.628m
Capital:	\$0.377m

Measuring our Progress

The following measures describe how we'll 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 2024/25	Targets 2025/26	Targets 2026/27	Targets 2027+
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 2022/23 physical visits to the libraries of 130,000	130,000	132,000	135,000	140,000
	The number of digital visits through our website, online databases and platforms.	Based on 2022/23 digital visits of 20,000	20,000	21,000	22,000	23,000
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 2022/23, Pop. 15,950 (2022) and 95,489 issues, for 6 issues per capita	6 issues per capita	6 issues per capita	6 issues per capita	6 issues per capita
Council will provide a range of activities and learning opportunities.	The number of services, programmes and learning opportunities available.	Based on 2022/23 services, programmes and learning opportunities	400	400	400	400
	Participants of events including programmes, exhibitions, author events and classes.	Based on 2022/23 attendance stats of 6,000	6,000	6,250	6,500	6,750

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 TAIAO



PROUD DISTRICT
HE ROHE POHO KERERŪ

What Council does

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

We provide and operate 11 operational cemeteries and 4 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 Three Years:

Operating:	\$1.211m
Capital:	\$0.052m

Measuring our Progress

The following measures describe how we'll 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 2024/25	Targets 2025/26	Targets 2026/27	Targets 2027+
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 district's 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 Group

This Group includes the following activities:

- District Planning
- Building Control
- Animal Services
- Compliance and Monitoring
- Environmental Health
- Land Use and Consenting

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

	AP 2024 \$000	LTP Yr1 2025 \$000	LTP Yr2 2026 \$000	LTP Yr3 2027 \$000
Sources of operating funding				
General rates, uniform annual general charges and rates penalties	1,682	2,181	2,333	2,582
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges	2,298	2,121	2,306	2,487
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	15	11	25	26
Total operating funding	3,995	4,313	4,664	5,095
Applications of operating funding				
Payments to staff and suppliers	3,786	3,419	3,683	3,989
Finance costs	104	186	189	190
Other operating funding applications	755	852	912	1,006
Total applications of operating funding	4,645	4,457	4,784	5,185
Surplus (deficit) of operating funding	(650)	(144)	(120)	(90)
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	1,100	144	120	90
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding	1,100	144	120	90
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	450	0	0	0
- to replace existing assets	0	0	0	0
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) of investments	0	0	0	0
Total application of capital funding	450	0	0	0
Surplus (deficit) of capital funding	650	144	120	90
Funding balance	0	0	0	0

District Planning

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

Council prepares plans and policies in accordance with the Resource Management Act 1991 (RMA), including plans and strategies that enable our district to be ready for the future.

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 May 2023 Council publicly notified its decisions on provisions and matters raised in submissions on the Proposed District Plan. A number of appeal points have been raised by submitters, and these are now being managed through an Environment Court process.

Council's decisions were the result of a full review of the District Plan beginning in 2017. The Proposed District Plan underwent comprehensive consultation with the community in order to bring it up to date with legislative requirements and community aspirations.

Through the life of this Three Year Plan, investment is planned to resolve appeals on the Proposed District Plan so that it can be made operative and replace the current District Plan in full. Investment is also planned to ensure continued rolling reviews of the District Plan, to ensure that it continues to evolve and is fit for purpose. Rolling reviews will also 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, growth that is projected to continue for the next three decades.

Cost over Three Years:

Operating: \$3.353m

Measuring our Progress

The following measures describe how we'll 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 2024/25	Targets 2025/26	Targets 2026/27	Targets 2027+
Council creates an environment where development and the use of land in our district strategically balances the need for growth while protecting our special places and community values.	A District Plan that is compliant with the Resource Management Act and other higher order Resource Management Act instruments, within the timeframes required.	Achieved	Achieved	Achieved	Achieved	Achieved
	Develop and maintain a programme of work to ensure the District Plan is responsive to growth, is focussed on achieving positive environmental outcomes, and is consistent with the requirements of the broader planning framework.	New	Achieved	Achieved	Achieved	Achieved

Key documents and links

- [Draft District Plan \(May 2019\)](#)
- 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

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. This is a median growth scenario and it is expected consenting numbers will continue to remain conservative as economic pressures come into play, such as interest rates and the cost to build.

Cost over Three Years:
Operating: \$3.819m

Measuring our Progress

The following measures describe how we'll 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 2024/25	Targets 2025/26	Targets 2026/27	Targets 2027+
Council provides an effective Building Consent Authority service to the district.	The percentage of building consents processed within 20 working days (the statutory timeframe).	98%	>95%	95%	95%	95%
	The percentage of customers satisfied with building consent services provided.	88% 2022/23	85%	85%	85%	85%
	The percentage of Code Compliance Certificates processed and issued within 20 working days (the statutory timeframe).	100%	100%	100%	100%	100%

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

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.

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.

Cost over Three Years:
Operating: \$1.651m

Measuring our Progress

The following measures describe how we'll 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 2024/25	Targets 2025/26	Targets 2026/27	Targets 2027+
We provide great customer service and the animal control activity minimises nuisance and makes our community a safer place to live.	DIA Non-Financial Performance Measure The percentage of known dogs registered.	>95%	>95%	>95%	>95%	>95%
	DIA Non-Financial Performance Measure: Percentage of serious dog incidences responded to within two hours.	100%	100%	100%	100%	100%
	Non-DIA Non-Financial Performance Measure Response to all stock complaints and requests within 24 hours.	100%	100%	100%	100%	100%
	Non-DIA Non-Financial Performance Measure The percentage of users satisfied with the animal control service provided.	90%	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:



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 the processing of resource consents and requirements under 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. The current government is reviewing this Act and at the time of writing we are awaiting legislative changes as a result of this.

Cost over Three Years:

Operating: \$1.787m

Measuring our Progress

The following measures describe how we'll 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 2024/25	Targets 2025/26	Targets 2026/27	Targets 2027+
Council provides a compliance and monitoring service that is compliant, efficient and customer friendly.	The percentage of swimming pools inspected within the three-yearly inspection period.	New	85%	85%	85%	85%
	All LIMs are issued within the statutory timeframe.	New	90%	90%	90%	90%
	Complaints about non-compliance with bylaws are responded to within three working days.	100%	100%	100%	100%	100%
	Environmental compliance enquiries (in relation to the Resource Management Act or resource consent conditions) are responded to within three working days.	New	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

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:

- i. Registration and inspection of premises including hair salons, camping grounds and funeral directors.
- ii. Registration and auditing of food premises
- iii. Alcohol Licensing

Cost over Three Years:

Operating: \$0.757m

Measuring our Progress

The following measures describe how we'll 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 2024/25	Targets 2025/26	Targets 2026/27	Targets 2027+
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%	80%	80%	80%	80%

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

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

While we are in a period of uncertainty, we are at the tail of managing a level of growth and development in the district not seen to the same extent since the 1960s. In the three years to 2024 we averaged 220 resource consents per year, the majority of these being subdivision consents.

Cost over Three Years:

Operating: \$3.057m

Measuring our Progress

The following measures describe how we'll 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 2024/25	Targets 2025/26	Targets 2026/27	Targets 2027+
Council enables the 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).	41%	60%	65%	75%	80%
	The percentage of customers satisfied with the resource consent services provided.	59%	65%	70%	75%	80%
	The percentage of planning enquiries responded to within five working days.	New	80%	80%	80%	80%

Key documents and links

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

DRAFT

Solid Waste Group

DRAFT

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 TAIAO
- 
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.

We typically manage over 14,000 tonnes of waste annually. This comes from Council and private kerbside collections and deliveries direct to our transfer stations. Nearly 12,000 tonnes heads directly to landfill from within the district and outside of the district, such as Tararua, which utilises our landfill. Approximately 4,750 tonnes of waste is diverted through our recycling services and waste diversion services, e.g. green waste and e-waste.



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 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

This Three Year Plan makes provision to review our Waste Management and Minimisation Plan in the first year of the Three Year Plan, ahead of major investment proposed in year 3 of the Plan to begin investment in a new landfill cell.

Cost over Three Years:

Operating:	\$18.080m
Capital:	\$3.098m

Measuring our Progress

The following measures describe how we'll 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 2024/25	Targets 2025/26	Targets 2026/27	Targets 2027+
Provide communities with access to safe, efficient and cost-effective rubbish and recycling services to achieve Waste Free CHB goals.	The percentage of total waste that is diverted from the transfer station and kerbside rubbish collection to recycling, re-use and recovery.	40%	49%	50%	>50%	>50%
	The percentage of users satisfied with the kerbside recycling services.	81%	83%	85%	85%	>85%
	The percentage of users satisfied with the recycling drop-off centres.	90%	94%	95%	95%	95%
	The percentage of users satisfied with the district's transfer stations.	76% 2022/23	78%	80%	82%	84%
	The percentage of users satisfied with the rural mobile recycling services.	87%	89%	91%	93%	95%
Incentivise, provide or support waste minimisation initiatives to achieve Waste Free CHB goals.	The amount of green waste processed each year.	>2400 m ³	>2400 m ³	>2400 m ³	>2400 m ³	>2400 m ³
	The number of schools participating in waste minimisation programmes.	17	17	17	> 17	> 17
	The number of waste minimisation promotional events in the district each year.	5	6	6	6	6

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 and surface water monitoring for potential leachate contamination 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 waste presents the highest risk of possible adverse effect on the receiving environment if not well managed.

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.

Key documents and links

- [Environmental and Sustainability Strategy](#)
- [Solid Waste Management and Minimisation Plan 2019](#)
- Solid Waste Activity Management Plan

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

	AP 2024 \$000	LTP Yr1 2025 \$000	LTP Yr2 2026 \$000	LTP Yr3 2027 \$000
Sources of operating funding				
General rates, uniform annual general charges and rates penalties	1,347	1,953	1,888	2,210
Targeted rates	609	666	691	935
Subsidies and grants for operating purposes	750	801	766	714
Fees, charges	2,694	2,648	2,970	2,851
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0
Total operating funding	5,400	6,068	6,315	6,710
Applications of operating funding				
Payments to staff and suppliers	4,271	4,949	5,072	5,336
Finance costs	60	89	80	79
Other operating funding applications	683	727	838	910
Total applications of operating funding	5,014	5,765	5,990	6,325
Surplus (deficit) of operating funding	386	303	325	385
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	11	70	83	90
Increase (decrease) in debt	53	(95)	50	2,246
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding	64	(25)	133	2,336
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	291	56	209	2,555
- to replace existing assets	64	68	90	119
Increase (decrease) in reserves	95	154	159	47
Increase (decrease) of investments	0	0	0	0
Total application of capital funding	450	278	458	2,721
Surplus (deficit) of capital funding	(386)	(303)	(325)	(385)
Funding balance	0	0	0	0

	AP 2024	LTP Yr1 2025	LTP Yr2 2026	LTP Yr3 2027
Solid Waste				
- Landfill Cell Extension	0	0	207	2,549
- New Recycling Facility	37	0	0	0
- New Transfer Station	0	0	0	0
- Weighbridge	215	0	0	0
- Other	103	124	92	125
Total	355	124	299	2,674

DRAFT

Stormwater Group

DRAFT

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.

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.

Following Cyclone Gabrielle, which had wide-ranging impacts across our stormwater networks, community expressed their concern that our stormwater networks were not being maintained in a way that ensured adequate performance and that this increased the risk to them and their properties in any rain event. Across years 1, 2 and 3 of the Three Year Plan, a step change in investment has been made that allows for regular maintenance activities that will enable the network to perform adequately.

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 policy statement aims to avoid further loss or degradation of waterways. The Three Year Plan reflects Council's approach to how stormwater is currently managed in the district.

The Government has signalled its intention to review and replace the Freshwater Management NPS in 2026.

In the interim, Council will ensure that levels of maintenance and the treatment standards of stormwater meet our consent requirements and communities' expectations and plan further improvements to its existing and/or new stormwater discharges.

Cost over Three Years:

Operating: \$5.644m

Capital: \$4.736m

Measuring our Progress

The following measures describe how we'll 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 2024/25	Targets 2025/26	Targets 2026/27	Targets 2027+
To effectively manage stormwater in a manner that respects and protects private and public assets and preserves the health of our waterways.	DIA Non-Financial Performance Measure: System Adequacy For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to the territorial authority's stormwater system).	(2022/23 - 31) as a result of Cyclone Gabrielle 0 in previous years	0	0	0	0
	DIA Non-Financial Performance Measure: Discharge Compliance with the territorial authority's resource consents for discharge from its stormwater systems measured by the number of:					
	a.) abatement notices,	(2022/23 - 3) as a result of Cyclone Gabrielle 0 in previous years	0	0	0	0
	b.) infringement notices,	(2022/23 - 0)	0	0	0	0
	c.) enforcement orders, and	(2022/23 - 0)	0	0	0	0
	d.) successful prosecutions received by the territorial authority in relation those resource consents.	(2022/23 - 0)	0	0	0	0
	DIA Non-Financial Performance Measure: Response Times 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.	(2022/23 ≤2hr)	≤2hr	≤2hr	≤2hr	≤2hr
	DIA Non-Financial Performance Measure: System Adequacy The number of complaints received about the performance of the stormwater system (expressed per 1,000 properties connected to the stormwater system).	(2022/23 - 7.7)	≤5	≤5	≤5	≤5
	Non-DIA Related Non-Financial Performance Measure: Satisfaction The percentage of users satisfied with the stormwater service provided.	(2022/23 64%)	90%	90%	90%	90%
	Non-DIA Related Non-Financial Performance Measure: Value from Investment The percentage of open drain network and culverts inspected to inform maintenance requirements and ensure optimal network performance.		100%	100%	100%	100%
Non-DIA Related Non-Financial Performance Measure: Value from Investment The percentage of open drain and culvert network for which maintenance has been carried out.		20%	20%	20%	20%	

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.

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, these seek to reduce the impact of stormwater on the receiving environments. Increasing requirements relating to Council's conditions of discharge are also expected with the expected changes to the National Policy Statement for Freshwater in 2026.

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 district.

Major investment in an increased network maintenance programme, as well as in upgrades to address demand, 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/

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

	AP 2024 \$000	LTP Yr1 2025 \$000	LTP Yr2 2026 \$000	LTP Yr3 2027 \$000
Sources of operating funding				
General rates, uniform annual general charges and rates penalties	97	147	320	399
Targeted rates	962	924	1,908	2,354
Subsidies and grants for operating purposes	0	860	0	0
Fees, charges	0	0	0	0
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0
Total operating funding	1,059	1,931	2,228	2,753
Applications of operating funding				
Payments to staff and suppliers	525	1,151	1,172	1,203
Finance costs	64	227	293	330
Other operating funding applications	335	390	428	459
Total applications of operating funding	924	1,768	1,893	1,992
Surplus (deficit) of operating funding	135	163	335	761
Sources of capital funding				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	230	100	124	138
Increase (decrease) in debt	1,965	1,339	785	762
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding	2,195	1,439	909	900
Applications of capital funding				
Capital expenditure				
- to meet additional demand	1,268	815	270	159
- to improve the level of service	628	300	309	796
- to replace existing assets	875	675	695	716
Increase (decrease) in reserves	(441)	(188)	(30)	(10)
Increase (decrease) of investments	0	0	0	0
Total application of capital funding	2,330	1,602	1,244	1,661
Surplus (deficit) of capital funding	(135)	(163)	(335)	(761)
Funding balance	0	0	0	0

	AP 2024	LTP Yr1 2025	LTP Yr2 2026	LTP Yr3 2027
Stormwater CAPEX				
- Shortfalls	384	325	373	292
- Waipukurau CBD	185	350	0	0
- Eastern Interceptor	650	0	0	0
- Lake Whatumā	125	50	0	0
- Parkland	0	90	26	0
- Bush Drain	30	25	0	0
- Waipukurau Industrial	310	0	0	0
- Pah Flat	120	0	0	0
- McGreevy Street	265	250	258	265
- Reticulation & Other	702	700	617	1,114
Total	2,771	1,790	1,274	1,671

Wastewater Group

DRAFT

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 TAIAO
- 
PROUD DISTRICT
 HE ROHE POHO KERERŪ
- 
PROSPEROUS DISTRICT
 HE ROHE TŌNUI
- 
SMART GROWTH
 HE TIPU ATAMAI
- 
STRONG COMMUNITIES
 HE HAPORI KAHA

What Council does

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

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 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”.*

While the Wastewater Strategy still clearly outlines our planned approach and expected need for infrastructure investment, the timing of this investment differs in the current plan as we balance the many competing priorities across Council’s activities. This effectively rephases the long-term upgrade programmes for Takapau, Pōrangahau, and Waipawa, Otāne and Waipukurau beyond year 3 but includes short-term treatment upgrades for Waipukurau to improve the quality.

Cost over Three Years:

Operating:	\$14.487m
Capital:	\$14.106m

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 that 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.

These systems never worked and the plants were never 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, Council pleaded guilty in the Environment Court to breaching resource consent conditions for the plants.

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

**#theBIG.
Waste Water Story**

In response, #thebigwastewaterstory was launched.

While the long-term solutions are outlined below, investment has been slower than planned over the last three years. Short-term and interim solutions to improve plant performance and discharge quality have occurred, funded through debt, development contributions and external funding.

These solutions and upgrades include the desludging of both Waipawa and Waipukurau ponds, pond bank repairs and new protection works, and new tertiary treatment at Waipawa. An upgrade of Waipukurau's tertiary treatment systems is included in this plan.

Project 1: Waipukurau, Waipawa and Otāne

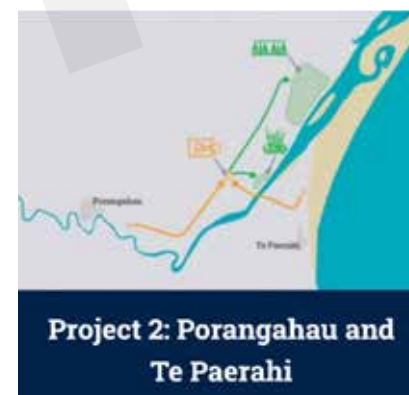
Establishing a combined wastewater treatment solution that irrigates effluent to land only, this project will be delivered over the next 15 years at a total cost of \$79.2 million.

The first stage of this project has been delivered with the conveyance of wastewater from Otāne to Waipawa, meaning the removal of the discharge of wastewater from our plant in Otāne into the Papanui catchment.



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 the next 11 years at a total cost of \$26.9 million.



Project 3: Takapau

Small treatment upgrades are required and wastewater will be irrigated to land. The project will be delivered over the next eight years at a total cost of \$6.2 million.



Measuring our Progress

The following measures describe how we'll demonstrate progress and achievement in this area:

What We Do	How We'll Show We Are Doing A Great Job					
Level Of Service	Performance Measures	Baseline	Targets 2024/25	Targets 2025/26	Targets 2026/27	Targets 2027+
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.	DIA Non-Financial Performance Measure: System and Adequacy Target number of dry weather sewerage overflows (per 1,000 connections to the total sewerage systems).	(2022/23 – 16.2)	≤10	≤10	≤10	≤10
	Target number of total sewerage overflows (per 1,000 connections to the total sewerage).	(2022/23 – 20.8)	≤30	≤30	≤30	≤30
	DIA Non-Financial Performance Measure: Discharge Compliance Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of:					
	a.) abatement notices,	(2022/23 – 0)	0	0	0	0
	b.) infringement notices,	(2022/23 – 0)	0	0	0	0
	c.) enforcement orders, and	(2022/23 – 0)	0	0	0	0
	d.) convictions, received by the territorial authority in relation to those resource consents.	(2022/23 – 0)	0	0	0	0
	DIA Non-Financial Performance Measure: Response Times 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).	(2022/23 28.8 mins)	≤1hr	≤1hr	≤1hr	≤1hr
	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).	(2022/23 – 2 hrs 46 mins)	≤4hrs	≤4hrs	≤4hrs	≤4hrs
	DIA Non-Financial Performance Measure: Customer Satisfaction Number of complaints received per annum per 1,000 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.	(2022/23 – 37.5)	≤10	≤10	≤10	≤10
The percentage of users satisfied with the wastewater service provided.	(2022/23 – 93%)	90%	90%	90%	90%	

Significant Negative 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 into waterways. Major investment to remove discharges from waterways for all of Council treatment facilities is planned through this Three Year 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 relationships with Mana Whenua.

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.

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. 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.

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/>

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

	AP 2024 \$000	LTP Yr1 2025 \$000	LTP Yr2 2026 \$000	LTP Yr3 2027 \$000
Sources of operating funding				
General rates, uniform annual general charges and rates penalties	0	0	0	0
Targeted rates	3,766	4,810	5,367	5,692
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges	775	400	414	425
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0
Total operating funding	4,541	5,210	5,781	6,117
Applications of operating funding				
Payments to staff and suppliers	2,108	2,304	2,243	2,236
Finance costs	988	1,282	1,441	1,589
Other operating funding applications	884	1,026	1,139	1,224
Total applications of operating funding	3,980	4,612	4,823	5,049
Surplus (deficit) of operating funding	561	598	958	1,068
Sources of capital funding				
Subsidies and grants for capital expenditure	0	293	150	108
Development and financial contributions	957	900	965	978
Increase (decrease) in debt	11,765	3,886	3,672	1,504
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding	12,722	5,079	4,787	2,590
Applications of capital funding				
Capital expenditure				
- to meet additional demand	2,391	300	52	53
- to improve the level of service	6,266	450	150	0
- to replace existing assets	6,159	4,900	5,180	3,022
Increase (decrease) in reserves	(1,533)	27	363	583
Increase (decrease) of investments	0	0	0	0
Total application of capital funding	13,283	5,677	5,745	3,658
Surplus (deficit) of capital funding	(561)	(598)	(958)	(1,068)
Funding balance	0	0	0	0

	AP 2024	LTP Yr1 2025	LTP Yr2 2026	LTP Yr3 2027
Wastewater CAPEX				
- Reticulation	2,769	1,800	1,751	1,804
- Treatment	11,550	3,350	3,270	900
- I&I and Other	497	500	361	371
Funding balance	14,816	5,650	5,382	3,075

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Water Supply Group

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Water Supply

The Waste Supply 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

Council operates seven different water supply schemes servicing Kairakau, Pōrerere, 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, backflow 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 need 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.

Investment has been planned over the next three years to continue to invest in critical water projects, including the Waipukurau Second Water Supply, replacement of reservoirs in Waipawa and continuing the pipeline renewal programme. These projects mitigate critical risks to our networks and supply system and will increase our overall network resilience.

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

Cost over Three Years:
Operating: \$18.234m
Capital: \$40.848m

Sustainable Water Management Plan 2021

Council adopted the Sustainable Water Management Plan 2021 outlining the long-term strategic use of its supply. This is due for a three-yearly review programmed for later in 2024. We have identified the need for increased ability to gather accurate data to inform the planned review. Some investment is included in the plan.

#theBIG Water Story

#thebigwaterstory

In the 2018 Long Term Plan we developed #thebigwaterstory as the basis for the start of the major works we face. This Three Year Plan 2024-2027 builds upon the investigations and research completed. We have a greater understanding of the condition and state of our assets and the critical improvements required to improve our systems' resilience. We can continue to deliver the expected levels of service.

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.

Continued renewals approach

In the 2021 Long Term Plan, Council made 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 we experience across our networks.

This Three Year Plan continues on the work undertaken over the last three years to improve the overall resilience and the average remaining life of our network.

Change in water quality assurance rules

New drinking water quality assurance rules from the Central Government regulator Taumata Arowai were implemented in the 2022/23 compliance year. These new rules require increased and targeted focus and investment in certain areas, including increasing network security through a programme for backflow prevention.

Three Waters Reform

Hawke's Bay councils are updating their previous work on how the region could manage Three Waters services. This follows Central Government's announcement on Local Water Done Well. The financial model will be updated with each council's long term or three year plans with information for consideration.

The Hawke's Bay Waters Review confirmed that the status quo is not a long-term viable option. This Three Year Plan works on the assumption that Council continues to own and operate Three Waters services.

Measuring our Progress

The following measures describe how we'll demonstrate progress and achievement in this area:

What We Do	How We'll Show We Are Doing A Great Job					
Level Of Service	Performance Measures	Baseline	Targets 2024/25	Targets 2025/26	Targets 2026/27	Targets 2027+
To provide safe, reliable and consistent water supplies to our community, working with our customers to support wise and sustainable water use.	DIA Non-Financial Performance Measure: Safety of Drinking Water The extent to which the local authority's drinking water supply complies with the new Part D rules under the DWQAR's (bacteria compliance criteria).	New	All potable supplies 100%	All potable supplies 100%	All potable supplies 100%	All potable supplies 100%
	The extent to which the local authority's drinking water supply complies with the new Part T rules under the DWQAR's (protozoal compliance criteria).	New	All potable supplies 100%	All potable supplies 100%	All potable supplies 100%	All potable supplies 100%
	DIA Non-Financial Performance Measure: Maintenance of the Reticulation Network Percentage of real water loss from the local authority's networked reticulation system.	Unmeasurable	<40%	<40%	<35%	<35%
	DIA Non-Financial Performance Measure: Fault Response Times Attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site.	(2022/23 – 23 mins)	≤2 hours	≤2 hours	≤2 hours	≤2 hours
	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.	(2022/23 – 3 hrs 25 mins)	≤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.	(35 mins)	≤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.	(15 hrs 40 mins)	≤72 hours	≤72 hours	≤72 hours	≤72 hours

What We Do	How We'll Show We Are Doing A Great Job					
Level Of Service	Performance Measures	Baseline	Targets 2024/25	Targets 2025/26	Targets 2026/27	Targets 2027+
	DIA Non-Financial Performance Measure: Customer Satisfaction Number of complaints relating to drinking water received (per annum per 1,000 connections to the local authority's networked reticulation system).	(2022/23 – 18.5)	≤5	≤5	≤5	≤5
	The average consumption of drinking water per day per water connection.	1.33	≤1.80 m ³	≤1.80 m ³	≤1.80 m ³	≤1.80 m ³
	The percentage of users satisfied with the water supply service provided.	(2022/23 – 88%)	90%	90%	90%	90%

Significant Negative Impacts

Significant negative impacts and their solutions for the Water Supply Activity are:

Over extraction of water

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, particularly as a result of over extraction, the resulting impact on the aquifer and overall groundwater levels.

Council has resource consents for the extraction of water. These consents limit the extent of extraction 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.

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.

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 Regulator Taumata Arowai Health Board.

Insufficient water supplies during times of drought or emergency

Over the last three years Central Hawke's Bay has had a number of instances where the ability to provide consistent supply of drinking water was either at risk or compromised. During these instances demand management practices were used, including water conservation messaging and education. Water restrictions and other methods of restriction are also available to Council.

Investment to improve the resilience and security of water supplies across the district, such as projects like the integrated network for Otāne, Waipawa and Waipukurau, is included in this Plan.

Key documents and links

- Three Waters Activity Management Plan
- Infrastructure Strategy
- Taumata Arowai, Drinking Water Quality Assurance Rules
- www.chbdc.govt.nz/services/water/about-water/
- [thebigwaterstory](https://www.facebook.com/thebigwaterstory)

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

	AP 2024 \$000	LTP Yr1 2025 \$000	LTP Yr2 2026 \$000	LTP Yr3 2027 \$000
Sources of operating funding				
General rates, uniform annual general charges and rates penalties	0	0	0	0
Targeted rates	4,503	5,683	6,739	7,567
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges	5	0	0	0
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0
Total operating funding	4,508	5,683	6,739	7,567
Applications of operating funding				
Payments to staff and suppliers	2,648	3,144	3,271	3,360
Finance costs	633	1,143	1,656	2,268
Other operating funding applications	884	1,027	1,140	1,224
Total applications of operating funding	4,165	5,314	6,067	6,852
Surplus (deficit) of operating funding	343	369	672	715
Sources of capital funding				
Subsidies and grants for capital expenditure	0	589	835	631
Development and financial contributions	817	850	931	1,009
Increase (decrease) in debt	6,764	10,466	12,349	8,545
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding	7,581	11,905	14,115	10,185
Applications of capital funding				
Capital expenditure				
- to meet additional demand	128	200	129	53
- to improve the level of service	6,143	6,535	8,585	6,575
- to replace existing assets	2,882	6,442	7,485	4,845
Increase (decrease) in reserves	(1,229)	(903)	(1,412)	(573)
Increase (decrease) of investments	0	0	0	0
Total application of capital funding	7,924	12,274	14,787	10,900
Surplus (deficit) of capital funding	(343)	(369)	(672)	(715)
Funding balance	0	0	0	0

	AP 2024	LTP Yr1 2025	LTP Yr2 2026	LTP Yr3 2027
Water Supply CAPEX				
- Water Meters	50	50	52	53
- Values & Backflow	75	490	464	212
- Second Supply	4,500	5,065	7,297	6,310
- Water Mains	1,465	931	3,348	0
- Firefighting	1,599	0	0	0
- Reticulation	1,204	2,700	2,678	2,864
- Reservoir	0	2,190	1,504	1,506
- Other	260	1,751	856	528
Total	9,153	13,177	16,199	11,473

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**Finance
and Rating**

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

This section of the Three Year Plan 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 Three Year Plan.

Financial Prudence Benchmarks

These statements provide 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 Council's forecasted financial position for the next three 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 three 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 2024/25
- 2024/25 Rates Factors
- Sample Rating Impacts on Properties for 2024/25

Three Year Plan/Long Term Plan disclosure statement for period commencing 1 July 2024

The purpose of this statement is to disclose Council's planned financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings. Council is required to include this statement in its Three Year Plan/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

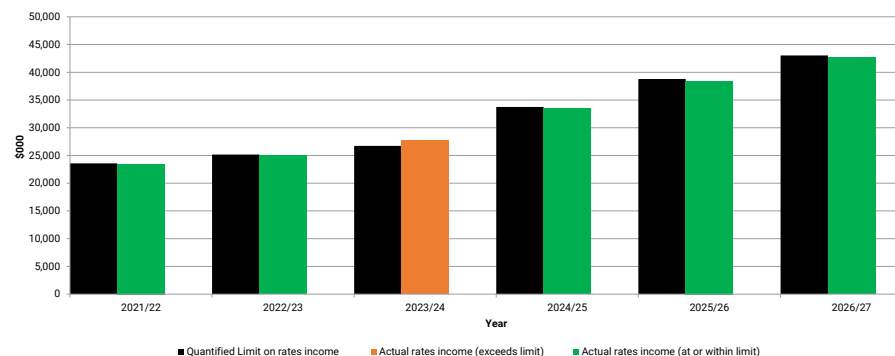
Council meets the rates affordability benchmark if:

- 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 Council's planned rates with a quantified limit on rates contained in the financial strategy included in this Three Year Plan.

Total rates revenue for each year of the Three Year Plan will be limited to 101% of the rates in the Plan.

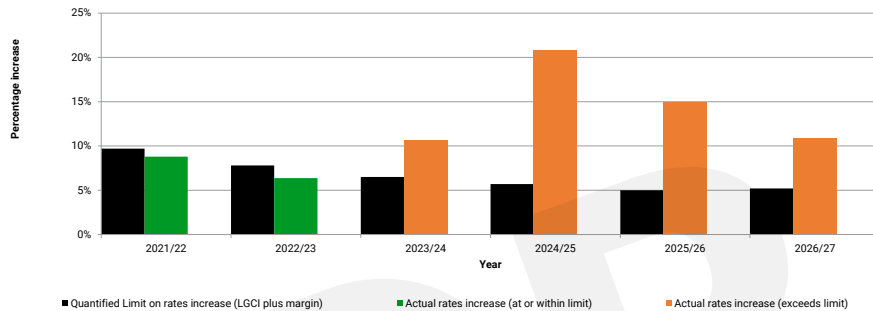


Rates Increases Affordability

The following graph compares Council's planned rates increases with a quantified limit on rates increases contained in the Financial Strategy included this Three Year Plan.

Quantified Limit on Rates Increases

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



As articulated in the Consultation Document that formed this Three Year Plan, inflation drivers combined with years of keeping rates low (below this benchmark) has been achieved through not replacing Council assets as they age. This combined with non-compliant wastewater treatment plants means that Council is having to exceed this benchmark as it catches up on this backlog of capital work.

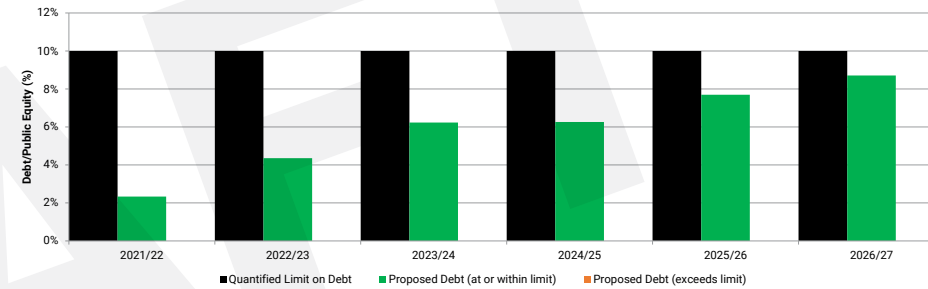
*Using the most recent Local Government Cost Index, published by BERL, available at the time this Three Year Plan was prepared

Debt Affordability Benchmark

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 Council's planned total borrowing with the first quantified limit on borrowing stated in the financial strategy included in this Three Year Plan. The quantified limit is for total debt to be capped at 10% of ratepayers' equity.

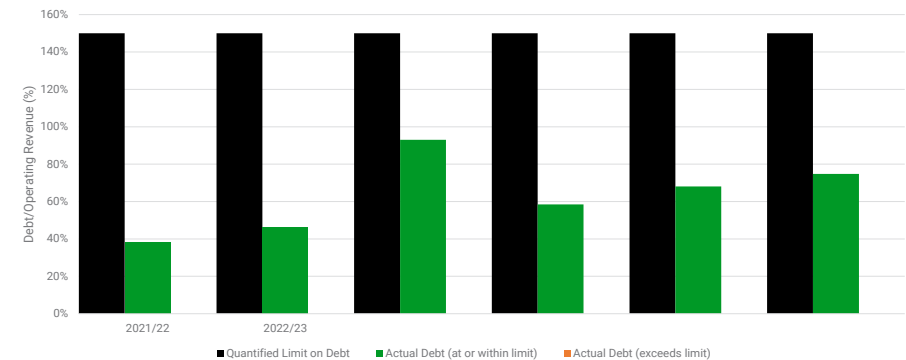


Quantified Limit on Borrowings

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

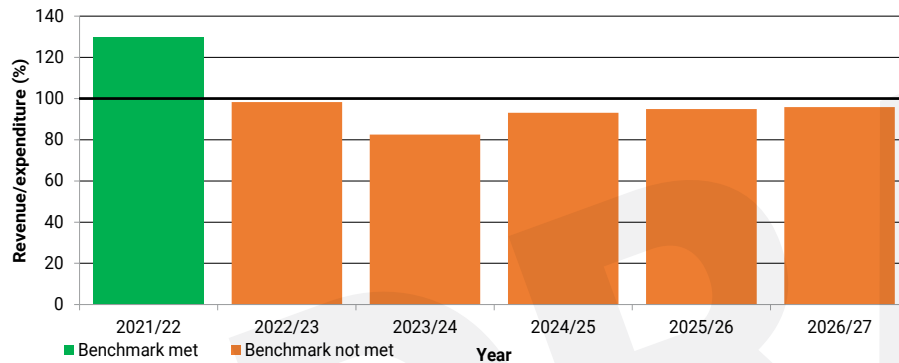
The quantified limit is 150% of Council's Operating Revenue (will increase to 200% once Council obtains an external credit rating).

This limit will be exceeded after the end of the Three Year Plan. At this point Council will seek an external credit rating, as per its Treasury Policy.



Balanced Budget Benchmark

The following graph displays 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). Council meets the balanced benchmark if its planned revenue equals or is greater than its planned operating expenses.

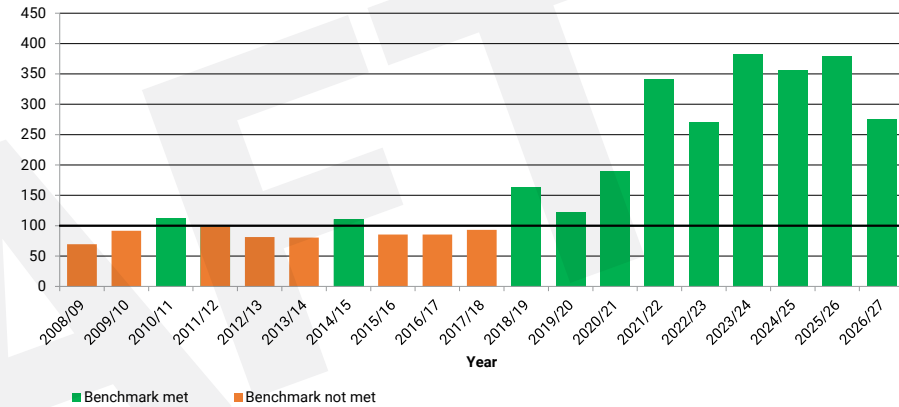


Linked to the earlier comments on limits on rates increases, one of the reasons Council has unbalanced budgets is it doesn't rate fully to fund depreciation. Or in other words it doesn't rate to set aside funds to replace assets as they age. This has kept rates lower historically than if it had rated 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 this Three Year Plan to fund the catch-up on asset renewals, and then is having to fund the loan repayments (which is a capital cost, 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.

Essential Services Benchmark

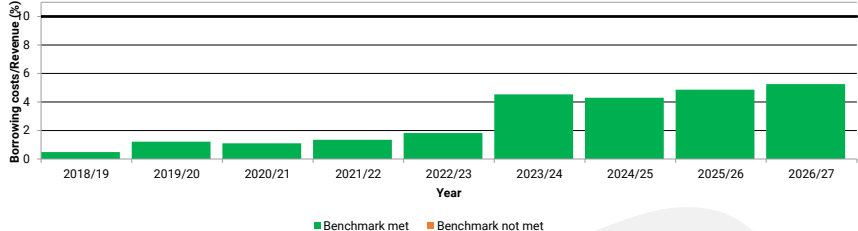
The following graph displays Council's planned capital expenditure on network services as a proportion of expected depreciation on network services. Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than depreciation on network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



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 last LTP and this Three Year Plan represents the debt funded catch-up on asset replacements that will occur.

Debt Servicing Benchmark

The following graph displays 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.



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Prospective Financial Statements Central Hawke's Bay Three Year Plan 2024-2027

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

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Prospective Statement of Comprehensive Revenue and Expenses

for the 3 Years to 30 June 2027

	AP 2024 \$000	LTP Yr1 2025 \$000	LTP Yr2 2026 \$000	LTP Yr3 2027 \$000
Revenue				
Rates revenue	27,650	33,418	38,407	42,599
Subsidies and grants	9,503	35,175	36,292	37,805
Interest and dividends	79	181	186	194
Fees and Charges	6,992	6,151	6,704	6,815
Development contributions	2,197	2,272	2,570	2,880
Other revenue	257	396	278	286
Total revenue	46,679	77,591	84,436	90,580
Expenditure				
Personnel costs	10,149	11,932	12,670	13,280
Depreciation and amortisation	15,843	15,385	16,758	18,447
Written Off Cyclone Damaged Assets	0	0	0	0
Finance costs	2,015	3,236	3,983	4,604
Other operating expenses	25,898	50,339	52,842	55,201
Total operating expenditure	53,905	80,892	86,253	91,532
Net Operating Surplus/(Deficit)	(7,225)	(3,301)	(1,817)	(952)
Other (Gains)/Losses				
(Gains)/Losses on Public Debt	0	0	0	0
(Gains)/Losses on Investments	0	0	0	0
Total Other (Gains)/Losses	0	0	0	0
Operating surplus/(deficit) before tax	(7,225)	(3,301)	(1,817)	(952)
Income tax expense	0	0	0	0
Net surplus/(deficit) after tax	(7,225)	(3,301)	(1,817)	(952)
Other comprehensive income				
Gains/(Losses) on the revaluation of property, plant and equipment	24,959	25,573	33,675	43,772
Gains/(Losses) on the Disposal Revalued Property, Plant and Equipment	0	0	0	0
Impairment of Cyclone Damaged Assets	0	0	0	0
Total other comprehensive Income	24,959	25,573	33,675	43,772
Total comprehensive income for the year	17,734	22,272	31,858	42,821

Prospective Statement of Changes in Equity

for the 3 Years to 30 June 2027

	AP 2024 \$000	LTP Yr1 2025 \$000	LTP Yr2 2026 \$000	LTP Yr3 2027 \$000
Opening Equity Balance	982,760	1,037,419	1,059,691	1,091,550
Total comprehensive income for the year	17,734	22,272	31,858	42,821
Closing Equity Balance	1,000,495	1,059,691	1,091,550	1,134,371
Components of Equity				
Ratepayers Equity at the beginning of the Year	268,314	264,774	261,814	260,191
Net Surplus/(Deficit) for the Year	(7,225)	(3,301)	(1,817)	(952)
Transfers to (from) other reserves	(170)	341	194	107
Ratepayers Equity at end of Year	260,919	261,814	260,191	259,347
Special & Other Funds at the beginning of the Year	3,889	5,514	5,173	4,979
Transfers to (from) Special Funds	180	(341)	(194)	(107)
Special & Other Funds at the end of the Year	4,069	5,173	4,979	4,872
Trust Funds at the beginning of the Year	194	186	186	186
Transfers to (from) Trust Funds	(10)	0	0	0
Trust Funds at the end of the Year	184	186	186	186
Revaluation Reserves at the beginning of the Year	710,363	766,946	792,519	826,194
Gains/(Losses) on the Revaluation Property, Plant and Equipment	24,959	25,573	33,675	43,772
Impairment of Recreation and Community Asset	0	0	0	0
Gains/(Losses) on the Disposal Revalued Property, Plant and Equipment	0	0	0	0
Revaluation Reserves at the end of the Year	735,322	792,519	826,194	869,967
Total Equity at end of Year	1,000,495	1,059,691	1,091,550	1,134,371

Prospective Statement of Financial Position

for the 3 Years to 30 June 2027

	AP 2024 \$000	LTP Yr1 2025 \$000	LTP Yr2 2026 \$000	LTP Yr3 2027 \$000
Assets				
Current assets				
Cash and cash equivalents	54	6,444	5,594	5,967
Trade and other receivables	6,187	7,933	7,950	8,079
Prepayments	567	306	306	306
Stock on Hand	29	26	26	26
Current Investments	1,606	843	843	843
Assets Held for Sale	0	0	0	0
Total current assets	8,443	15,550	14,719	15,221
Non-current assets				
Investments	375	752	977	1,352
Property, plant and equipment and Intangibles	1,068,899	1,127,291	1,177,352	1,234,238
Total non-current assets	1,069,274	1,128,043	1,178,329	1,235,589
Total assets	1,077,717	1,143,594	1,193,048	1,250,810
Liabilities				
Current liabilities				
Trade and other payables	11,863	14,155	14,172	14,301
Employee entitlements	513	652	652	652
Current Public Debt	3,130	10,372	12,372	14,372
Total current liabilities	15,507	25,178	27,196	29,325
Non-current liabilities				
Non-Current Public Debt	58,928	55,670	71,210	83,985
Provisions for Landfill Closure	2,787	3,055	3,092	3,129
Total non-current liabilities	61,715	58,725	74,302	87,114
Total liabilities	77,222	83,903	101,498	116,439
Equity				
Special & Other Funds	4,069	5,173	4,979	4,872
Trust Funds	184	186	186	186
Revaluation Reserve of Assets	735,322	792,518	826,193	869,965
Ratepayers' Equity	260,919	261,814	260,193	259,348
Total equity	1,000,495	1,059,691	1,091,550	1,134,371
Total Liabilities and Equity	1,077,717	1,143,594	1,193,048	1,250,810

Prospective Statement of Cashflows

for the 3 Years to 30 June 2027

	AP 2024 \$000	LTP Yr1 2025 \$000	LTP Yr2 2026 \$000	LTP Yr3 2027 \$000
Cash flows from operating activities				
Cash was provided from:				
Receipts from rates revenue	26,350	33,400	38,389	42,470
Operating subsidies and grants received	9,503	35,175	36,292	37,805
Fees and charges received	6,589	6,151	6,704	6,815
Interest received	79	181	186	194
Receipts from other revenue	257	396	278	286
Development Contributions	2,197	2,272	2,570	2,880
Cash was disbursed to:				
Payments to suppliers of Goods and Services	(31,222)	(50,356)	(52,859)	(55,330)
Payments to employees	(10,276)	(11,932)	(12,670)	(13,280)
Interest paid	(2,015)	(3,236)	(3,983)	(4,604)
Net cash from operating activities	1,462	12,049	14,906	17,237
Cash flows from investing activities				
Cash was provided from:				
Proceeds from capital subsidies and grants received	0	0	0	0
Proceeds from sale of property, plant and equipment	21	0	0	0
Proceeds from investments	1,998	0	0	0
Cash was disbursed to:				
Purchase of investment	0	886	(225)	(375)
Purchase of intangible assets	0	0	0	0
Purchase of property, plant and equipment	(30,811)	(29,881)	(33,071)	(31,264)
Net cash from investing activities	(28,792)	(28,995)	(33,296)	(31,639)
Cash flows from financing activities				
Cash was provided from:				
Proceeds from borrowing	34,761	16,432	17,541	14,775
Cash was disbursed to:				
Repayment of borrowings	(10,000)	0	0	0
Net cash from financing activities	24,761	16,432	17,541	14,775
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(2,570)	(514)	(849)	373
Cash, cash equivalents and bank overdrafts at the beginning of the year	2,624	6,958	6,444	5,594
Cash, cash equivalents and bank overdrafts at the end of the year	54	6,444	5,594	5,967

Prospective Statement of Movements in Reserves

for the 3 Years to 30 June 2027

	AP 2024 \$000	LTP Yr1 2025 \$000	LTP Yr2 2026 \$000	LTP Yr3 2027 \$000
Reserves Held for Future Asset Purchases				
Opening Balance	2,982	2,806	2,637	2,565
Transfer to Reserves	80	81	93	84
Transfer from Reserves	(255)	(250)	(165)	(120)
Closing Balance	2,807	2,637	2,565	2,529
Reserves Held for Future Operational Costs				
Opening Balance	1,282	2,477	2,536	2,414
Transfer to Reserves	80	84	84	84
Transfer from Reserves	(100)	(25)	(206)	(155)
Closing Balance	1,262	2,536	2,414	2,343
Trust Funds Held				
Opening Balance	184	186	186	186
Transfer to Reserves	6	6	6	6
Transfer from Reserves	(6)	(6)	(6)	(6)
Closing Balance	184	186	186	186
Total Reserves / Trust Funds	4,253	5,358	5,165	5,057

Statement of Accounting Policies

Prospective Notes to the Financial Statement for the 3 Years to 30 June 2027

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.

Council provides local infrastructure, local public services, and performs regulatory functions to the community. 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

Council's financial statements 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 judgements, 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 judgements 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

There have been no changes in accounting policies during the year.

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 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, 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 that 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 Waka Kotahi (NZTA), 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 subsidises 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 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 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 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 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.

Loans and Receivables

Loans and receivables 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 loans and receivables 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. 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 a loan or a receivable 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 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 that 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.

Depreciation by Activity:

	AP 2024 \$000	LTP Yr1 2025 \$000	LTP Yr2 2026 \$000	LTP Yr3 2027 \$000
Community Leadership	3	5	5	5
Planning and Regulatory	8	16	16	16
Land Transport	8,820	8,861	9,434	10,083
Recreation and Community Facilities	1,604	1,555	1,572	1,628
Solid Waste	304	282	315	566
Wastewater (Sewerage)	1,937	1,869	2,363	2,823
Water Supplies	1,978	1,718	1,929	2,094
Stormwater	600	634	708	780
Overheads	589	445	417	453
Total	15,843	15,385	16,758	18,447

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

Asset Category	Useful Life	Depreciation Rate
Infrastructural Assets		
Roading		
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%
Sewerage Network		
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%
Stormwater		
Pipes	30-100	1%-3.5%
Manholes	100	1%
Water Network		
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 offsets 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.

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 accumulated depreciation and 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.

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. Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of 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 that 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. 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 rollover 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 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, Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets that 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 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 underestimating 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 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 Council's infrastructural asset revaluations.

Critical Judgements in Applying Council's Accounting Policies

Management has exercised the following critical judgements in applying Council's accounting policies for the periods ending 30 June 2025-2027.

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 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)

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

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 8,055 rateable properties.

Projected Number of Rateable Rating Units	AP 2024	Yr1 2025	Yr2 2026	Yr3 2027
Residential	4,742	4,784	4,846	4,908
Commercial/Industrial	398	400	402	404
Lifestyle	1,384	1,435	1,504	1,573
Other Rural	1,531	1,534	1,537	1,540
Total	8,055	8,153	8,289	8,425

The table below shows the number of rateable properties in our district as at 27 March 2024. Properties are valued every three years by an independent valuer and were last valued in September 2021. The next review will take place in September 2024.

Type	Number of Rateable Units	Land Value \$ '000	Capital Value \$ '000
Residential	4,784	1,122,481	2,711,407
Commercial/Industrial	400	118,237	377,598
Lifestyle	1,435	509,393	1,038,902
Other Rural	1,534	4,212,290	5,106,583
Total	8,153	5,962,401	9,234,490

Rates Due Dates

There will be four equal instalments for the 2024/25 rates and the due dates are as follows:

Instalment	Due Date	Penalty Date
Instalment 1	20 August 2024	21 August 2024
Instalment 2	20 November 2024	21 November 2024
Instalment 3	20 February 2025	21 February 2025
Instalment 4	20 May 2025	21 May 2025

A 10% instalment penalty will apply to any rates that are not paid by the instalment due dates. A further 10% will be added on 1 July 2024 to the amount of rates assessed in previous financial years and remaining unpaid as at 30 June 2024.

Water Due Dates

The following are the due dates for water invoices:

Type	Read Date	Due Date
Commercial/Large Users	Monthly	20 th month following
All other Users	Sept/Dec/Mar/June	20 th month following

A 10% penalty will apply if any water rates payments remain outstanding after each of the above water rates due dates.

2024/25 Rate Factors

The table below lists the rate factors for the 2024/25 year (1 July 2024 to 30 June 2025) that are proposed to be set by Council:

Description	Area Liable	Differential	Factor of Liability	Factor	Rate Value	Amount Sought (Incl GST)
District Wide Rates						
General Rate District	All Rateable Property outside CBD's of Waipukurau/Waipawa	1	Capital Value	\$9,149,601,070	0.00114	\$10,451,939
General Rate District-CBD	All Rateable Property in CBD's of Waipukurau/Waipawa	1.4	Capital Value	\$84,889,000	0.00160	\$135,761
Land Transport	All Rateable Property	1	Land Value	\$5,962,400,900	0.00179	\$10,650,604
Uniform Annual Charge	All Rateable Property	1	Fixed Amount per SUIP	7,339	\$445.30	\$3,268,042
Targeted Rates						
Refuse Collection	Service Available	1	Fixed Amount per SUIP	4,408	\$53.69	\$236,670
Kerbside Recycling Collection	Service Available	1	Fixed Amount per SUIP	3,967	\$133.35	\$529,000
Water Supply	Connected/Service Available	1.0/0.5	Fixed Amount per SUIP	4,553	\$1,294.73	\$5,894,896
Sewerage	Connected/Service Available	1.0/0.5	Fixed Amount per SUIP	4,254	\$1,300.47	\$5,531,554
Stormwater	All Rateable Property inside Waipukurau/Waipawa Catchment	1.00	Capital Value	\$1,827,741,000	0.00047	\$860,389
Stormwater	All Rateable Property inside Otāne Catchment	0.64	Capital Value	\$246,843,500	0.00030	\$74,367
Stormwater	All Rateable Property inside Takapau Catchment	0.48	Capital Value	107,907,500.00	0.00023	\$24,382
Drainage	Te Aute Catchment Area	1	Fixed Amount per Point	73,614	1.40598	\$103,500
Water by Meter	Properties with Water Meters	Volumetric	Fixed Amount per Cubic Metre		\$4.39/\$2.95	\$640,550
Total Sought					\$38,401,653	

Sample Ratepayers – Indicative Impacts of Preferred Central Option on 2024/25 Proposed Rates

Urban Residential	Land Value	Capital Value	Actual Rates 2023/24	Proposed Rates 2024/25	\$ Change	% Change
Pōrangahau	125,000	365,000	3,030	3,734	704	23.2%
General Rate District			337	417	80	23.8%
District Land Transport			189	223	34	18.1%
Refuse Collection Service Available			35	54	19	52.8%
Sewerage Operations Rate Service Available			1,026	1,300	274	26.8%
Water Supply Operations Service Available			1,012	1,295	283	28.0%
District UAC UAC			432	445	14	3.1%
Total			3,030	3,734	704	23.2%

Urban Residential	Land Value	Capital Value	Actual Rates 2023/24	Proposed Rates 2024/25	\$ Change	% Change
Ongaonga	180,000	610,000	1,441	1,651	210	14.6%
General Rate District			563	697	134	23.8%
District Land Transport			272	322	49	18.1%
Refuse Collection Service Available			35	54	19	52.8%
Recycling Collection Rate Service Available			139	133	-5	-3.8%
District UAC UAC			432	445	14	3.1%
Total			1,441	1,651	210	14.6%

Urban Residential	Land Value	Capital Value	Actual Rates 2023/24	Proposed Rates 2024/25	\$ Change	% Change
Takapau	225,000	610,000	2,633	3,164	531	20.2%
General Rate District			563	697	134	23.8%
District Land Transport			340	402	62	18.1%
Refuse Collection Service Available			35	54	19	52.8%
Stormwater Operations Catchment			112	138	25	22.6%
Water Supply Operations Service Available			1,012	1,295	283	28.0%
Recycling Collection Rate Service Available			139	133	-5	-3.8%
District UAC UAC			432	445	14	3.1%
Total			2,633	3,164	531	20.2%

Urban Residential	Land Value	Capital Value	Actual Rates 2023/24	Proposed Rates 2024/25	\$ Change	% Change
Otāne	300,000	630,000	3,833	4,703	871	22.7%
General Rate District			581	727	146	25.1%
District Land Transport			454	525	71	15.7%
Refuse Collection Service Available			35	54	19	53.1%
Sewerage Operations Rate Service Available			1,026	1,304	278	27.1%
Stormwater Operations Catchment			155	206	52	33.3%
Water Supply Operations Service Available			1,012	1,311	299	29.6%
Recycling Collection Rate Service Available			139	134	-5	-3.6%
District UAC UAC			432	442	11	2.5%
Total			3,833	4,703	871	22.7%

Coastal Residential	Land Value	Capital Value	Actual Rates 2023/24	Proposed Rates 2024/25	\$ Change	% Change
Te Paerahi	500,000	810,000	4,008	4,913	905	22.6%
General Rate District			747	925	178	23.8%
District Land Transport			756	893	137	18.1%
Refuse Collection Service Available			35	54	19	52.8%
Sewerage Operations Rate Service Available			1,026	1,300	274	26.8%
Water Supply Operations Service Available			1,012	1,295	283	28.0%
District UAC UAC			432	445	14	3.1%
Total			4,008	4,913	905	22.6%

Urban Residential	Land Value	Capital Value	Actual Rates 2023/24	Proposed Rates 2024/25	\$ Change	% Change
Waipukurau	280,000	770,000	4,171	4,970	799	19.1%
General Rate District			710	880	169	23.8%
District Land Transport			424	500	77	18.1%
Refuse Collection Service Available			35	54	19	52.8%
Sewerage Operations Rate Service Available			1,026	1,300	274	26.8%
Stormwater Operations Catchment			394	362	-32	-8.1%
Water Supply Operations Service Available			1,012	1,295	283	28.0%
Recycling Collection Rate Service Available			139	133	-5	-3.8%
District UAC UAC			432	445	14	3.1%
Total			4,171	4,970	799	19.1%

Urban Residential	Land Value	Capital Value	Actual Rates 2023/24	Proposed Rates 2024/25	\$ Change	% Change
Waipawa	195,000	680,000	3,913	4,673	759	19.4%
General Rate District			627	777	149	23.8%
District Land Transport			295	348	53	18.1%
Refuse Collection Service Available			35	54	19	52.8%
Sewerage Operations Rate Service Available			1,026	1,300	274	26.8%
Stormwater Operations Catchment			348	320	-28	-8.1%
Water Supply Operations Service Available			1,012	1,295	283	28.0%
Recycling Collection Rate Service Available			139	133	-5	-3.8%
District UAC UAC			432	445	14	3.1%
Total			3,913	4,673	759	19.4%

Rural	Land Value	Capital Value	Actual Rates 2023/24	Proposed Rates 2024/25	\$ Change	% Change
Aramoana	5,300,000	6,070,000	14,048	16,846	2,799	19.9%
General Rate District			5,600	6,934	1,334	23.8%
District Land Transport			8,016	9,467	1,451	18.1%
District UAC UAC			432	445	14	3.1%
Total			14,048	16,846	2,799	19.9%

Rural	Land Value	Capital Value	Actual Rates 2023/24	Proposed Rates 2024/25	\$ Change	% Change
Ruataniwha	6,300,000	7,420,000	16,805	20,438	3,632	21.6%
General Rate District			6,845	8,739	1,894	27.7%
District Land Transport			9,529	11,254	1,725	18.1%
District UAC UAC			432	445	14	3.1%
Total			16,805	20,438	3,632	21.6%

Rural	Land Value	Capital Value	Actual Rates 2023/24	Proposed Rates 2024/25	\$ Change	% Change
Ruahine	3,020,000	3,820,000	8,523	10,204	1,680	19.7%
General Rate District			3,524	4,364	840	23.8%
District Land Transport			4,568	5,395	827	18.1%
District UAC UAC			432	445	14	3.1%
Total			8,523	10,204	1,680	19.7%

Lifestyle	Land Value	Capital Value	Actual Rates 2023/24	Proposed Rates 2024/25	\$ Change	% Change
Lifestyle	425,000	1,000,000	1,997	2,347	350	17.5%
General Rate District			923	1,142	220	23.8%
District Land Transport			643	759	116	18.1%
District UAC UAC			432	445	14	3.1%
Total			1,997	2,347	350	17.5%

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Financial Strategy 2024-2027

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Financial Strategy

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Executive Summary

Like communities and other councils across New Zealand, Central Hawke's Bay District Council (Council) is facing significant challenges, not least relating to affordability and its ability to fully fund the level of asset renewal and upgrades required for the future. In a wider Hawke's Bay context, we are faced with the further major challenge of recovering from Cyclone Gabrielle.

The cost of construction projects has grown by 25% over the past two years, Council's own insurances costs went up by 48% following Cyclone Gabrielle, Council's interest costs (on its \$40 million plus debt) have gone from 2.5% per annum to a forecast 5.5% per annum for the first three years of this Three Year Plan, which is a 220% increase since the last Long Term Plan. Council is also having to fund the recovery from the worst weather event in New Zealand this century. We now need to recover from these events whilst also keeping our eye on the future.

We still need to respond to changing expectations, higher population growth, and climate change, while keeping sufficient headroom for the unexpected into the future. We also remain mindful of the ability of our ratepayers to fund our infrastructure and the impact of rising cost of living, and severe weather events on our economy. We need to strike a balance between progressing recovery and business as usual in a way that is financially sustainable for our communities. This strategy, reflects many of the difficult choices that have had to be made about which projects and services we prioritise, and fund to make sure we remain within our financial limits for the next three years.

What this means is that Council requires a significant funding boost in Year 1 of the Three Year Plan (+20%), before settling into more typical levels of increases of 5%-16% pa on average for the remaining nine years, based on the current key assumptions relating to land transport recovery and Three Waters.

In the 2021-2031 Long Term Plan 'Facing the Facts', Council began to address its aged infrastructure through #thebigwaterstory and #thebigwastewaterstory and commenced a 12-year capital works programme. Now three years into that programme, Council is planning to continue with this programme although it is subject to the 25% construction inflation pressures and debt servicing pressures described earlier. These impacts, coupled with a rebuild of Council's roading network following Cyclone Gabrielle, sees Council proposing a capital expenditure budget of just over \$422 million for the next ten years. The need to urgently progress the Hawke's Bay Waters model as the future for Three Waters Service delivery is further reinforced through this strategy.

The significant capital programme is more than the ratepayer can afford to fund in the year of construction, and the capital programme is replacing assets with a life expectancy of 30+ years. Therefore to ensure intergenerational equity and to spread the payments over the life of the assets, recognising the period the benefits will accrue, debt funding is planned to be used. The level of this debt will require Council to obtain a credit rating to allow this level of borrowing, particularly on the assumption that no change is made to the future of Three Waters funding and delivery.

Despite our challenges, the district continues to grow with a forecast 1,360 new homes being required over the next ten years. To support this, Central Government has provided co-funding through the Infrastructure Acceleration Fund to assist with the development of the Waipukurau South Growth Precinct, commonly known as the old Waipukurau Hospital Site. This will provide much of the required forecast housing growth. While smart growth has benefits to the district, it does place additional pressure on Council's infrastructure and Council needs to ensure that developers are paying their fair share of this growth driven demand. Therefore a key pillar of this financial strategy is the review of Council's development contribution policy and asset management plans to respond.

Introduction

1. What is a financial strategy?

Our financial strategy sets out the overall financial goals of Council, and in particular the Three Year 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 plan period.

The Local Government Act 2002 (LGA) is the guiding legislation for all councils' planning and activities for the next ten 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.

This strategy is different to our 2018 and 2021 strategies. After the severe weather events of early 2023, the Severe Weather Emergency Recovery Legislation Act was enacted. This Act allows a number of laws to be changed to help communities continue their recovery from recent severe weather events.

The mechanism to make these changes is a piece of secondary legislation called an Order in Council.

Councils severely impacted by Cyclone Gabrielle were granted legislative relief to change their requirements in preparing the 2024 Long Term Plan and associated documents, including the Infrastructure Strategy. The Order in Council regarding Long Term Plans was gazetted 4 September 2023.

Therefore this financial strategy only looks at a three-year funding window, rather than the usual ten-year window.

2. Council's long-term vision

Project Thrive remains at the heart of Council's long-term vision as it builds upon the work completed in the 2021-2031 Long Term Plan 'Facing the Facts'.

While Council seeks to focus and deliver across its long-term vision, the main areas of focus for this Three Year Plan are Cyclone Recovery, Rooding Resilience, critical water infrastructure replacements and upgrades. Critical to the district's long-term future is also ensuring a view to a future 'Hawke's Bay Waters Model' is also made.

Delivering on these main focus areas is a challenge of balancing the cost against what is ultimately affordable for the district. Part of this is ensuring that Central Hawke's Bay District Council makes the most of future opportunities available, including recovery funding for Land Transport and all other funding opportunities presented that aren't ratepayer funded. Council's external funding strategy is key to focussing on how this is achieved long term

Strategic context

1. Recovery from Cyclone Gabrielle

Cyclone Gabrielle devastated the region in early 2023. This weather event caused widespread flooding, landslips and significant damage to infrastructure along the East Coast. The region was confronted with a huge task – repair the damage caused by the cyclone and rebuild infrastructure in a way that is resilient to any future challenges.

Civil Defence emergency kits have also been distributed to isolated areas to enable community led responses should they be cut off after another catastrophic event.

The recovery efforts have been characterised by determined community efforts and a \$35 million (m) government contribution to the region's roading recovery. Progress has been significant, focussing on infrastructure, rehabilitation and community resilience against future weather events.

While the roading recovery is well underway it is estimated that Council will still need to spend approximately another \$129m during the next six years to return Council's roading network back to pre-cyclone levels. The Three Year Plan assumes that Government will contribute 95% of these recovery costs, with the balance being funded by the region through the use of rates and loan funding.

2. Three Waters reform – what we know

In mid-2017, following the Government Inquiry into Havelock North Drinking Water, the Government established the Three Waters Review to look at how to improve the regulation and service delivery arrangements of drinking water, wastewater and stormwater – the Three Waters – to better support New Zealand's environment, health and safety. The findings of the Review were consistent with many of the Havelock North Inquiry's findings and raised system-wide questions about the effectiveness of the regulatory regime for the Three Waters, and the capability and sustainability of water service providers.

The Government, in July 2020, then announced the Three Waters Reform Programme in response to mounting evidence of the challenges facing Three Waters service delivery nationally. These include ageing infrastructure, historical underinvestment, a bow-wave of wastewater plants to be re-consented, source water contamination, higher consumer expectations, required resilience for impacts of climate change and natural hazards, evolving demographics and huge looming costs.

A series of reports augmented by economic modelling puts the cost of a fit-for-purpose, future-proofed Three Waters service at somewhere between \$120 billion and \$185 billion nationally, over and above already planned investment, in the next 30 years. Most Three Waters assets and services, but not all, are owned and delivered by local councils. The Government's view was that current arrangements will not be able to address these intergenerational challenges and that transformational reform is required. Informed by this evidence, the Government took decisions in October 2021 to progress the reforms so that all New Zealand communities can benefit from the reforms.

In early April 2023 the Government decided on changes to the water services reform programme. These changes included increasing the number of new water services entities from four to ten in order to strengthen local representation and voice.

The Three Waters Review's mahi also led to the establishment of Taumata Arowai, the new water regulator for Aotearoa and a strengthened regulatory environment for Three Waters services. Taumata Arowai has a strong focus on the safety of New Zealand's drinking water and on 15 November 2021 became the drinking water regulator. In 2024, it will assume responsibility for wastewater and stormwater networks, becoming the Three Waters regulator for Aotearoa.

After the change in government following the 2023 elections, repealing the Water Services Entities Act was one of the priorities of the new Government.

In this Strategy we have assumed that Council retains three water services for the next ten years. The reality is that if the Hawke's Bay Model is again accelerated, Central Hawke's Bay could form part of a regional water services entity as soon as 2027. While there are details to work through, what is certain is that the status quo is not a long-term financial sustainable approach to Three Waters.

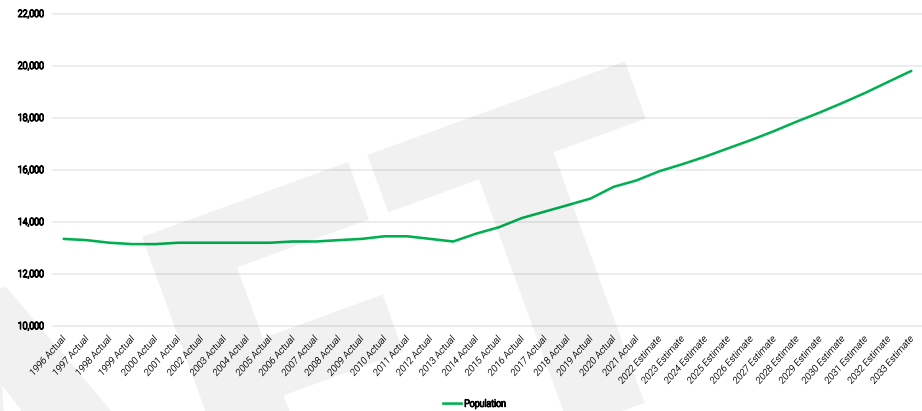
This Strategy and the Three Year Plan has included the operational and capital budgets for our water infrastructure. Taking this approach ensures we continue to keep our community in the loop about what is needed and how much it will likely cost, and ensure we budget what is needed for the renewal and operation of the assets.

3. Growth in population

The chart on this page shows the population growth projections, forecast in our adopted demographic projections supplied by Squillions. The medium projection has been adopted as the basis of growth, which forecasts a growth of 4,000 people over the next ten years, a result of consistent net positive migration. There is an expectation of an ageing population, stable economic growth, balanced housing market, status quo policies and no major environmental triggers. Risks to this outlook include economic instability, an over-reliance on agriculture, decline in housing affordability, severe climate change events, labour supply, demographic balance and policy changes.

- Estimated population growth of 2% annually for the next ten years.
- Estimated number of inhabitants reaching over 19,000 by 2033.
- Average household size likely to increase due to migration patterns.
- Increase in population aged over 65, rising to 25% by 2033.
- Expected requirement of around 1,360 new dwellings over the next decade (120 per year).

Central Hawke's Bay Population



Source – Framing the future of Central Hawke's Bay – August 2023

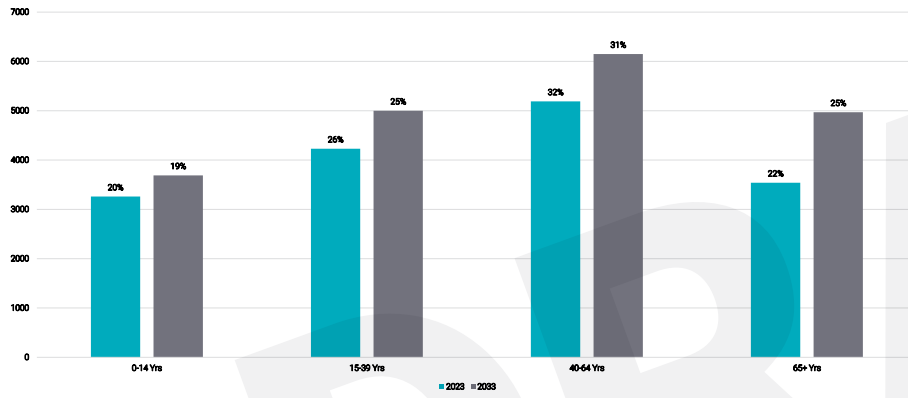
The drivers of the forecast population growth are lower house prices, and the proximity to Napier-Hastings that provides a wider range of employment opportunities for commuters and semi-remote workers, as well as flight connections through Hawke's Bay Airport. The result is a population that ages but less rapidly than the New Zealand average, having more families with children moving to the district and keeping up average household size.

Population by age

The forecasts also anticipate that 25% of the population will be aged 65 and over in 2034, compared with 22% in 2024. The infrastructure strategy shows how 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.

Population by Age Brackets



Source – Framing the future of Central Hawke’s Bay – August 2023

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 that are required. For the purposes of forecasting, the number of dwellings is used as a proxy for the number of rating units (ratepayers).

The average household size is likely to increase due to migrate patterns, slightly offset by the aging population size over the next ten years.

Projected growth in people and dwellings 2023-2033

Medium scenario

	People	Dwellings (high)	Dwellings (low)
Otāne	290	110	100
Waipawa	470	180	160
Waipukurau	930	360	310
Takapau	180	70	60
Pōrangahau	60	20	20
Rural/lifestyle	1,880	720	630
Central Hawke’s Bay District	3,810	1,470	1,270

Source – Framing the future of Central Hawke’s Bay – August 2023

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

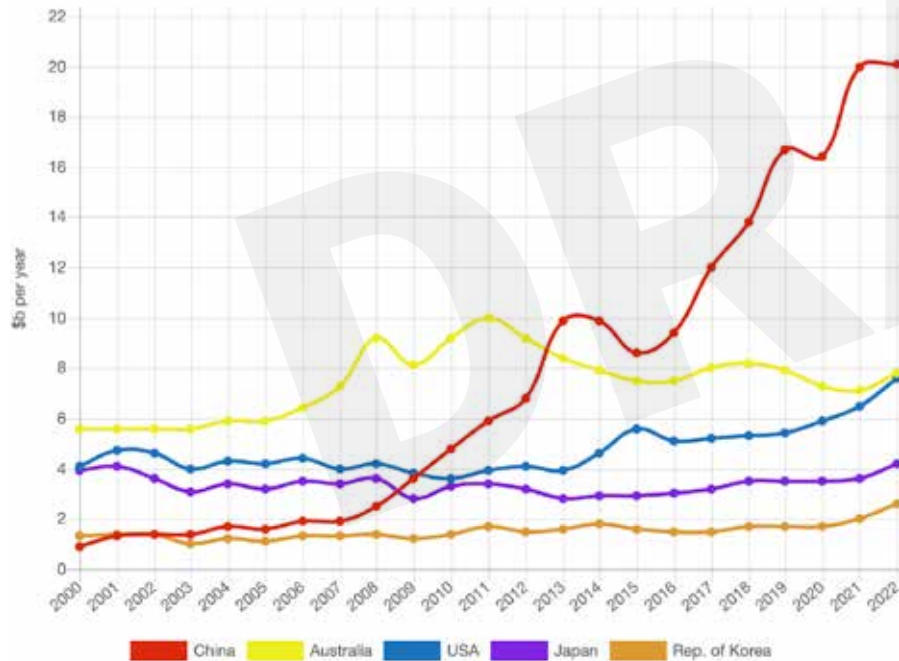
This anticipated growth is supported by the house price and consent data in the next section.

4. Economic growth

National and international context

The global economy remains recovering from the Covid-19 pandemic, along with all the unwinding of artificial stimulus packages of the various central banks and governments. This has left a shadow over the economy with high inflation and constrained freight availability. However, these pressures are now starting to ease and economists are no longer predicting a hard economic landing, but rather a period of subdued economic growth of between 2.7%-3.0% pa. Central banks remain wary of 'sticky' inflation (wages and consumer prices that don't respond quickly to changes in demand) and unsustainable debt levels.

New Zealand's Goods Exports: Top Markets (NZ\$b per year)

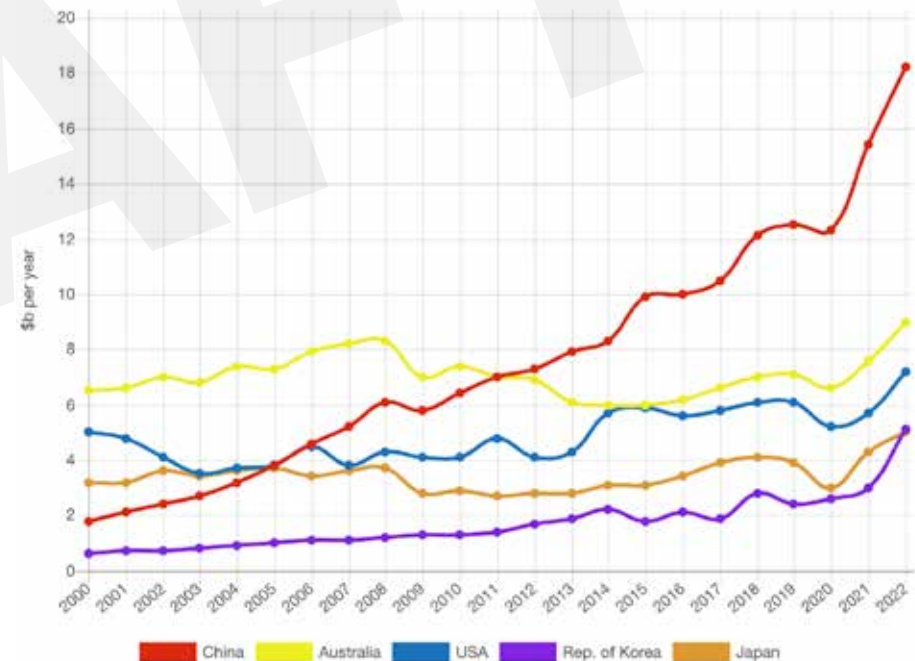


New Zealand's economy also rebounded following the Covid-19 pandemic. Being isolated from its trading partners, the lack of shipping and cost of freight particularly badly impacted New Zealand. Inflation following Covid-19 hasn't dropped as quickly as the rest of the developed world and as a result, New Zealand's Reserve Bank has raised interest rates higher and faster than the rest of world in an effort to curb inflation. It is now forecast that it will keep its OCR (Official Cash Rate) at 5.5% till at least early 2025.

In late 2023, the new coalition government formed and in early 2024 has begun a number of policy and cost-reduction measures across government. The full impacts of these are yet to be seen, however the cost reduction measures are also offset by proposed tax cuts and the removal of other regional taxes.

New Zealand's economic performance is also impacted by that of China, with China being New Zealand's largest trading partner by some margin. Unfortunately, China is also experiencing an economic downturn and was recently put on credit rating watch by the international credit rating agency Moody's, which is in turn softening New Zealand's dairy and red meat prices.

New Zealand's Goods Imports: Top Sources (NZ\$b per year)



Source – Statistics NZ (year to December 2022))

Central Hawke's Bay remains largely an agriculturally based economy with agriculture accounting for over 30% of its total GDP, along with manufacturing supporting this agricultural sector accounting for a further 14% of GDP.

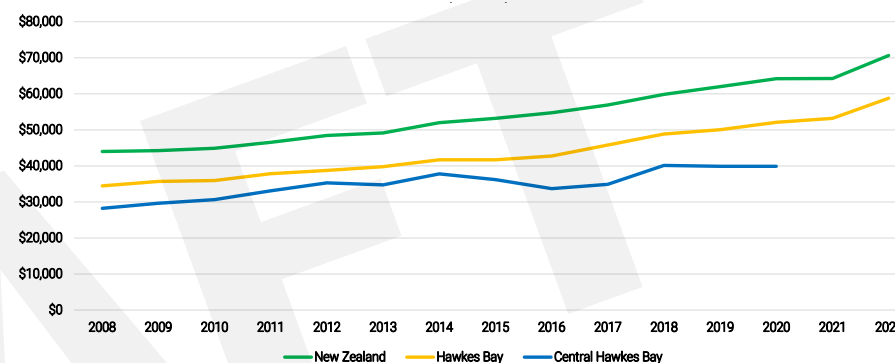
Central Hawke's Bay GDP Sources

Industry	GOP(\$m)	Percent
Total GOP	593.93	100.0%
Agriculture	180.96	30.5%
Manufacturing	82.71	13.9%
GST on Production, Import Duties and Other Taxes	46.93	7.9%
Owner-Occupied Property Operation	46.48	7.8%
Forestry, Fishing, Mining, Electricity, Gas, Water and Waste Services	37.54	6.3%
Construction	32.60	5.5%
Retail Trade	24.95	4.2%
Transport, Postal and Warehousing	20.81	3.5%
Education and Training	19.46	3.3%
Health Care and Social Assistance	18.79	3.2%
Professional, Scientific and Technical Services	18.59	3.1%
Rental, Hiring and Real Estate Services	14.46	2.4%
Wholesale Trade	13.45	2.3%
Information Media, Telecommunications and Other Services	11.07	1.9%
Public Administration and Safety	10.05	1.7%
Financial and Insurance Services	8.33	1.4%
Administrative and Support Services	2.45	0.4%
Accommodation	2.15	0.4%
Food and Beverage Services	2.14	0.4%

Source – MBIE Territorial Authority GDP 2021 Release (2019 dataset)

With higher freight and inputs costs and softer export prices, the Covid-19 years haven't been kind to the Central Hawke's Bay economy with GDP per capita falling further behind its neighbours and New Zealand as a whole.

GDP per capita

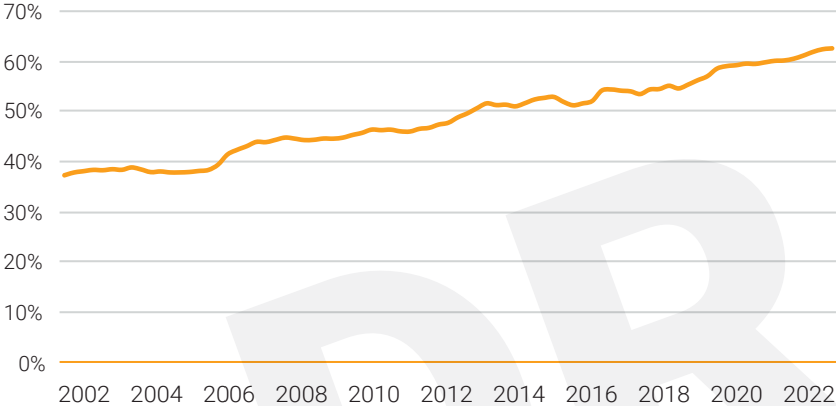


Source – MBIE Regional Economic Activity Tool

Reducing this reliance on the local economy is the increasing trend of commuting for work outside of the Central Hawke’s Bay District boundaries. These people are attracted to the district for the cheaper housing costs (relative to its neighbours) but are still enjoying the 14% increase on average of earning power over working within the district.

The best of both worlds

Residents drawing income from outside the district



Source – Framing the future of Central Hawke’s Bay – August 2023

Average Earnings by District

Employer TA	Average earnings
Central Hawke’s Bay District	\$50,800
Hastings District	\$57,100
Napier City	\$55,900
Auckland	\$63,900
Wellington City	\$66,600
All others	\$56,600
Total ex. Central Hawke’s Bay	\$57,800
Total resident jobs	\$55,200

Source – Framing the future of Central Hawke’s Bay – August 2023

5. Affordability

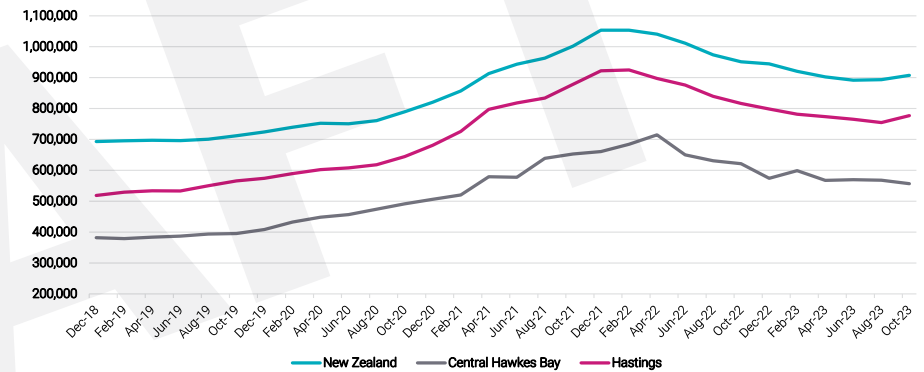
When a council considers affordability it is typically thinking of rates or fees and charges. However, the things that rates and fees pay for impact the district's wellbeing in many ways that extend beyond just economic wellbeing. Any decision on changing levels of service to limit rate increases will have a knock-on impact on other areas of wellbeing, and rates and fees shouldn't be considered in isolation.



Diagram Source – Morrison Low

As stated earlier, Central Hawke's Bay's housing remains affordable compared to its neighbours, at least in a price sense, but remembering that incomes in Central Hawke's Bay are typically 14% lower than in Hastings. Hastings house prices grew faster than Central Hawke's Bay during the last boom cycle and the gap has widened between the two districts, which is adding the attraction of Central Hawke's Bay as a commuter base to Hastings.

Average House Sales Price



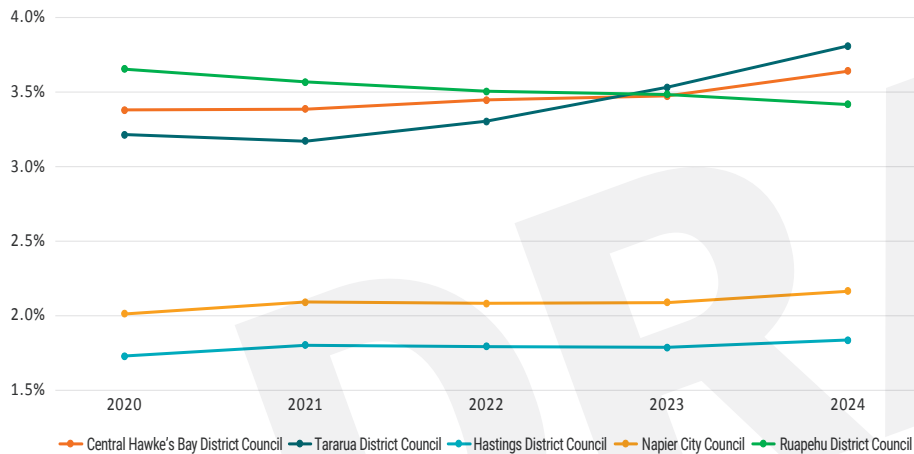
Source - <https://www.qv.co.nz/price-index/>

Rates affordability

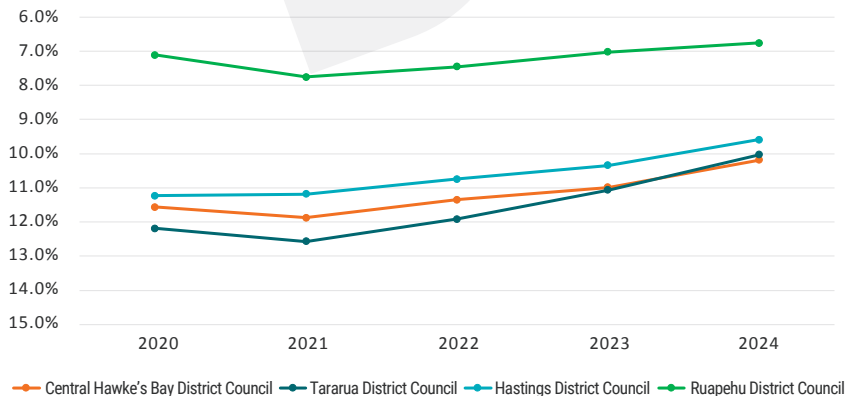
The following two charts indicates the levels of Council's rates as a percentage of the district's GDP (both regional GDP and rural GDP) when compared with the other local councils and other similar sized councils.

What this shows is that Council's rates are similar to other rural councils in terms of GDP percentage but also that rates have risen faster than GDP in recent years.

Rates as a percentage of total local GDP

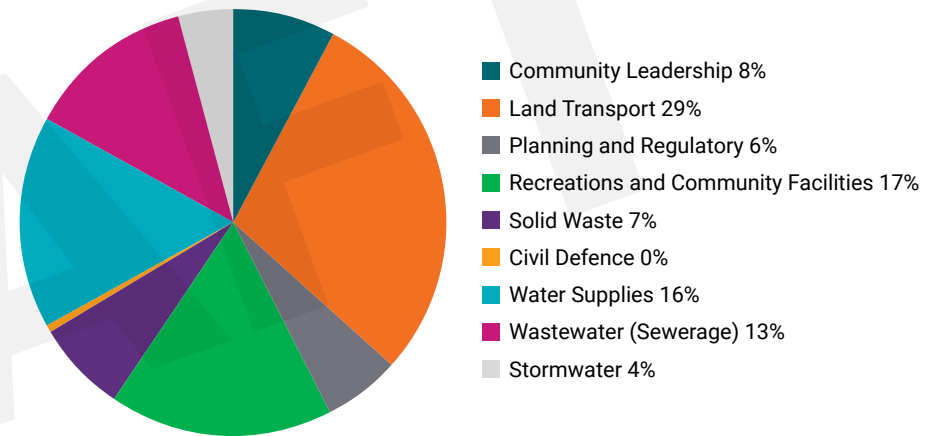


Rates as a percentage of total primary sector GDP (Napier excluded)



The graph below shows where Council's rates revenue is spent (source 2023 Annual Report). The majority of rates is spent delivering infrastructure (Roads, Solid Waste and Water) at 69 cents in every dollar. This is also the area that has been underinvested in historically with many assets in a poor state of health and at end of life, and where most of the Cyclone Gabrielle recovery spend is going.

Where rates money goes



6. Connections to the infrastructure strategy

What is an infrastructure strategy?

The purpose of the infrastructure strategy is to identify the significant infrastructure issues facing the Central Hawke's Bay District and options for managing them over a period of at least 30 years. Central Hawke's Bay has been provided with special legislation as a result of Cyclone Gabrielle to develop a ten-year infrastructure strategy.

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

Known infrastructural issues

The most significant issue faced by the district is the aging non-compliant sewage treatment ponds, resilience of drinking water supply, and repair of damaged roading network following Cyclone Gabrielle.

To deal with the above issues Council is planning to:

- replace the existing wastewater plants at Otāne, Waipawa and Waipukurau with a single upgraded sewage treatment plant in Waipawa. This has partially been achieved last Long Term Plan with the Otāne and Waipawa plants already being joined. Work is ongoing on joining Waipukurau to this network but this involves river crossings so it will be a long-term solution (budgeted at \$70 million over the next ten years). In the meantime, shorter-term upgrades to the DAF unit at Waipukurau will be undertaken. In addition wastewater plants at Takapau and Pōrangahau are also scheduled to be updated in the next ten-year period.
- progress the second water supply to feed Otāne, Waipawa and Waipukurau currently being built, with a new central reservoir capable of feeding both Waipawa and Waipukurau (\$19m budget). The reservoirs in Waipawa and Waipukurau are due for replacement over the next five years (a \$13m investment). With some funding from Government an improved flood bank to protect the Waipawa/Otāne water treatment plant (damaged in Cyclone Gabrielle) is also due to be built (\$2.5m, or alternatively \$7.5m to relocate the plant all together).
- Cyclone Gabrielle did significant damage to Council's roading network (slips, slumps, bridge and bridge approach damage). Central Government provided Council with emergency funds of \$46m to repair the highest priority sites, but this will leave Council with a residual damage of approximately \$129m to progressively repair over the next six years.

In addition, Council will continue with its standard renewal programmes for all other assets with a particular focus on stormwater following Cyclone Gabrielle.

Council is also working with the Government's Infrastructure Acceleration Fund and developers to develop what was the old Waipukurau Hospital site into residential housing. This potential housing growth is also being factored into future water and roading upgrades being planned over the next ten years.

This infrastructure strategy has been built into Council's Three Year Plan budgets and the funding required is reflected in the rating, external funding, development contributions revenue targets, and the debt forecasts contained within the Three Year Plan.

Land use changes

Councils are required to prepare a District Plan under the Resource Management Act 1991.

In November 2016, Central Hawke's Bay embarked on a bold and ambitious new journey as council and community created a new vision for Central Hawke's Bay – Together we Thrive!

The District Plan is a key tool to bring the outcomes of Project Thrive alive for our community.

In 2019 we developed a Draft District Plan and held public meetings throughout the district to get feedback on it, and to find out what communities felt were the critical issues in our district.

The community's valuable feedback on the Draft District Plan helped us develop the Proposed District Plan. It was publicly notified in May and public submissions were called for, ending 6 August 2021.

In 2022 submitters were heard over seven different Hearing Streams. The Hearings have now been completed and the Hearings Panel has made its decisions on the Proposed District Plan and all matters raised in submissions.

On 25 May 2023, Council publicly notified the updated 'decisions' version of the Proposed District Plan.

Currently there are nine appeals that were received on the decisions on submissions on the Proposed District Plan and those are being worked through.

7. Development impact fees

Development impact fees are a combination of:

- development contributions required under the provisions of Council's development contributions policy (as amended in the 2024-2027 Three Year Plan); and
- financial contributions provided for under the Resource Management Act 1991 and Council's District Plan (part E).

Development contributions

Development contributions are forecast according to how we expect the district to grow and go towards the cost of capital expenditure for core infrastructure that is required as a result of growth. 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. Council funds some costs of development in advance of receiving the development contributions.

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

As required by the Local Government Act 2002, we are reviewing our current development contributions policy and we are consulting on any changes that we propose as part of the Three Year Plan process.

The proposed development contribution will take into account the high population and household growth expected across the region, and the significant growth component to Council's proposed Capital programme. This will require a corresponding lift in development contributions require 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.

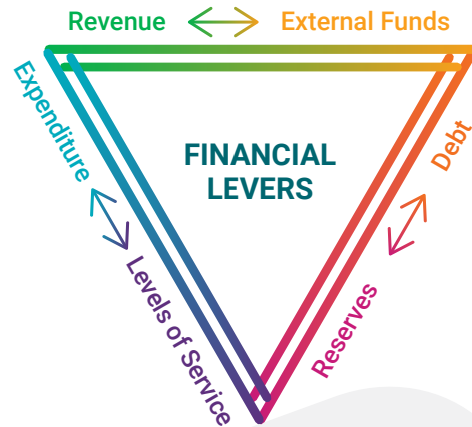
8. Intergenerational equity

Intergenerational equity requires that each generation that benefits from an investment should 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'.

9. Financial strategy

The financial strategy aims at achieving a balance by trying to deliver affordable rates to the community, minimise council borrowings and optimise capital spending.

Financial Levers



This balance can be represented by the triangle diagram above, where the levels of services (LoS) desired is represented by the amount of Council's operational expenditure budget. If you raise the expected LoS you need more budget, or alternatively you can lower the LoS by reducing your budgeted expenditure.

From year to year the size of the budget will grow, even if LoS remain static, due to inflation.

Once the operating budget is set, Council then considers the funding mechanisms available to Council – rates, fees and charges, debt and speed of delivery of the capital programme.

A change in any one funding source doesn't change the amount budget but requires an adjustment to another funding source to maintain equilibrium (a balanced budget).

Council must balance what LoS it delivers to the community against how it funds these services, taking into account affordability and intergenerational equity.

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 NZTA roading subsidies, fees and charges are the largest item of non-rates revenue and include building and resource consent fees, landfill and transfer station fees, community housing rental income, and library and volumetric water charges.

10. What has happened since the 2021-2031 Long Term Plan?

The major focus of the 2021-2031 Long Term Plan 'Facing the Facts' was focussed on catching up on the years of underinvestment in primarily Council's Three Waters infrastructure, but also setting a platform for future Three Waters and community facilities investment.

This Long Term Plan period saw a 12-year programme of upgrades commence as part of #thebigwaterstory and #thebigwastewaterstory. Through a combination of rates, debt and Central Government funding, Council is now three years through this programme, with a further nine years of works ahead of us.

Due to debt constraints, price escalations and changes to the Three Waters reform programme, and most notably the physical impact of Cyclone Gabrielle introducing new risks and uncertainty to some programmes, the significant water upgrade programmes have been rephased from the original programme of having all wastewater out of rivers by 2033. Council continues to work with the other Hawke's Bay councils to explore the merits of forming a Hawke's Bay Council Controlled Entity to deliver Three Waters across the entire Hawke's Bay District, but this Three Year Plan assumes Central Hawke's Bay District Council continues to deliver Three Waters services throughout the life of this plan.

As the country experiences the tail of the economic impacts of Covid-19, while some supply constraints are beginning to ease, pricing of construction projects are not returning to pre-Covid-19 levels, exacerbated also by Cyclone Gabrielle. This means that all planned construction has increased in cost by approximately 25% in the past two years, meaning Council can only deliver part of what it forecast three years ago for the same money.

Cyclone Gabrielle has also had a significant impact on Council and was unforeseen when setting the Long Term Plan three years ago. Twelve months on, Council still faces uncertainty about the funding assistance for its roading repairs and is bearing additional recovery costs, and the flood protection and final land categorisations for the township of Pōrangahau are yet to be completed. There also remains significant future uncertainty relating to the long-term impacts of Cyclone Gabrielle on the resilience of many of our wastewater sites for the current operations and future resilience investment.

11. A focus on debt

Council has shown leadership by actively chasing external funding such as the Infrastructure Acceleration Fund, realising that with the limited number of ratepayers in the district, the cost of necessary infrastructure improvements is beyond normal funding mechanisms of debt.

During the 2024-2034 Plan it is expected, even with external non-ratepayer funding, that debt levels will increase to \$325m (which is beyond its current allowable debt cap). This is because of the legislative requirement to replace the Waipawa, Waipukurau and Otāne wastewater treatment ponds, replace three reservoirs that are at the end of life, add resilience to the district's water supply, and fund its share of Cyclone Gabrielle damage to the roading network.

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

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

12. Financial limits

The proposed new financial limits are set out in the following tables:

Measure	2024-2027 Three Year Plan	
	Internal Limit	Banking Covenants
Debt to Revenue - Unrated	<150%	<175%
Debt to Revenue – Credit Rated	<200%	<280%
Debt to Equity	<10%	
Interest to Total Revenue	<5%	<10%
Interest to Rates Revenue	<10%	<20%

Based on the above debt cap of 150%, and Council's 2024/25 Three Year Plan budgeted revenue of \$75.0m (excluding development contributions), this would make Council's debt cap \$112.6m (or \$150.2m once it acquires a credit rating based on a 200% limit).

A credit rated council can borrow up to 280% from the Local Government Funding Agency (although Council's own internal Treasury Management Policy currently precludes this) which is a maximum of \$210.2m.

The above calculation are based on Council's current revenue budget, however over the course of the Three Year Plan, Council's revenue will increase, which will increase Council's ability to borrow.

Based on the Ten Year Plan debt and revenue profiles currently in the proposed budgets, Council will exceed its existing treasury policy debt limit of 150% of revenue at the end of year 5, on the assumption of future land transport recovery funding being realised. At this point Council will need to obtain a credit rating to remedy this situation.

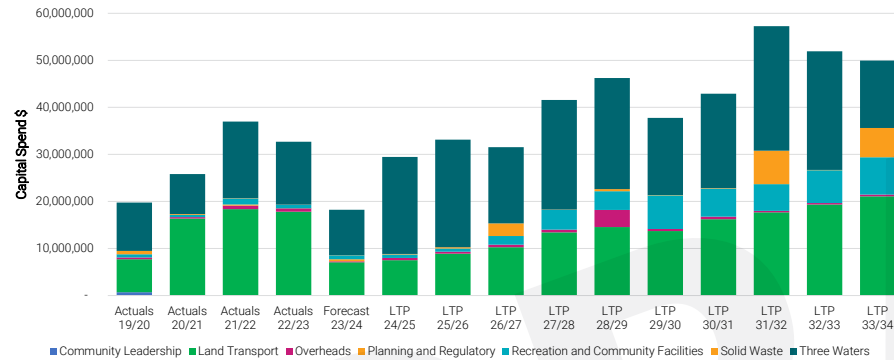
However, it would be prudent for Council not to wait until it hits its debt cap before applying for a credit rating (which takes a minimum of six weeks to obtain). Council, as part of risk mitigation, should always retain at least \$10m of undrawn debt headroom to be able to respond in an emergency to unforeseen events such as earthquakes/ cyclones immediately, rather than waiting for insurance claims or credit ratings to be approved.

13. The three financial levers

Capital expenditure

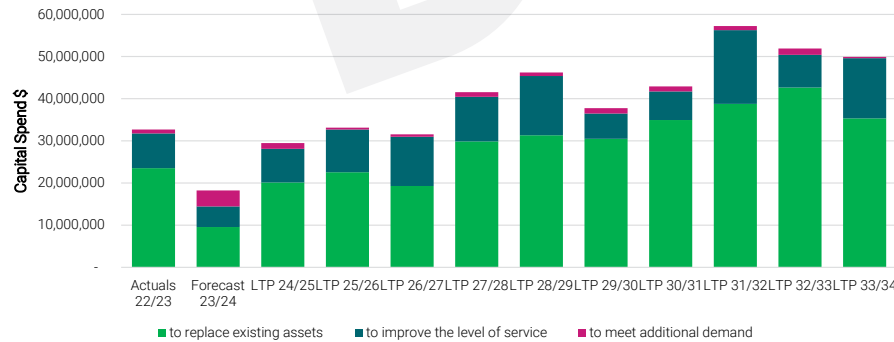
Council's proposed capital expenditure budget of just over \$421m for the first ten years provides the key focus for the 2022-2034 asset management plan.

Capital Programme 2022-2034



The forecast capital expenditure for the ten years of the plan is shown in the charts below. The capital expenditure figures stated in the financial strategy are gross figures, that is they include the portion that will be funded by external parties such as NZTA and the Infrastructure Acceleration Fund.

Capital Programme 2022-2034



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 Council is proposing to work within. The infrastructure strategy covers a 30-year period (10-year legal timeframe in this Three Year Plan) 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.

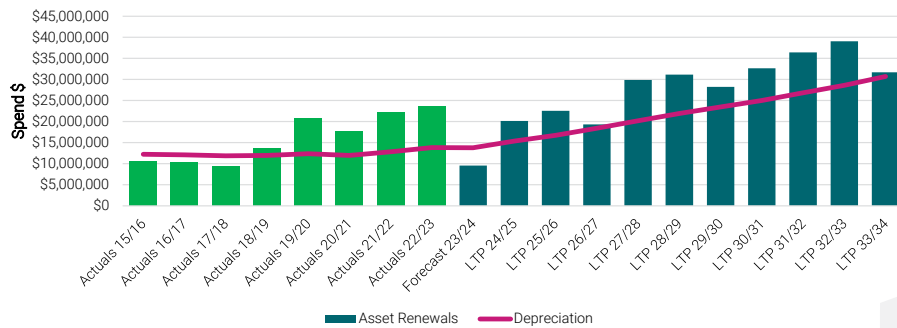
Renewals

We have \$1,019m 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.

In the 2024-2034 asset management plan we are planning to spend an average of \$31.2m a year on renewals (which is a step change from the \$17.5m contained in the 2021-2031 Long Term Plan and the \$13.3m in the 2018-2028 Long Term Plan). So we are still maintaining all 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.

Depreciation as a proxy for renewals



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 above.

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 Council, the estimated cost of renewals is significantly more than the forecast depreciation for the earlier part of the asset management plan. This reflects the fact that Council has under invested in renewals in previous years and is now having to catch up. By year 10 of the asset management plan renewals begin to decline and dip back below depreciation, indicating that all the urgent renewal programme is complete. However you will notice that the depreciation charge increases significantly over the course of the asset management plan, which represents the new portfolio of assets Council will be looking after (such as new wastewater plants, toilet blocks and playgrounds). In time these new assets will need replacing.

Upgrades

During the first ten years of the asset management plan, we plan to spend \$106m a year on upgrades (levels of service improvements or growth driven assets).

Some hard decisions have had to be made to finalise the proposed capital expenditure budgets of just over \$94m for the first three years of the asset management plan term plan. Further difficult decisions prioritising expenditure and managing risk will have to be made for the asset management plan if 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.

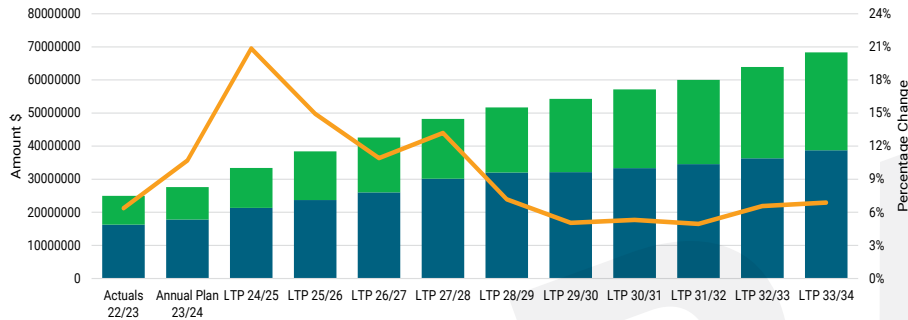
In previous long-term plans, Council has opted not to fully fund depreciation, on the basis that the asset renewals and rates funding thereof was not required until later. The cumulative effect of the non-funded depreciation is significant and will have to be matched with additional debt to replace assets.

Because Council is having to catch up on renewals in years 1 to 4 of the asset management plan, Council has no capacity to fully fund depreciation in this Three Year Plan, although the intention is that this policy needs to be reviewed in future LTPs to ensure that Council remains on top of renewals once they have caught up on the backlog.

Rates

Like communities and other councils across New Zealand, Central Hawke’s Bay District Council is facing significant challenges, not least relating to affordability and its ability to fully fund the level of asset renewal and upgrades required for the future.

Projected Rates



The cost of construction projects has grown by 25% over the past two years; Council’s insurances costs went up by 48% following Cyclone Gabrielle; Council’s interest costs (on its \$40m plus debt) have gone from 2.1% pa to a forecast 5.5% pa for the Three Year Plan (which is a 260% increase); and Council is having to fund the recovery from the worst weather event in New Zealand this century. What this means is that Council requires a significant funding boost in year 1 of the Three Year Plan (+20%), and can then settle back into more typical levels of increases of 5%-16% pa on average for the remaining nine years of the forecast. The chart above shows our forecast rates increases and highlights the rates increase attributable to targeted rates (mainly a Three Waters issue).

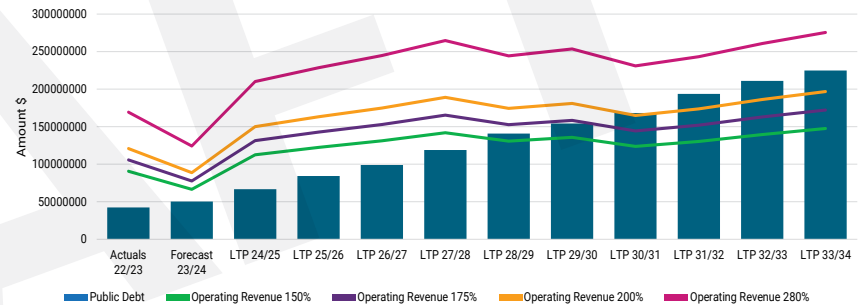
This Three Year Plan does not include any significant changes in levels of service (although temporary decreases are being considered to help rate low in the first two years of the Three Year Plan). The forecast rates increases over the term of the plan are largely due to the cost of living crisis outlined above, along with Council’s capital programme.

The non-funded depreciation also means that Council does not currently have a balanced budget for years 1-3. This financial strategy seeks to balance rates increases with our stated target of capping debt.

Borrowings

The chart below reflects our forecast borrowings profile based on the achievement of our capital expenditure limits. The solid green line represents our current non-credit rated borrowing limit as set out in Council’s Treasury Management Policy. The solid purple line represents our current non-credit rated borrowing limit as set out by Council’s bank. The orange line represents the new higher limit once Council obtains a credit rating and the red line represents the maximum that the bank will lend to Council regardless of its internal policy settings.

CHBDC Debt vs Debt Limits - Three Year Plan



While this graph shows is that Council won’t need a credit rating till year 5 of the Ten Year Plan, this is due to the additional government funding the model has assumed regarding roading recovery. If this assumed revenue doesn’t eventuate, then the need for a credit rating moves forward by two years to year 3 of the plan. Council will need to monitor this debt to revenue ration throughout the Three Year Plan to ensure compliance with its treasury policy and will need to review the policy again as part of the next Long Term Plan 2027-2037 if it is to deliver the current proposed ten-year capital programme.

Water debt currently accounts for 84% of Council’s total debt, and while it was hoped at the time of writing the 2021-2031 Long Term Plan that the Labour Government’s Three Waters reform was going to see this debt (and the corresponding assets) passed to a new water entity, this is clearly no longer going to happen. However, the five Hawke’s Bay councils are currently in early discussions about setting up their own Water Entity. It is unclear at this stage whether this will allow full balance sheet separation like the Labour Government’s model, so this Three Year Plan assumes Three Waters remains the responsibility of local councils.

Security for borrowings

Our liability management policy (part of our treasury policy) has recently been updated. Council's external borrowings and interest rate risk management instruments will generally be secured 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 with other lenders. From time to time, and with Council approval, security may be offered by providing a charge over one or more of Council's assets.

Investments

Our investment policy (part of our treasury policy) has recently been updated. Council's primary objective when investing is the protection of its investment capital. Accordingly, Council may only invest in approved creditworthy counterparties.

14. Level of service statement

As outlined in this strategy, for the three years to 2027 the expenditure incurred allows Council to maintain its existing services, although temporary decreases are being considered to help rate low in the first two years of the Three Year Plan. No new activities are being planned.

15. Insurance

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 offshore insurers.

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 and Cyclone Gabrielle.

To address the increased risk, Council is undertaking a number of mitigation strategies, including the buying syndicates beyond just Hawke's Bay LASS, completing loss modelling, insurance valuations, risk profiling, and developing an insurance strategy.

Infrastructure Strategy 2024-2034

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Infrastructure Strategy 2024-2034

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About the Strategy

Purpose

The purpose of the Infrastructure Strategy (the Strategy) is to identify significant infrastructure challenges for Central Hawke's Bay District Council (Council), and to identify the principal options for managing those challenges and the implications of those options.

This strategy however is different to the 2018 and 2021 strategies due to the impact of extreme weather events in 2022 and 2023 that have had tremendous impacts on the Central Hawke's Bay community and on Council's infrastructure. Due to this damage, it is necessary to prioritise resources and funds into recovery efforts repairing damaged infrastructure and preparing for the long-term impacts Cyclone Gabrielle has had on our assets resilience. Special Severe Weather legislation permits an alternate approach regarding the strategy and planning of activities in the short term.

After the severe weather events of early 2023, the Severe Weather Emergency Recovery Legislation Act was enacted. This Act allows for laws to be changed to help communities continue with their recovery via an Order in Council.

Affected councils advocated for an Order in Council approach to change their requirements in preparing the 2024 Long Term Plan and associated documents, including the Infrastructure Strategy. The Order in Council regarding Long Term Plans was gazetted on 4 September 2023. Key points for the Infrastructure Strategy are:

- There is no requirement for the strategy to be 30 years. At a minimum it must be the period of the plan (three years).
- Content requirements are different to reflect the level of uncertainty faced by the councils who are exempted from the requirements.

There is a focus on providing information on:

- Significant infrastructure issues
- Principal options for managing issues
- Implications of the principal options
- Major capital projects proposed or mid-implementing (including recovery projects)
- Likely funding options for projects
- Implications of the funding options for rates and debt

This Strategy is prepared to cover a ten-year period and applies to Council's management of infrastructure supporting the delivery of Three Waters, land transport, solid waste, and parks and property services across Central Hawke's Bay.

Context

Response, Recovery and Resilience

This strategy has been developed during a period when Council is busy repairing infrastructure damaged in Cyclone Gabrielle and the record-wet winter of 2022. Council also remains deep in a planning phase whereby there is still much work to do to determine when, how or if some damaged infrastructure can be funded and repaired.

While the damage from severe weather has shaped aspects of this strategy, it is not the entire focus of it, rather it adds important context in which the strategy has been developed and must be delivered. The focus areas listed within this strategy, and if delivered upon, will ensure that Council and community recover from the impacts of recent weather events and are better prepared to face future events.

The strategy contains a range of projects and programmes designed specifically to repair and recover infrastructure from weather damage, while trying to improve their resilience for future events. One of six focus areas in the strategy specifically targets resilience and recovery works, and all focus areas, projects and programmes consider the impacts of climate.

To plan for and enable resilience, it is important to define what it is. With respect to infrastructure, this strategy considers resilience to be:

"The capacity of infrastructure to adapt, withstand and recover from shocks or stresses while maintaining essential functions and providing service to customers. It involves anticipating and preparing for disruptions, absorbing impacts and rapidly recovering to a state of stability and functionality."

While a range of infrastructure was damaged in the series of weather events, it is Council's roading infrastructure that was most badly damaged and where the most known impact is. At the time of writing this strategy, Council remains in a phase of completing urgent and response works to a range of sites under an initially 100% NZTA-funded programme of work totalling \$36 million. A further estimated \$129 million worth of other critical repairs (recovery) is known to be required across the road network. Council is prioritising engagement with NZTA and Central Government to seek additional funding to cover this work beyond the normal Funding Assistance Rate for emergency work (80%). While this engagement with NZTA and government continues, there remains uncertainty about how this work will be funded and therefore when or if it will be delivered.

A significant assumption at the time of preparing this strategy is the unknown long-term impact to Council's waters infrastructure – in particular wastewater, as a result of Cyclone Gabrielle. Currently many projects are on hold until the impacts from Cyclone Gabrielle on future event return periods can be determined. Also many of Council's current and future sites for wastewater were significantly impacted by Cyclone Gabrielle. A focus area of this strategy is Responding to Cyclone Gabrielle and Improving Infrastructure Resilience, providing fuller detail on the challenges and work programmes that are designed to restore assets to service from the damage experienced (recovery) and to improve assets ability to withstand future events (resilience).

Climate Change

Beyond responding to and recovering from the immediate impacts of recent weather events, to building resilience into assets and networks for the future, Council must proactively address the risks brought on by a changing climate. 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 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 Council's water, wastewater and stormwater assets.

The recent extreme weather events have provided valuable information to Council to understand the effects of climate on infrastructure. Council has incorporated learnings from these recent events into plans and programmes of work covered in this strategy, and further work is occurring still to better understand the impacts of climate on infrastructure. New hydro models for stormwater and wastewater networks are being provided that will further influence future plans, as will new modelling on river flows that will impact many assets classes, in particular roads.

Water Reform

The councils of Hawke’s Bay have together been leaders for reforming the delivery of Three Waters services for almost a decade. Much work has been completed in the region to understand the costs and benefits of various types of reform options.

The recent repealing of Three Waters legislation and the reform of central government-led workstreams have left many New Zealand councils uncertain about what next with respect to reform. The new Government announced on 14 December 2023 a new direction for water services – ‘Local Water Done Well’.

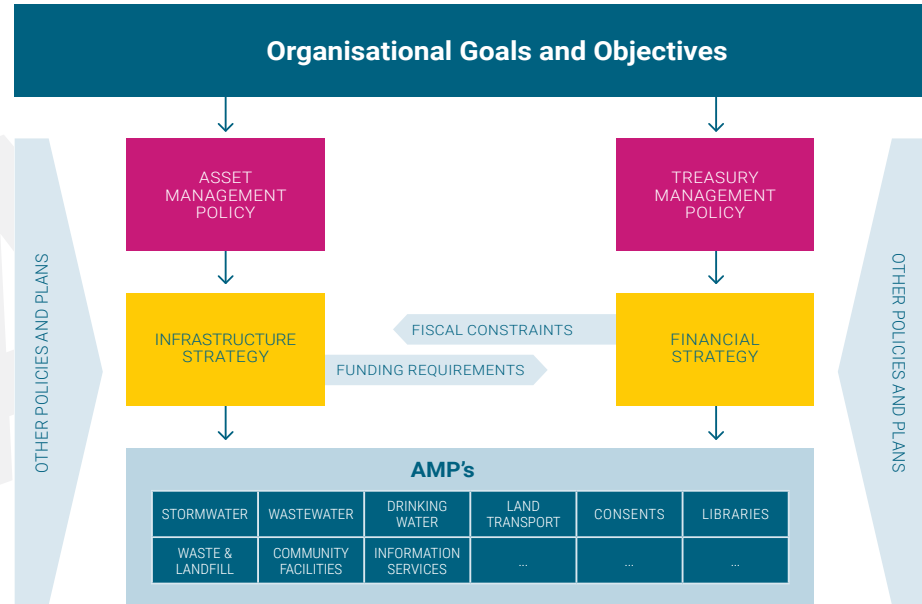
In a Hawke’s Bay context, returning to prioritising the implementation of the Hawke’s Bay Water Model must now be the priority to address the long-term issues for the benefit of Central Hawke’s Bay, and the broader Hawke’s Bay Region.

This strategy contains work programmes developed to manage Council’s Three Waters infrastructure to ensure it meets the requirements of connected users and meets compliance standards. The strategy, and the programmes of work within it, are premised on the assumption that Council will manage and afford its own Three Waters assets for the period of the Strategy (ten years). Accordingly, projects and programmes have in some cases been phased over a longer period than they would be if Council had access to greater funding that could be afforded through a larger post-reform entity.

Strategic Context and Relationship to Other Documents

This strategy has not been created or designed to operate in isolation. It is part of Council’s broader planning and direction-setting framework and the relationships between it and other artefacts of that framework are illustrated below.

Organisational Goals and Objectives



Important in the architecture drawn above is the relationship between the Financial Strategy and Infrastructure Strategy. These two strategies are often in opposition with respect to wants/needs to address challenges (infrastructure strategy), and ability to deliver and afford (financial strategy). It is the integration of these two strategies, which are developed together, that produce agreed work programmes and future budget requirements.

Projects / Programmes in Planning

A number of the challenges and opportunities with infrastructure in Central Hawke’s Bay, highlighted in this Strategy, are impacted by some form of uncertainty or require further information to finalise important detail. Nevertheless, it is prudent to include these projects/programmes in this strategy, in their imperfect state, to be clear about infrastructure risks and opportunities that they seek to address, and to place-hold valuable resource and funds. Because of this uncertainty, a range of projects or programmes have been tagged as requiring further work before final decisions are made. These projects/programmes are described in the table below.

Project / Programme	Infrastructure challenge/opportunity	Planned investment	Uncertainty	Decisions to be made
Road Network Recovery	Full recovery of road assets from the damage caused by Cyclones Gabrielle and Hale	~\$129M in total, to be delivered over a 5-10 year programme	Uncertainty about when or if funding will be made available by NZTA and/or Central Government means Council has been unable to fully plan and schedule this work.	It is not clear when a decision about funding will be made. Council are hopeful that an announcement will accompany the release of the 2024 Budget on May 30.
Customer Water Meters	Water meters installed at customer connections to better understand demand/usage and losses and to enable better choice for customers about their water use	~\$2.6M in years 4 to 8 of the strategy	The benefits of meters compared with the cost of installation, ongoing maintenance and the acceptance of water users to become metered.	Council needs to further investigate the use of meters and work with water users to understand the costs and benefits before any decision is made. A business case will be developed in 2026.
Landfill Extension	Creation of a new cell at the District Landfill	~\$9.27M in years 3 and 10 of the strategy	Volumes of waste coming to landfill heavily influence the cost-effectiveness of running the facility and the viability of it as a commercial operation.	Prior to making significant investment in extending the landfill, the full economics of the site and the activity will be reviewed. A business case will be developed in 2025.
New transfer station and recovery facility creation	Develop a purpose-built transfer station and re-use recovery centre	~\$7.16M in year 8 of the strategy	What facility will best meet the needs of users, in market conditions of the time.	Prior to the investment, Council will work with the community and experts to test options for the facility before it is committed to. A business case will be developed in 2029.

Principles

In setting the Strategy, Council commits to the 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.

At times, it is necessary to make trade-offs or to make decisions to carefully and purposefully balance outcomes against these principles. For example, it is currently a major focus of Council to balance principles and objectives for delivery and action, against the principle of fiscal responsibility. This does not mean that one principle is more or less important than the other, but that they are all considered in decision-making.



Principle 1 – Dig Once

Council will seek to optimise and integrate its various infrastructure investment programmes 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 ratepayers' 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 Bay's current success. Council, through its investments in infrastructure, wish to enable and support growth where possible. 'Smart' growth is the term that Council has 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 has committed to delivering infrastructure that is beyond the minimum requirements of its 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 ex Project Thrive, then discusses key areas of focus for infrastructure investment and planning, and 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 listed Community Outcomes, Council has committed to prioritising the following Focus Areas for infrastructure planning and investment:

Objectives

A Proud & Prosperous District

Strong Connected Citizens

Smart Growth

Environmentally Responsible

Durable Infrastructure

Focus Areas

Focus Area 1

Responding to Cyclone Gabrielle and Improving Infrastructure Resilience

Focus Area 2

Delivering the Renewal Programme

Focus Area 3

Meeting Compliance Standards

Focus Area 4

Planning for and Responding to Growth

Focus Area 5

Delivering Against Current and Future Levels of Service

Focus Area 6

Prioritising Community Centred and Partnership Opportunities

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 Council faces using them for delivery of infrastructure is discussed in the Using Partnership Opportunities section.

Focus Area 1: Responding to Cyclone Gabrielle and Improving Infrastructure Resilience

For infrastructure, Council defines resilience as:

"The capacity of infrastructure to adapt, withstand and recover from shocks or stresses while maintaining essential functions and providing service to customers. It involves anticipating and preparing for disruptions, absorbing impacts and rapidly recovering to a state of stability and functionality."

During the winter of 2022 and then devastating Cyclone Gabrielle in February 2023, Council infrastructure was badly damaged, and in some cases destroyed and swept away. While devastating, this has provided valuable information to Council's asset managers and decision-makers about the level of resilience in Council assets to withstand these sorts of weather events. Accordingly, a large amount of work has been undertaken by planning teams to review existing infrastructure plans and create new ones to more prudently account for the effects of a changing climate and the increase in severity and frequency of weather events.

Response Work

Water, wastewater and road assets were badly damaged in the weather events of 2022 and 2023. The majority of urgent repair works to return basic levels of service to Central Hawke's Bay residents has been completed with the remaining urgent works classified in the 'response' phase scheduled to be completed by 30 June 2024. These works have included:

Three Waters

- Major repairs to the Waipawa Tikokino Rd water extraction and treatment plant
- Major repairs to the Waipawa Johnson St water treatment plant
- Major repairs to the Waipawa wastewater treatment plant
- Minor repairs to the Waipukurau wastewater treatment plant
- Minor repairs to the Pōrangahau wastewater treatment plant
- Major repairs and clearance of open stormwater drains

Transport

- Clearance of >1,000 minor slip/debris sites
- Vegetation clearance
- Drainage and culvert clearance
- Road retreats to avoid slip sites
- Channel clearance and bridge abutment armouring

Recovery Work

While a large amount of work has been completed, or is nearing completion, under the 'response' phase, even more work is still required to return transport assets to their pre-damaged state. Estimates put remaining work to repair transport assets at \$129 million.

Detail on the extent of recovery work achieved can be found on Council's website in our regular monthly reporting to Council on recovery

This work to fully recover the transport network to its pre-damaged state is currently not funded via the available funding NZTA funding mechanisms.

It is a priority of Council to seek funding to the maximum value possible to enable these works to be completed. Council is actively working with NZTA, the Regional Recovery Agency and directly with Government to ensure funding is made available, at pace, to enable works to begin. For now, little can be done on these damaged sites and therefore the priority of Council's asset managers and contractors is to keep the sites safe and secure and be ready to commence repairs as soon as funding becomes available.

In this Strategy, Council has made an assumption that NZTA or Government will fund 95% of the required recovery works and that Council will fund the remainder. The recovery works have been phased over an indicative six-year period with a heavier loading in the first four years. When funding is confirmed by NZTA/Government, Council will revisit these assumptions about the programme, which may result in a rephasing of works.

Improving Resilience

The majority of works described above, both completed and still to be commenced/ completed, will return assets to their previous levels of service and in most cases their previous levels of resilience. Through the extreme weather events of 2022 and 2023 and subsequent feedback, investigations, analysis and modelling, Council has become aware of asset resilience challenges that it previously did not fully understand.

A significant assumption and risk through the Three Year Plan and this Strategy relates to the unknown potential for the return periods from Cyclone Gabrielle to significantly impact currently planned investment and ultimately the strategic direction of current investment. Again this is not known but has the potential to significantly impact the overall future programmes of Council. Addressing this in the long term will need to be a key focus for all of Council's assets.

This strategy contains a significant amount of planned work to begin to address some of these resilience challenges within the period of the strategy, recognising however there are many unknowns yet to be confirmed. In line with Council's definition of resilience, efforts to address infrastructure shortfalls are not always about building higher or stronger but may involve moving assets, installing additional monitoring and warning equipment, building back-up or alternate assets or travel routes, or informing asset users how to be more resilient themselves if and when assets do fail.

Significant investment (>\$250,000) identified to improve the resilience of infrastructure in the term of this strategy are listed in the following table. The 'financial category' represents the category recorded in Council's financial management system. Many projects/programmes have multiple drivers for investment. For example, a project to replace old worn-out pipe with new larger pipe has drivers for renewal and for demand.

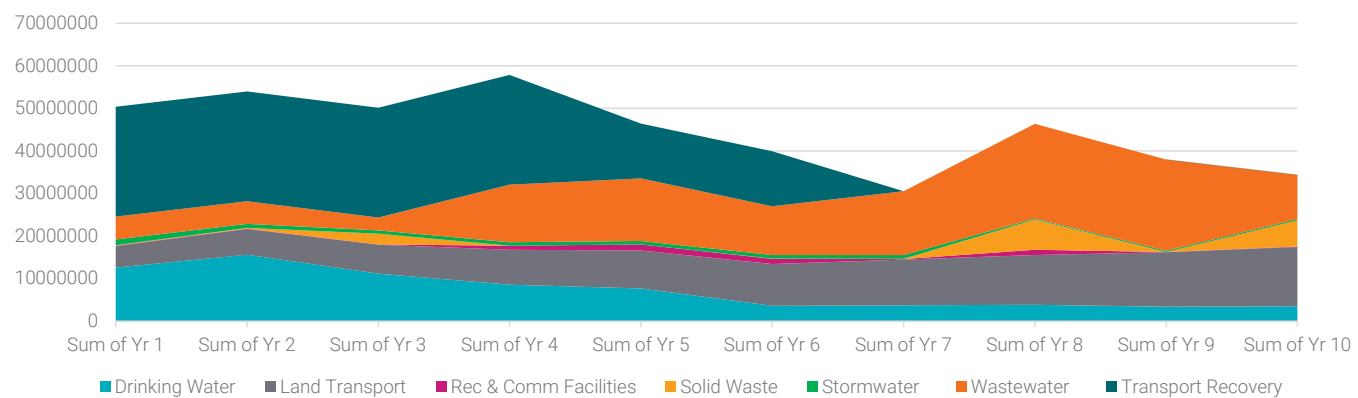
Infrastructure Resilience Projects

Project / Programme	Financial Category	Activity	Expenditure (yrs 1-10)
Transport Recovery Programme	Renewals	Transport	129,000,000
Waipukurau Second Supply	Levels of Service	Drinking Water	18,671,942
Customer water meters (Demand Management)	Levels of Service	Drinking Water	2,607,517
Waipukurau water mains	Levels of Service	Drinking Water	1,237,750
Waipawa water mains	Levels of Service	Drinking Water	465,250
Reticulation renewal including pipes & other retic (Loan Funded)	Renewals	Drinking Water	18,617,566
Reticulation renewal including pipes & other retic (Rate Funded)	Renewals	Drinking Water	12,295,825
Pukeora Reservoir Replacement	Renewals	Drinking Water	7,759,732
Waipawa Reservoir Replacement	Renewals	Drinking Water	3,693,800
Great North Rd - High St Main Replacement	Renewals	Drinking Water	2,575,000
SH2 Replacement AC Main (Risk)	Renewals	Drinking Water	2,482,285
Hunter Park Reservoir Replacement	Renewals	Drinking Water	1,598,224
Waipukurau fire fighting improvements	Renewals	Drinking Water	932,745
Waipawa fire fighting improvements	Renewals	Drinking Water	650,592
LT Sub Sealed Road Resurfacing	Renewals	Land Transport	29,591,255
LT Sub Sealed Road Rehab	Renewals	Land Transport	25,019,523
LT Sub Unsealed Road Metalling	Renewals	Land Transport	16,861,709
LT Sub Drainage Renewal	Renewals	Land Transport	13,235,793
LT Sub Bridge and Structural renewals	Renewals	Land Transport	9,090,781
Pourerere Resilience Planning	Levels of Service	Rec & Comm Facilities	1,650,000
CHB Municipal Theatre EQ Strengthening	Levels of Service	Rec & Comm Facilities	1,286,880
Waipukurau Memorial Hall EQ Strengthening	Levels of Service	Rec & Comm Facilities	1,155,420

Project / Programme	Financial Category	Activity	Expenditure (yrs 1-10)
Community Halls Districtwide Renewals	Renewals	Rec & Comm Facilities	647,270
Takapau Hall Renewals	Renewals	Rec & Comm Facilities	262,580
District Landfill New cell for Landfill extension	Levels of Service	Solid Waste	8,885,600
Transfer Station Building of a replacement station WPK&WPA	Levels of Service	Solid Waste	4,802,100
Recycling Building of the first phase of a CHB Re-use/Recovery centre	Levels of Service	Solid Waste	2,358,000
Otāne Shortfalls in existing assets	Demand	Stormwater	382,895
Waipukurau CBD Flooding Upgrade	Demand	Stormwater	350,000
Reticulation renewal including pipes & other retic (Rate Funded)	Renewals	Stormwater	1,340,604
Waipukurau Shortfalls in existing assets (Loan Funded)	Renewals	Stormwater	1,340,132
Proactive open drain performance improvements (Loan Funded)	Renewals	Stormwater	1,148,684
Reticulation renewal including pipes & other retic (Loan Funded)	Renewals	Stormwater	949,277
Below ground asset reactive renewals (Rate Funded)	Renewals	Stormwater	556,469
Waipawa Shortfalls in existing assets (Loan Funded)	Renewals	Stormwater	382,895
TEP/PHU wastewater treatment and discharge upgrade	Levels of Service	Wastewater	26,134,248
TKP wastewater treatment and discharge upgrade	Levels of Service	Wastewater	6,212,805
WPK WPA OTN wastewater treatment and discharge upgrade	Renewals	Wastewater	68,441,865
Reticulation renewal including pipes and other retic	Renewals	Wastewater	19,463,987
District I&I Project	Renewals	Wastewater	2,297,369

Total planned investment on projects and programmes that will improve resilience is shown in the chart below for the period of the Strategy.

Resilience Projects Programmes – Including Transport Recovery



The following approaches are used across Council's key asset classes to ensure that infrastructure is resilient:

Approach	Description
Renewals	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.
Operations and Maintenance	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.
Asset Design	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 is 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. The best available information about climate, hazards and other external influences on infrastructure should be used in designing assets.
Network Design	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 2: 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
Three Waters Assets	Replacement of aged pipes, pumps and valves
Transport Assets	Repair damaged assets from 2022 and 2023 weather events Renewal of pavements through re-sealing or area-wide treatments and the replacement of aged structures
Landfill and Solid Waste Assets	Replacement of hard surfaces at landfill and transfer station sites and replacement of large bins/containers
Places and Open Spaces Assets	Renewal of aged and deteriorating public assets including buildings, halls, swimming pools or 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.

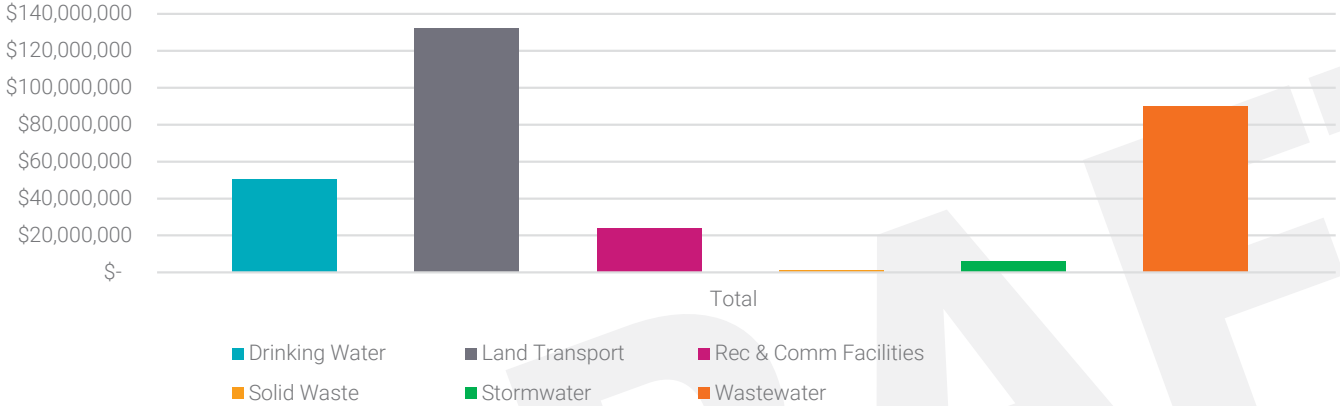
The most common proxy used to determine current or future asset performance is asset age. While not perfect, age is an identified and widely used indicator of asset condition and performance. Key asset age data is provided below:

Asset Class		Average Asset Age (yrs)	Average Asset Remaining Useful Life (yrs)
Drinking Water Reticulation		40	44
Wastewater Reticulation		52	41
Stormwater Reticulation		39	53
Transport Assets	Drainage	25	35
	Footpaths	33	25
	Sealed Surfaces	8	4
	Sealed First Coats	26	36
	Sealed Base Course	27	36
	Sealed Sub Base	28	35
	Unsealed Wearing Course	4.5	0.5
	Unsealed Pavement	NA	NA
	Bridges	56	50
Culverts		38	34
Landfill and Solid Waste Assets		Not Measured	
Parks and Property assets		Not Measured	

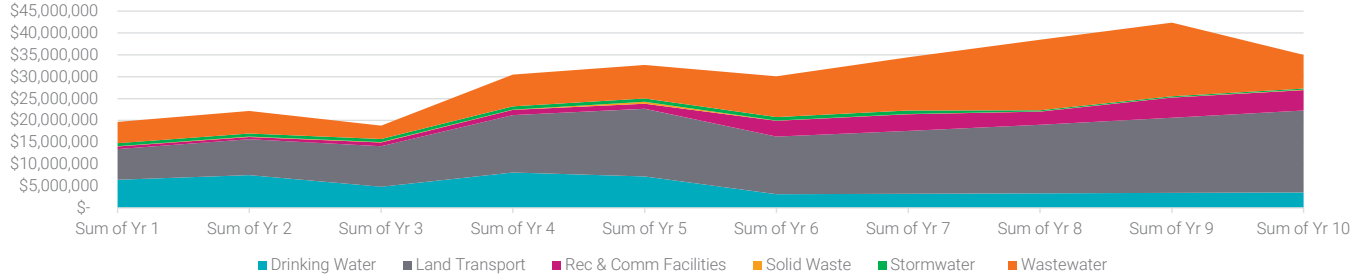
It is often the case that organisations struggle to match funding with the continuing degradation of assets and the need to renew them. Council is no exception to this and historically has failed to invest appropriate amounts to match the degradation of assets. Asset and Activity Management Plans prepared for the Three Year Plan 2024-2027 and to inform this Strategy have sought to provide a bottom-up view of asset risk and have developed programmes of renewal to manage that risk.

The baseline renewal requirements for each asset class are shown in the chart below.

Total Renewal Investment -10yrs



Renewal CAPEX

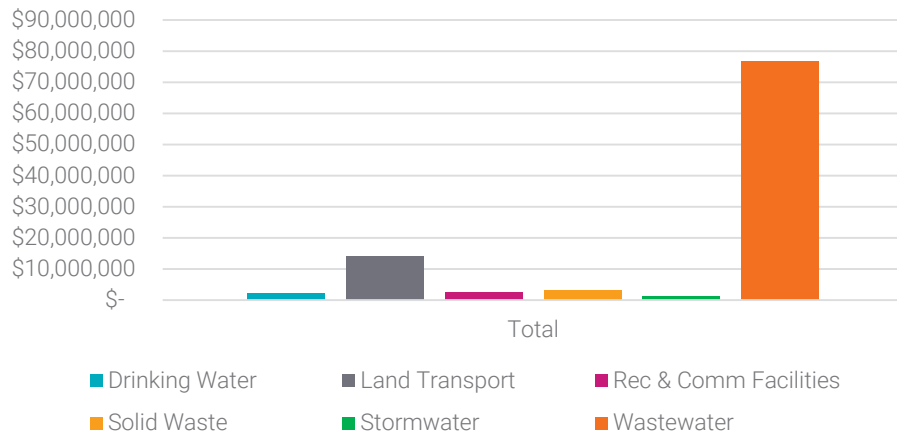


Focus Area 3: Meeting New and Existing Compliance Standards

The costs to comply with new and existing standards continue to place strain on Council's 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 Three 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 Water activities over the ten-year period.

Compliance Investment – Capital



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.

Halls and Campgrounds

Council has targeted investment in this Strategy to upgrade the drinking water supplies at its halls and campgrounds that must, in time, meet the requirements of the new drinking water standards. In most cases this will require the design and installation of new treatment equipment at relevant sites, such as UV treatment and filtration. The sites will also require ongoing monitoring and reporting against drinking water compliance standards.

Resource Consent Conditions

Council own and operate several primary assets 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 considers 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, the nature of consents and consented activities is changing rapidly and as Council's existing activities continue to grow in scale and scope, the complexity of consenting is growing in turn.

The following table provides an overview of Council's consents where activity (renewal or change) is planned within the period of this strategy:

Consent	Action Planned
District Landfill	Consent renewal required at 2030
Waipukurau Wastewater Discharge Consent Renewal	Consent renewal required at 2029. Will be impacted as a result of Cyclone Gabrielle
Pōrangahau Wastewater Discharge Consent Renewal	New consent has been applied for, currently operating under Section 124 of RMA. Will be impacted as a result of Cyclone Gabrielle
Te Paerahi Wastewater Discharge Consent Renewal	
Waipawa Wastewater Discharge Consent Renewal	Consent varied in 2022 to accept Otāne flows. Further variation to consent expected to be lodged in 2026, full consent renewal required in 2029. Will be impacted as a result of Cylcone Gabrielle
Otāne Wastewater Discharge Consent Renewal	Consent to be changed in 2024, recognising shift of discharge to Waipawa.
Takapau Wastewater Discharge Consent Renewal	Consent variation required in 2024 to reflect new plant upgrade timeframes. Variation/extension required as a result of Cyclone Gabrielle.

Seismic Performance

Provisions under the Building Act 2004 require Council (like any building owner) to ensure its buildings are compliant with new standards for seismic resilience. Council is continuing to work through a programme of engineering assessments of relevant buildings prioritised based on risk. This strategy contains planned investment to upgrade drinking water reservoirs that are at the end of their useful/design life (a renewal driver), however the new reservoirs will be required to meet new building standards for earthquake strength. This strategy also contains planned work to upgrade the following sites for the purposes of earthquake strengthening:

- the Central Hawke's Bay Municipal Theatre
- the Waipukurau Memorial Hall

Focus Area 4: Planning for and Responding to Growth Opportunities

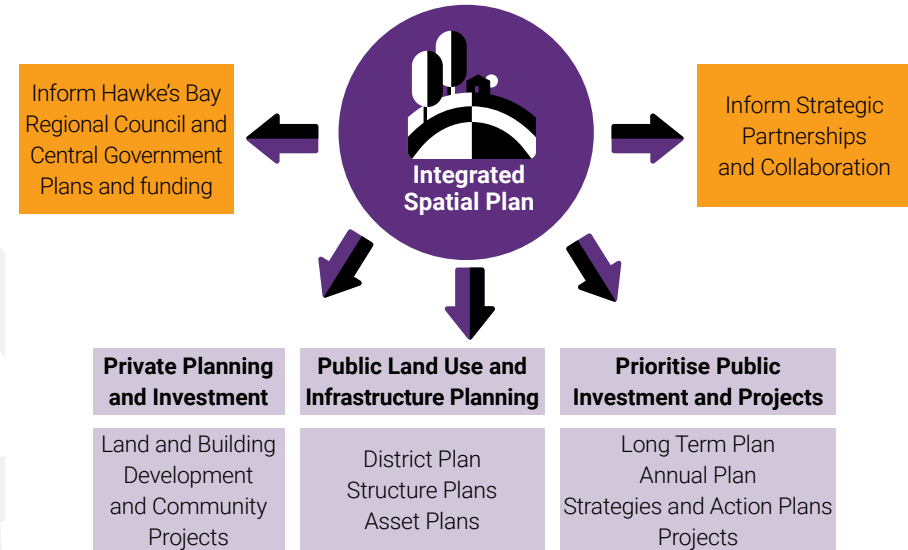
Central Hawke’s Bay experienced a cycle of rapid growth during the period of the previous strategy (2021-2024). Significant infrastructure work was undertaken by Council to accommodate this growth and to plan for future growth, with Three Waters infrastructure requiring the most significant upgrades and investment.

The culmination of this planning work is the partnering of Council with Kainga Ora to utilise funds made available by the Infrastructure Acceleration Fund to expedite the improvements to Three Waters infrastructure in an area of Waipukurau now labelled the Waipukurau South Growth Precinct. This precinct, once infrastructure is upgraded, will be capable of accommodating up to 950 new homes.

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 remains a relevant and useful planning document that continues to guide investment and activity with respect to growth.

The ISP and its context is depicted below:

Project Thrive



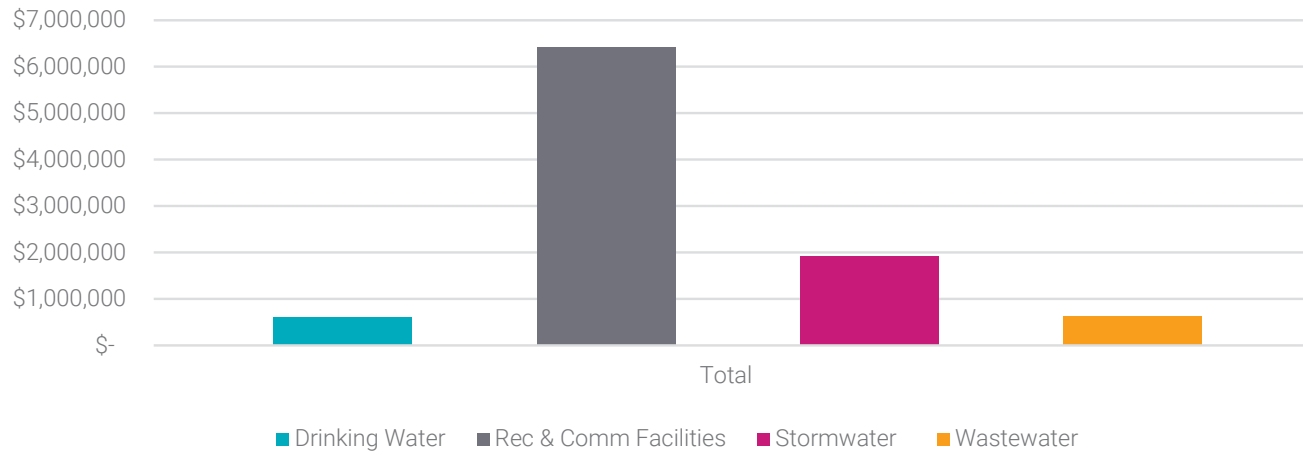
The ISP work contained three primary growth scenarios that could be utilised for further modelling, analysis and planning.

Council in its most recent growth assumptions has adopted the ‘medium’ growth scenario, which still sees growth higher than long-term historical levels. These are detailed in our key assumptions that form part of the Three Year Plan.

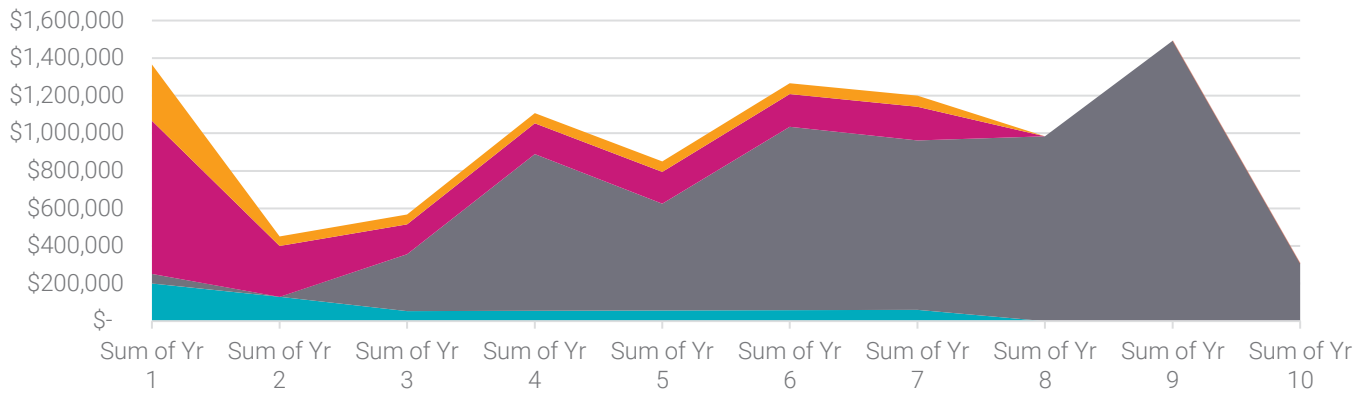
This scenario has been used to inform detailed planning at an activity-level within Council and importantly has informed infrastructure needs to service and accommodate growth. The ISP work largely focussed on the district’s three main urban centres (Otāne, Waipawa and Waipukurau); beyond these however, the growth projections are more widely applicable.

The charts below show planned infrastructure investment to accommodate growth (referred to as Demand in Council’s financial reporting system) over the ten-year period.

Demand CAPEX



Demand CAPEX

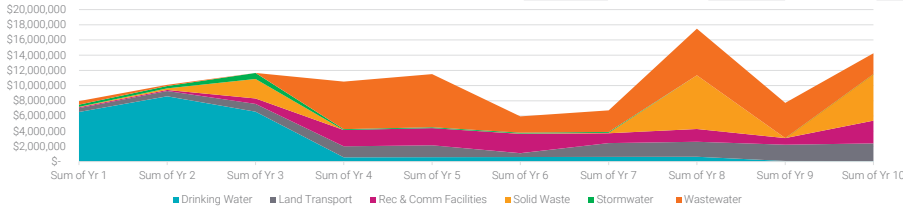


Focus Area 5: Delivering Against Current and Future Levels of Service

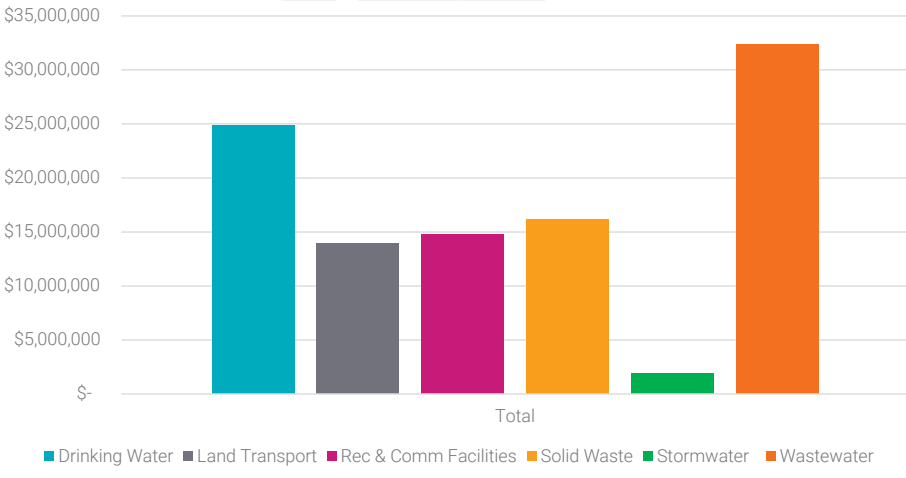
Council's Long Term Plan (this year the Three Year Plan) sets out the levels of service that customers can expect from the numerous activities delivered by Council. These levels of service in essence are an agreement between Council and the users of its services about what can reasonably be expected, based on the investment put into the various activities. Further, the levels of service make clear to Council's asset managers what their assets need to deliver/facilitate, and this in turn is a key input into asset management planning and decision-making processes.

The capital expenditure requirements to maintain or improve levels of service for each activity are shown in the following charts.

Level of Service CAPEX



Level of Service CAPEX



The most significant investment areas are in drinking water and wastewater, with this driven by the work planned to improve the Waipukurau and Waipawa drinking water supplies and upgrade the various wastewater treatment and discharge schemes across the district.

Focus Area 6: Prioritising Community-Centred and Partnership Opportunities

Council's strength is in its partnerships. Enshrined in Council's driving vision of 'E ora nga tahi ana' (Together we Thrive), Council knows that in order to succeed it cannot go 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
Design	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
Procure	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 Council and community's values and expectations
Construct	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
Operate/Maintain	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

The section below details Council's strategic approach to working with partners to support the effective delivery of infrastructure services.

Mana Whenua

Mana Whenua are a strong and vital part of the Tamatea Central Hawke's Bay community. Council prioritises partnership with Tangata Whenua across all organisational activities and engages directly with respect to a number of key infrastructure issues and opportunities. Council has developed a Māori Development Strategy (Tūhono Mai Tūhono Atu) that seeks to ensure that as a local authority, Council is acting as a key enabler in supporting Tangata Whenua to achieve their aspirations. The strategy provides a framework for priorities that contribute toward aspirations for cultural development (both internally as an organisation and outward facing to the community).

While the Tūhono Mai Tūhono Atu strategy guides a programme of cultural development actions, and provides a framework and guidance to engagement and partnership approaches in general, Council is directly and purposefully seeking partnership with Tangata Whenua on the following significant infrastructure challenges that are conversed in this Infrastructure Strategy:

- Wastewater treatment and discharge upgrades
- Waipukurau Second Water Supply Project
- Road recovery programme

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 district remains positive, despite slowing on previous record years. Council works with those 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, as well as specific development agreements (including funding) made with developers for infrastructure upgrades at development sites.

Other Local Authorities

Council works closely with the other Hawke's Bay councils to leverage resources and ideas. Beyond Hawke's Bay, Council is 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. A key priority for partnership with other councils remains the focus on moving forward with options to reform the Three Waters sector, including specifically fully investigating the options of a Hawke's Bay shared entity model.

Road Recovery Networks

Following the damage to road assets through 2022 and 2023, Council has worked to improve its knowledge of and relationships with road users, particularly those in rural areas who rely heavily on road infrastructure to remain connected. In the recent response to the extreme damage of Cyclone Gabrielle, Council formed community/area based groups of road users who it is engaging with to inform and prioritise immediate response and recovery work. Council plans to continue to build on the relationship with these groups of road users with respect to understanding future needs and options for road assets.

Asset Class Plans

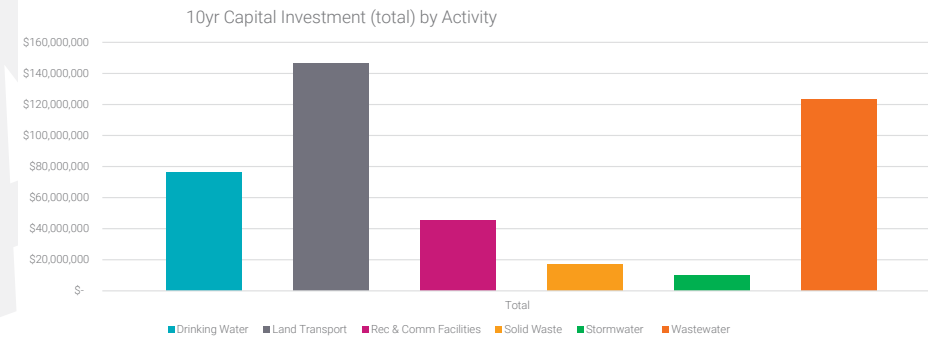
This strategy provides the overview of Council's most likely scenario for the management of its infrastructure. This scenario has been determined by:

- including the funded capital and operating budget forecasts from the draft 2024-27 Three Year Plan. The timing of projects and budget provisions have been informed by the 30-Year AMPs.
- identifying projects through the Three Year 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.
- incorporating known work required on assets to restore levels of service following the impacts of 2022 weather, Cyclone Hale and Cyclone Gabrielle.

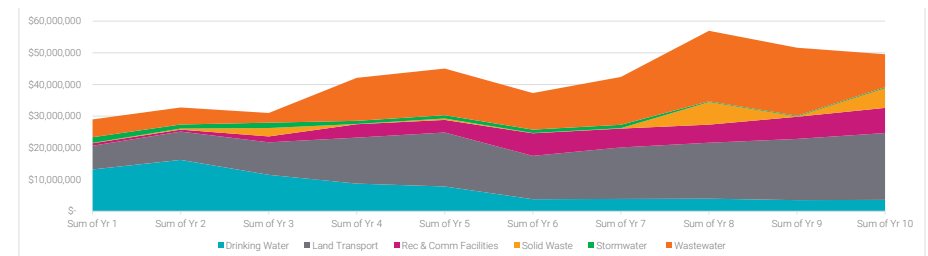
The plans and forecasts for the first three years have the most detail and confidence as the greatest amount of planning has taken place. The investments identified between years 4 and 10 are an outline and have a reasonable degree of confidence.

The estimated requirement for capital investment over the next ten years has been prepared and is shown below.

Ten-Year Capital Investment (total) by Activity

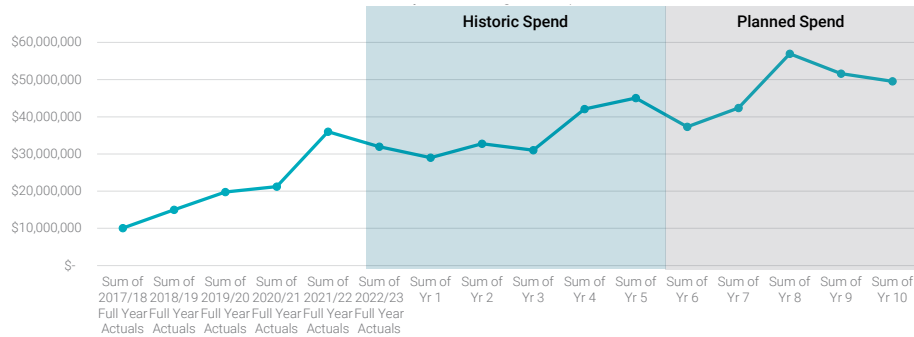


Ten-Year Capital Investment by Activity



The chart below compares forecast spend, as per the direction of this Strategy, over the ten-year period, with historic capital spend over the previous six years. This is a useful comparison when considering Council and its contracted partners' ability to deliver against the capital programme.

Total CAPEX by Year – Including Historic Spend

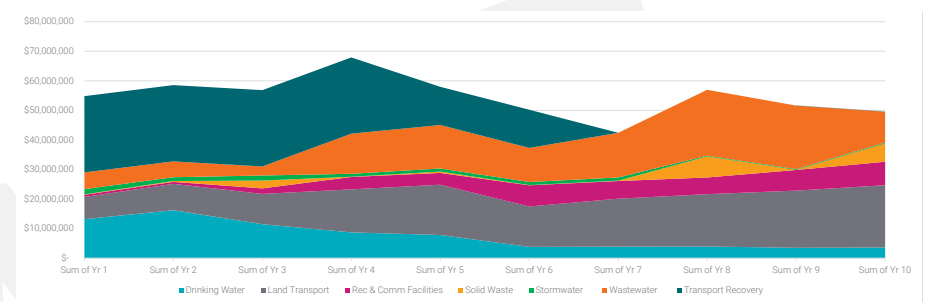


The forecasted expenditure from 2024 to 2034 represents a period of significant investment that during the period, begins to exceed previous levels of investment. The most significant contributors to investment during the period are the wastewater treatment and discharge scheme upgrades, improvements to the Waipukurau and Waipawa drinking water supplies, and investment in the transport network.

It is important to note that these charts show planned capital expenditure on infrastructure only. They do not therefore show significant planned operational investment in the stormwater open drain network, nor do they show unbudgeted expenditure to fully recover the transport network from the impacts of weather damage (estimated to total ~ \$129 million).

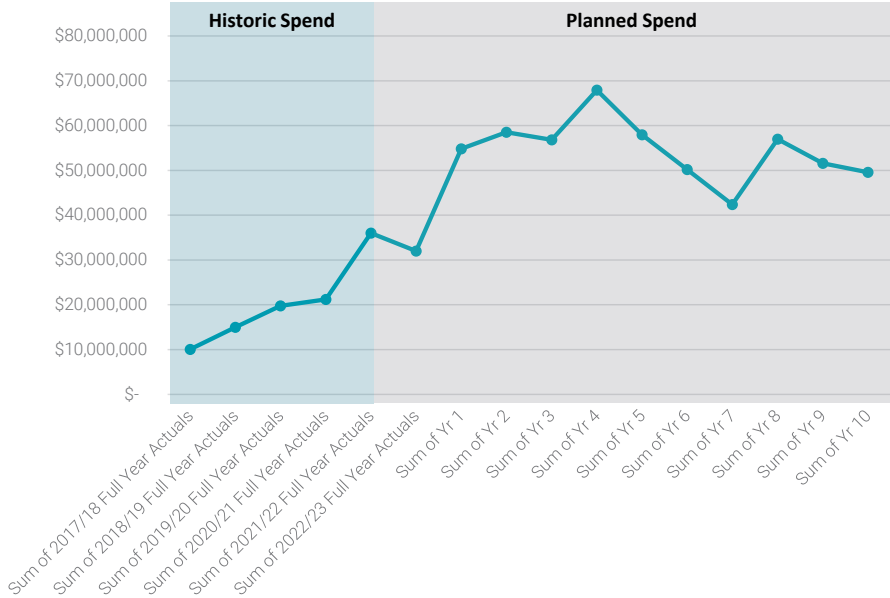
The chart below shows a potential phasing of the required transport recovery works over the first six years of the plan, with a 2-1 weighting in the first four years of delivery compared with the final two years.

Ten-Year Capital Investment by Activity – Including Transport Recovery



The impact of the \$129 million transport recovery works is plain to see and will challenge Council and its contractors to deliver. The chart below shows total CAPEX requirements for the ten-year period of the Strategy, against historic expenditure totals, including the six-year phased transport recovery works, against historical expenditure/delivery.

Total CAPEX by year – Including Transport Recovery and Historic Spend



Council's Financial Strategy has been updated through the development of the Three Year Plan 2024-2027 alongside the development of this Infrastructure Strategy. The Financial Strategy has a ten-year horizon and helps Council and the community to understand the long-term financial impacts and sustainability of Council's budget and plans. The Financial Strategy describes the impact on debt and rates of Council's budget.

Water

There are seven registered public water supply systems in the district: Otāne, Waipawa, Waipukurau, Takapau, Pōrangahau, Te Paerahi and Kairakau. The Otāne and Waipawa schemes share two extraction points and treatment plants and a common reservoir and are sometimes referred as one supply. This is the same for Pōrangahau and Te Paerahi as they are fed from the same extraction point and treatment plant.

Reticulation

Water supply reticulation includes water mains, submains, hydrants, valves, fittings and connections. Historically asset management effort has focussed 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; however, Council has experienced a growing number of highly critical valves failing in service or not being able to be used when required. Accordingly, this strategy contains work to replace strategic valves across key parts of the water network to ensure their reliability.

The following criteria are assessed for each pipe in Council's asset information system to inform future renewal requirements:

- Likelihood of Failure
- Consequences of Failure
- Failure Risk
- Replacement cost

The output of the renewal framework is used for two separate purposes:

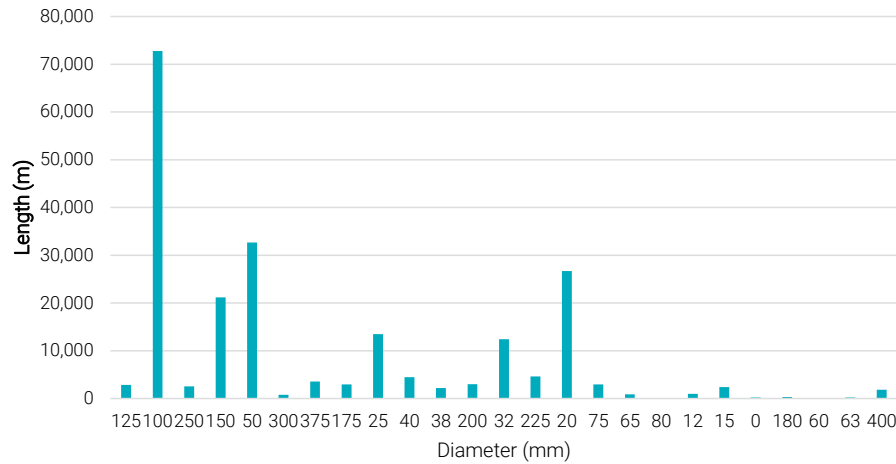
1. to set an appropriate long-term reticulation renewal budget; and
2. to provide a prioritised list of renewal candidates on a pipe-by-pipe basis.

Reticulation key issues

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

The figure below shows the length of pipe installed in the district by diameter. The total length of pipe is 203 km.

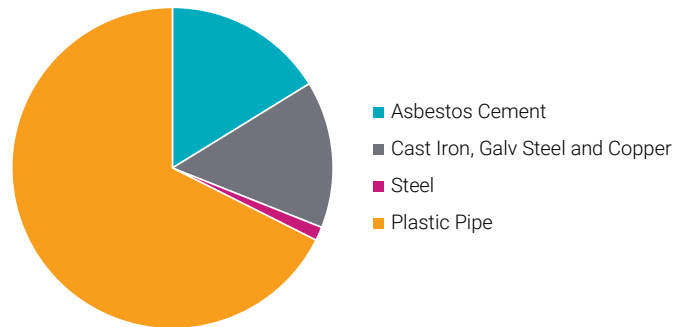
Length of pipe installed in the district by diameter



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.

The figure below shows the length of pipe installed in the district by material.

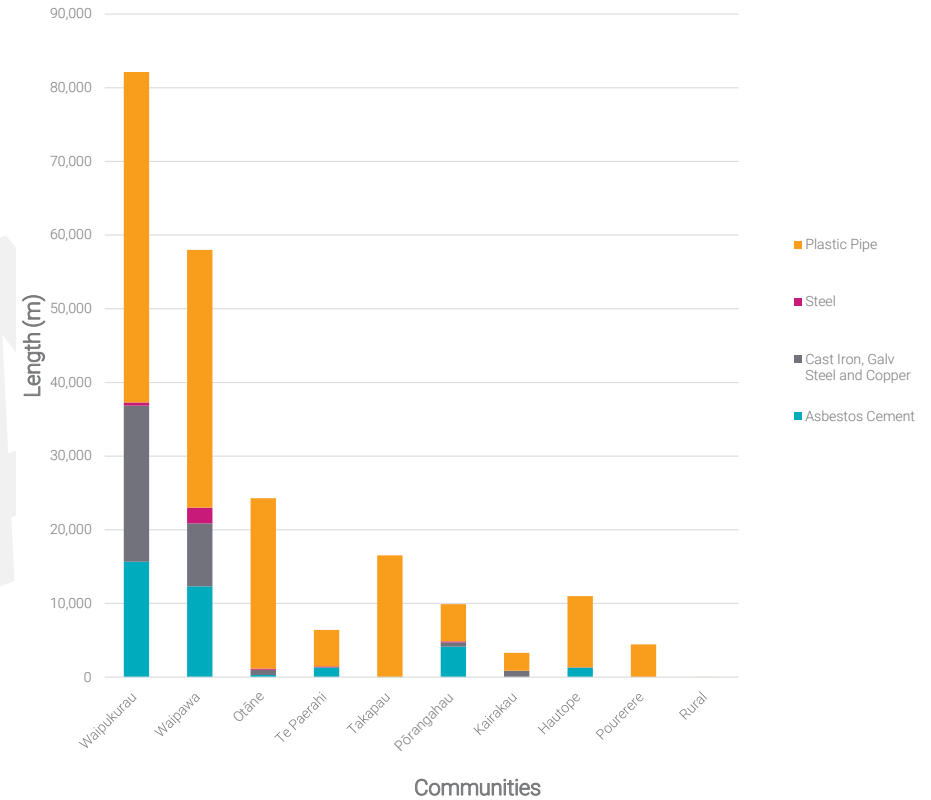
Pipe material by length



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).

The figure below shows the distribution of pipes between each scheme.

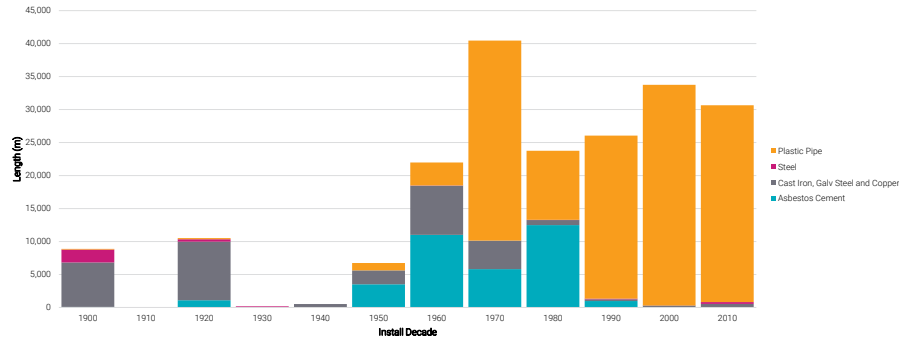
Distribution of pipes between each scheme



As described in this Strategy, Council currently uses asset age as a proxy for determining the likelihood of failure of many assets.

The figure below shows the length of pipe installed during different decades and is coloured according to the pipe material.

Pipe installed during different decades and is coloured according to the pipe material

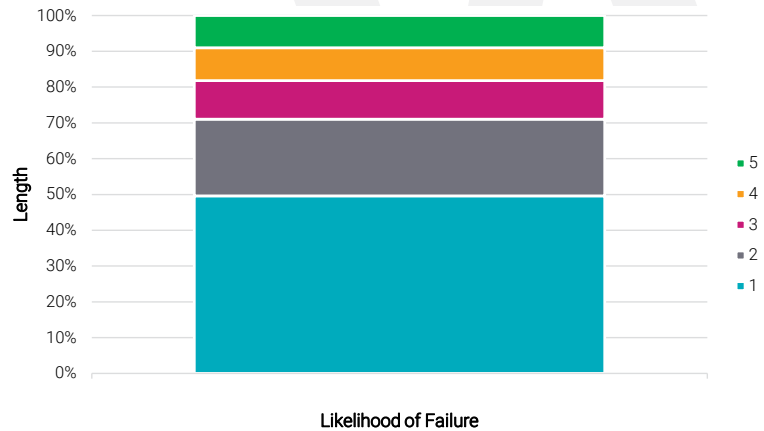


This shows the cast iron pipe installed in 1900-1930, the period of asbestos cement pipe installation in 1950-1980 and the increased use of plastic pipes from 1960 onwards.

Council currently uses asset age and pipe type as key metrics for determining the likelihood of failure of reticulation assets.

The figure below shows the likelihood of failure distribution for water supply pipes.

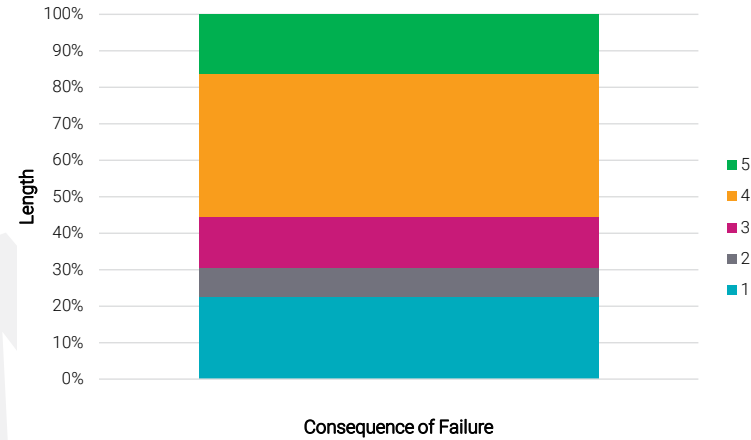
Likelihood of failure distribution for water supply pipes



Council's criticality framework has been applied to determine the consequence of failure for each asset.

The figure below shows the consequence of failure distribution for water supply pipes.

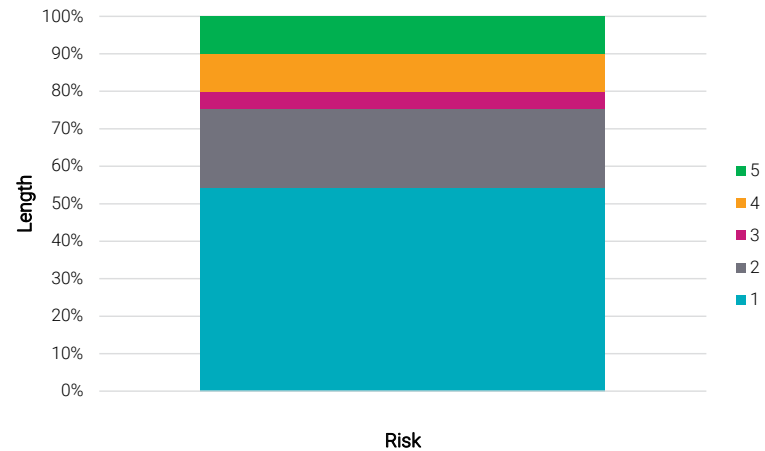
Consequence of failure distribution for water supply pipes



The risk score is calculated by multiplying the Likelihood of Failure score and the Consequence of Failure for each asset.

The figure below shows the failure risk profile for water supply pipes.

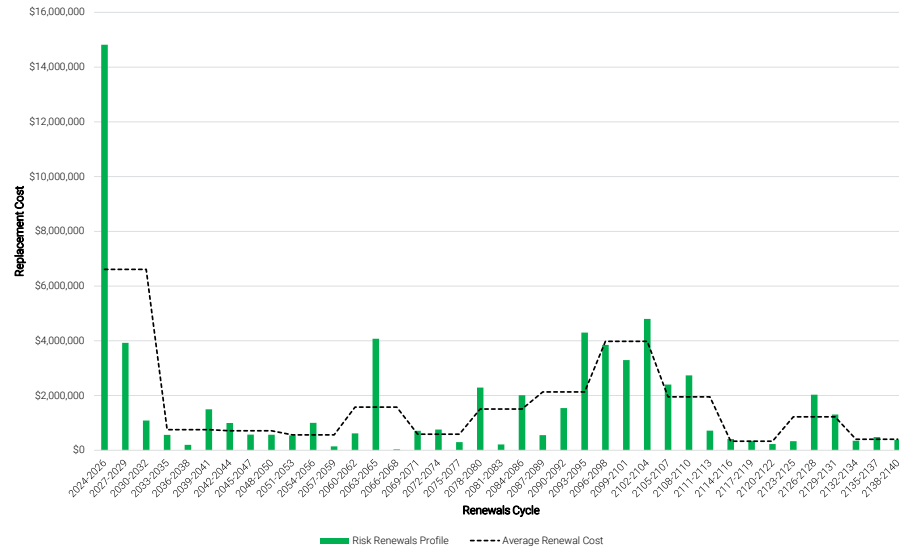
The failure risk profile for water supply pipes



Renewal investment profiles and risk

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. The dotted line provides the renewal budget average of three of these periods (i.e. nine years).

Renewal investment profiles and risk



Investing in renewal at the level indicated by the dotted average renewal cost line works out at \$2.7m per three years on average. This investment level is determined to be sufficient to maintain average asset age and risk and to keep on top of high-risk assets through a targeted replacement programme.

Pumping storage and treatment

The pumping, storage and treatment assets are grouped by the following operational sites:

Waipawa & Otāne

- Johnson Street Water Treatment Plant
- Otāne Water Supply Reservoirs
- Tikokino Road Water Treatment Plant
- Waipawa Water Supply Reservoirs

Waipukurau

- Waipukurau Water Pumping Stations
- Waipukurau Water Supply Reservoirs
- Waipukurau Water Treatment Plant

Takapau

- Takapau Water Supply Reservoirs
- Takapau Water Treatment Plant

Pōrangahau & Te Paerahi

- Pōrangahau Water Supply Reservoirs
- Pōrangahau Water Treatment Plant

Kairakau

- Kairakau Water Supply Reservoirs
- Kairakau Water Treatment Plant

Pumping storage and treatment key issues

Key Issue	Priority for this Plan
Vulnerability and low resilience levels for critical treatment water extraction and treatment assets with respect to climate change and weather events.	The Waipawa supply extraction and treatment assets, particularly those at Tikokino Rd, are prioritised for improvement to remove from or protect from flood hazards.
Several reservoirs and suction tanks are in very poor condition and pose water safety and seismic vulnerability concerns. Of the greatest concern is the Pukeora reservoir, the Hunter Park reservoir and the Waipawa (Abbotsford) reservoir.	Assessment, refurbishment and replacement on a prioritised basis, in line with other planned works to improve the water supplies for Waipukurau and Waipawa. These others works are required to enable the reservoirs to be taken offline for repair or replacement.
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, and 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

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 focusses on the reticulation network.

There are six wastewater schemes in the district: Otāne, Waipawa, Waipukurau, Takapau, Pōrangahau and Te Paerahi. All schemes operate using an aerobic pond as a minimum with Waipawa and Waipukurau schemes having additional tertiary (mechanical and chemical) treatment processes. Otāne’s waste is now piped to Waipawa for treatment and discharge following the completion of a pipe installation project in 2023.

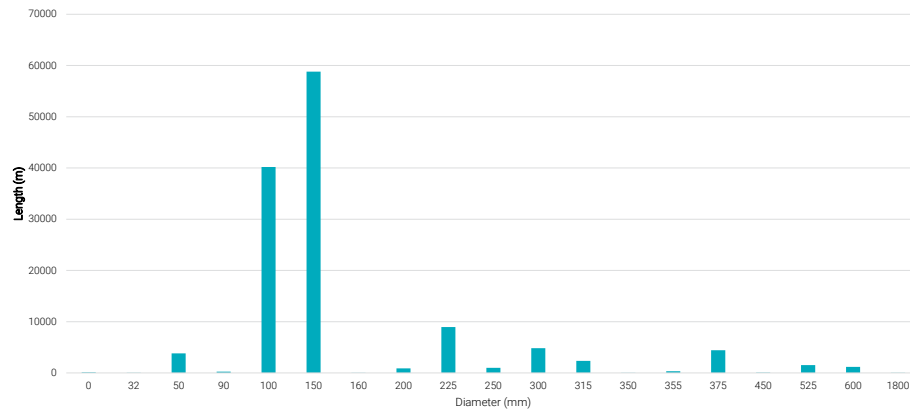
Reticulation

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.

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	Targeting 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

The figure below shows the length of pipe installed in the district by diameter. The total length of pipe is 128 km.

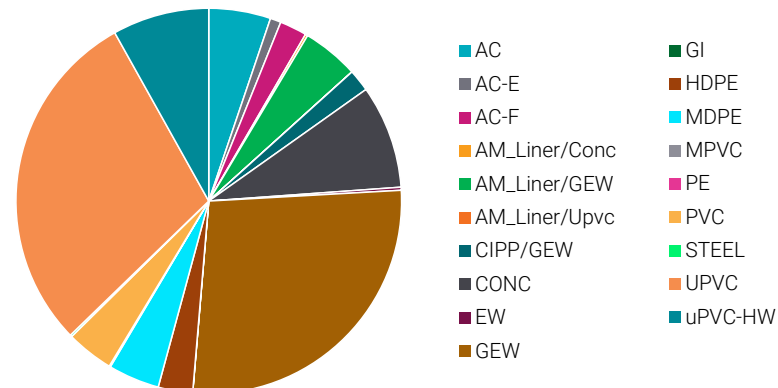
Length of pipe installed in the district by diameter



The largest cohort of pipes are 100 or 150 mm diameter. This is typical for smaller schemes each individually servicing a community.

The figure below shows the length of pipe installed in the district by material.

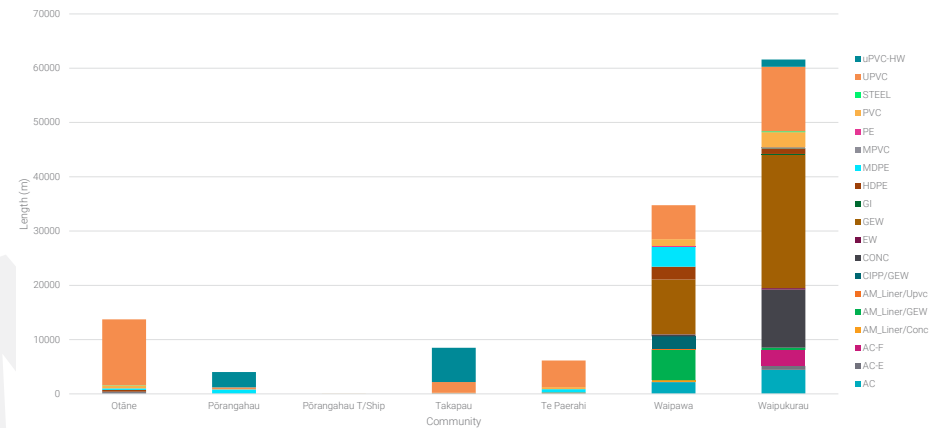
Length of pipe installed in the district by material



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).

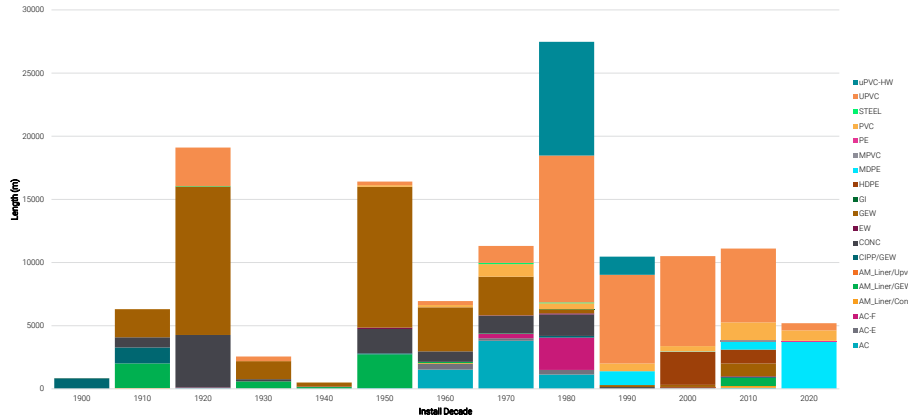
The figure shows the distribution of pipes between each community scheme.

Distribution of pipes between each community scheme



The figure below shows the length of pipe installed during different decades and is coloured according to the pipe material.

Length of pipe installed during different decades and coloured according to the pipe material

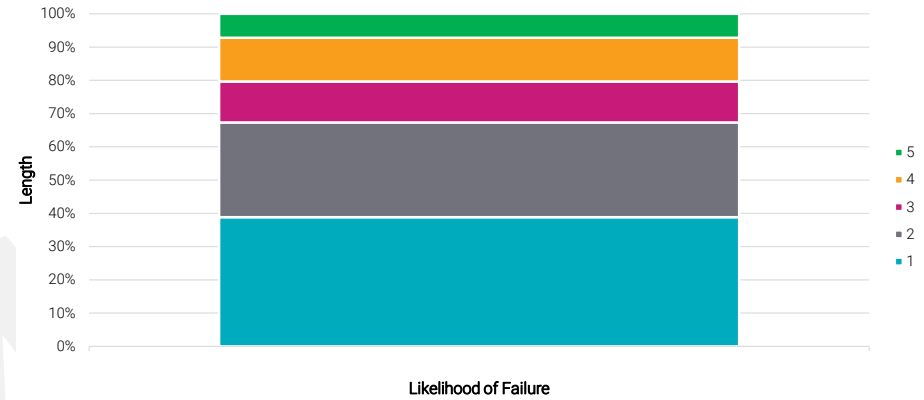


This shows significant lengths of earthenware pipe installed in the 1920s and 1950s. Some of this pipe has now been lined (labelled as CIPP/GEW and AM_Liner/GEW). Steel was used heavily between 1960 and 1980. UPVC pipe has been used as the predominant material from 1980 onwards. Some further pipe material data validation is required to remove the anomaly of plastic pipe shown above for the 1920 decade.

Council currently uses asset age and pipe type as key metrics for determining the likelihood of failure of reticulation assets.

The figure below shows the likelihood of failure distribution for wastewater pipes.

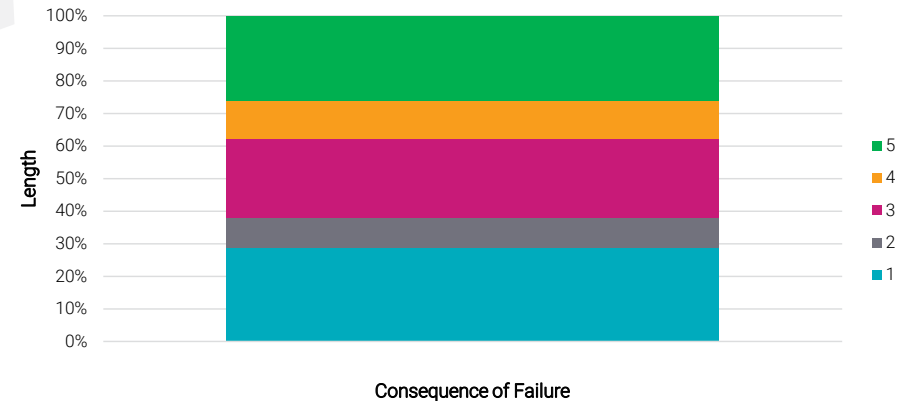
Likelihood of failure distribution for wastewater pipes



Council’s risk criticality framework has been used to determine the CoF for each asset.

The figure below shows the consequence of failure distribution for wastewater pipes.

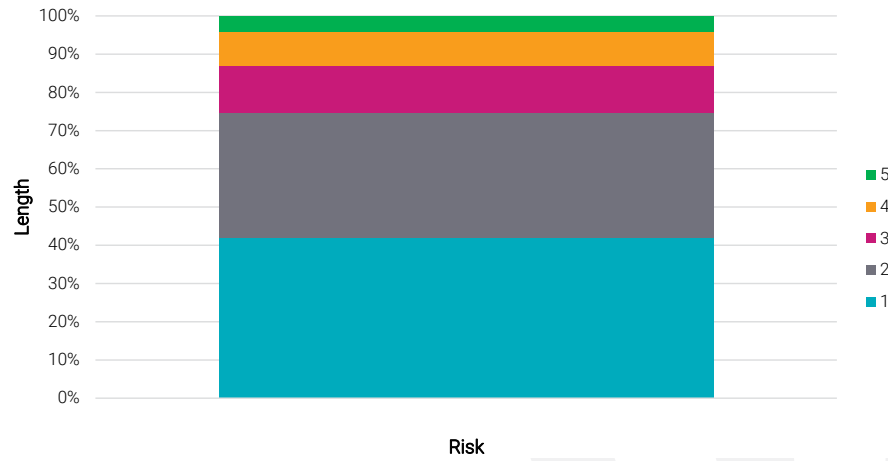
The consequence of failure distribution for wastewater pipes



The risk score is calculated by multiplying the LoF score and the CoF for each asset.

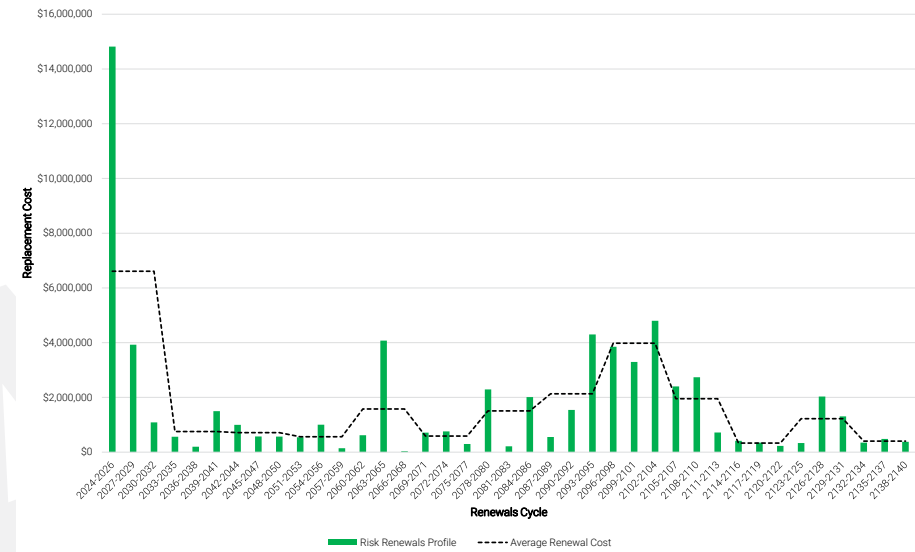
The figure below shows the failure risk profile for wastewater pipes.

Failure risk profile for wastewater pipes



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. The dotted line provides the renewal budget average of three of these periods (i.e. nine years).

Renewal investment profiles and risk



Investing in renewal at the level indicated by the dotted average renewal cost line works out at \$1.7m per three years on average. This investment level is determined to be sufficient to maintain average asset age and risk and to keep on top of high-risk assets through a targeted replacement programme.

Pumping, Storage and Treatment/Discharge

The pumping, storage and treatment assets are grouped by the following operational sites:

Otāne and Waipawa

- Otāne Wastewater Treatment Plant
- Waipawa Wastewater Pumping Stations
- Waipawa Wastewater Treatment Plant

Pōrangahau

- Pōrangahau Wastewater Pumping Stations
- Pōrangahau Wastewater Treatment Plant

Takapau

- Takapau Wastewater Pumping Stations
- Takapau Wastewater Treatment Plant

Te Paerahi

- Te Paerahi Beach Wastewater Pumping Stations
- Te Paerahi Wastewater Treatment Plant

Waipukurau

- Waipukurau Wastewater Pumping Stations
- Waipukurau Wastewater Treatment Plant

Key Issue	Priority for this Plan
Ability of Council's treatment plants and discharge schemes to meet consent requirements and community aspirations.	Prioritise the investment in long-term, transformational upgrades for all six wastewater treatment plants and discharge schemes as per the adopted Wastewater Strategy. These upgrades are in various states of progress already with consent renewals and changes in progress, or complete for many of the plants and physical works underway.
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, and 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. Work 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 Council's 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 on Iwi and Tangata Whenua needs.

It is important to note that while the Wastewater Strategy 2020 remains Council's long-term direction for wastewater, this has been significantly impacted by Cyclone Gabrielle. Cyclone Gabrielle caused significant damage to a number of wastewater sites as well as to wastewater-connected communities. It also provided significant amounts of valuable flood data that can be incorporated into plans for the upgrades of the wastewater treatment and discharge schemes across the district. Key changes to the wastewater programme, resulting from the impacts of Cyclone Gabrielle and the opportunity are:

- delaying the Pōrangahau/Te Paerahi Wastewater Project, noting both the current wastewater site is expected to be impacted as a result of current flood mitigation planning for the township of Pōrangahau, which is still categorised as 2A, and the new treatment and irrigation site being flooded during Cyclone Gabrielle.
- delaying the Takapau Wastewater irrigation project. This site was severely eroded by the Makaretu River and further work needs to be completed to understand the resilience of the site, including the resilience of a new retention pond to be located next to the river.
- completing the Upper Tukituki Scheme Review before further work progresses on the Waipawa, Otāne and Waipukurau (WOW) Wastewater project. This follows both the Waipawa and Waipukurau Wastewater Plants being inundated and the site for the new treatment plant in Waipawa and irrigation field in Walker Road being under many metres of water. This review also impacts the timing and financial impact of the Tukituki (Tarewa) Swingbridge replacement, which will support wastewater growth in Waipukurau.

With respect to the above changes brought about by Cyclone Gabrielle, the Strategy sets out three key projects that are outlined here, with the most likely options/ scenarios for each.

1. Otāne, Waipawa and Waipukurau upgrades

Short term – less than 2 years

- Reticulate Otāne to Waipawa (complete)
- Minor treatment plant upgrades

Medium term – 2 to 10 years

- Establish rapid infiltration system at Waipawa
- If appropriate design and build pipeline from Waipukurau to Waipawa

Longer term – 10 to 15 years

- If appropriate, build new treatment plant
- Decommission Otāne treatment plant
- Decommission old treatment facilities

2. Takapau upgrades

Short term – less than 2 years

- Vary consent to account for updated project timeframes

Medium term – 2 to 5 years

- Minor treatment upgrades
- Develop irrigation system

Longer term – 5 to 10 years

- Provide storage

3. Te Paerahi and Pōrangahau upgrades

Short term – less than 2 years

- Finalise existing application for consent

Medium term – 2 to 5 years

- Acquire land for irrigation
- If appropriate, build a new treatment plant
- Pipe Te Paerahi wastewater to a new irrigation site
- Establish irrigation for Te Paerahi
- Cease discharge to Te Paerahi sand dunes

Longer term – 5 to 10 years

- Build storage
- Pipe Pōrangahau wastewater to new treatment plant
- Reduce discharges to the Pōrangahau River
- Develop alternative wet weather discharge
- Decommission unused infrastructure

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.

Current programmes:

Remove current dewatered sludge stockpile at Waipawa and Waipukurau – ideally applied to land.

- Desludge Waipawa and Waipukurau ponds (complete).
- Develop a dedicated residual management strategy (complete).
- Vary consents as needed.

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.

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 effect.

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 bylaw review
- I and I programme
- Reticulation renewals
- Growth planning

Stormwater

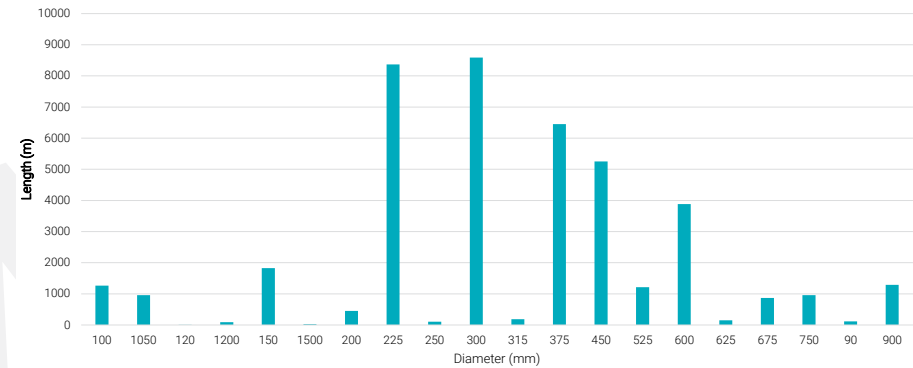
Key Issue	Priority for this Plan
Open drains maintenance	Council has an extensive network of open drains that have recently been proven not to perform in extreme weather events. Council is increasing effort to maintain the condition of the drains through additional clearance and monitoring programmes.
Network capacity to withstand climate change and adverse weather events	Complete modelling, investigatory and planning work, based on new climate and weather/flow data to determine what parts of the network require redesign, reconfiguration or new network to be built to cope with increased capacity during weather events.

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. Council also manages a large amount of roadside drains and kerb and channel network as part of its transport infrastructure.

Reticulated networks

The figure below shows the length of pipe installed in the district by diameter. The total length of pipe is 42 km.

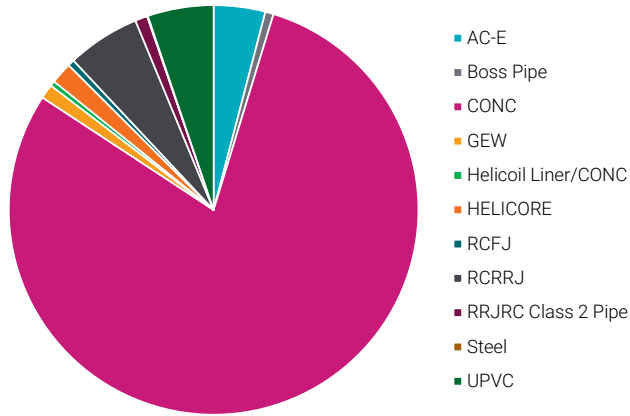
The total length of pipe is 42 km



The largest cohorts of pipe are 225 mm and 300 mm diameter. There are also significant lengths of 275 mm, 450 mm and 600 mm diameter.

The figure below shows the length of pipe installed in the district by material.

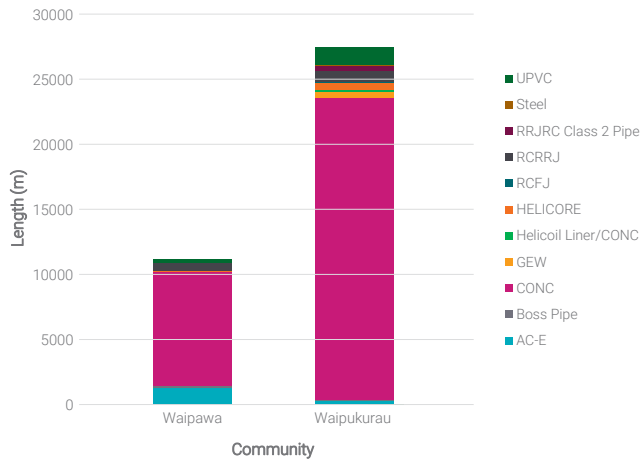
Pipe material by length



Over three quarters of the pipe network is concrete. The proportions of the network likely to have condition-related performance issues are Helicore, earthenware and asbestos cement.

The figure shows the distribution of pipes between each community scheme.

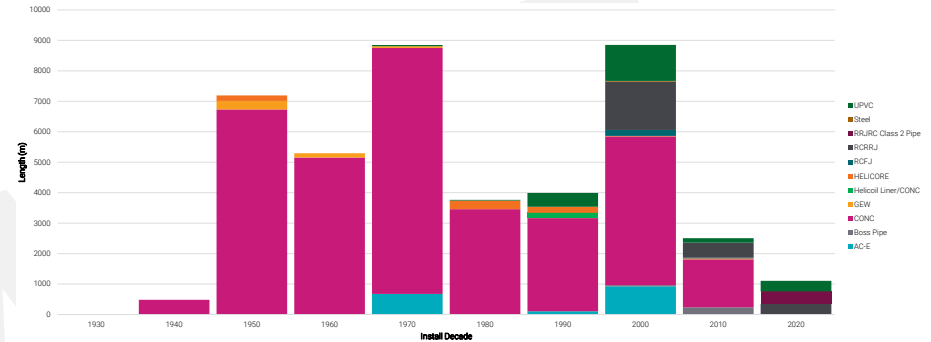
Distribution of pipes between each community scheme



This shows the majority of the network is in Waipukurau and to a lesser extent Waipawa.

The figure below shows the length of pipe installed during different decades and is coloured according to the pipe material.

Pipe installed during different decades and coloured according to the pipe material

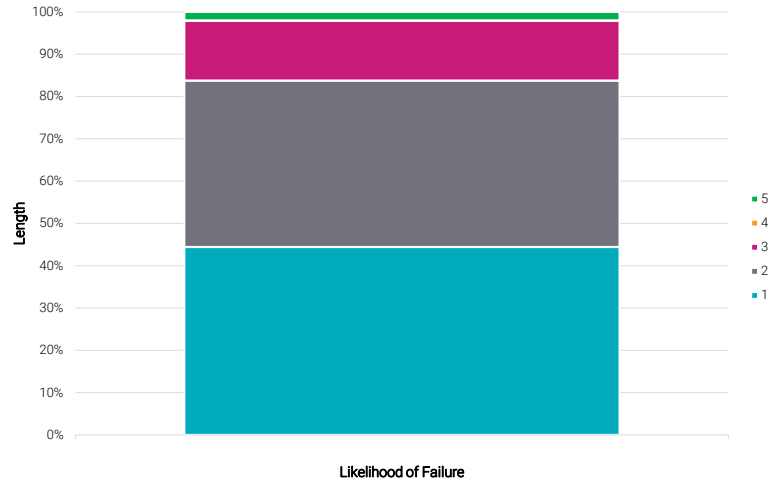


This shows large portions of the network installed in the 1950s, 1970s and 2000s. Concrete pipe has been the predominant material throughout.

Council currently uses asset age and pipe type as key metrics for determining the likelihood of failure of reticulation assets.

The figure below shows the likelihood of failure distribution for stormwater pipe

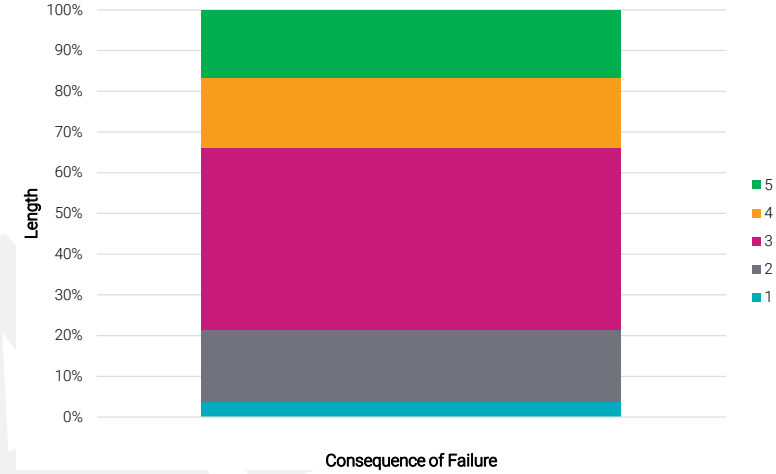
Likelihood of failure distribution for stormwater pipes



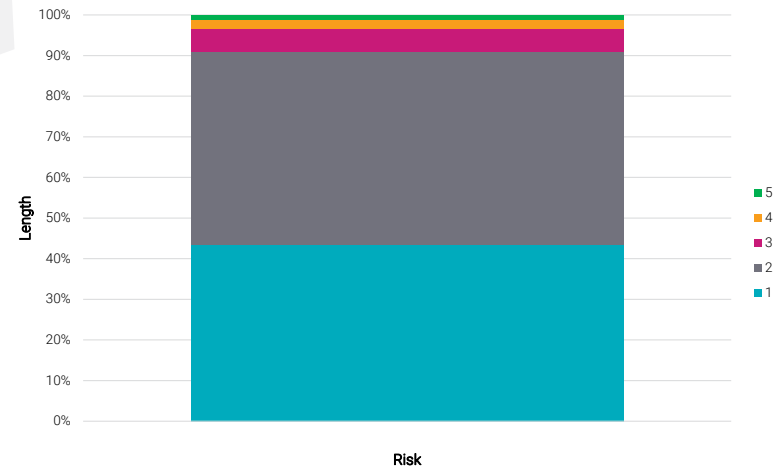
Council's criticality framework has been used to determine the CoF for each asset.

The figure below shows the consequence of failure distribution for stormwater pipes.

Consequence of failure distribution for stormwater pipes

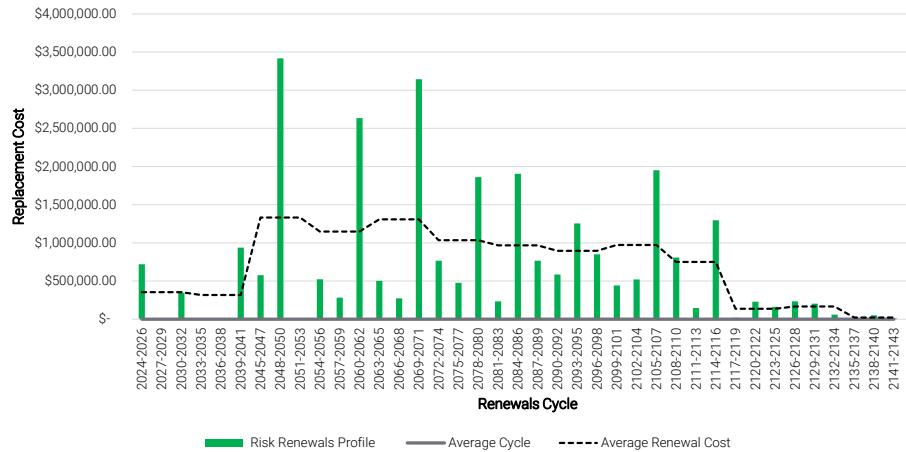


Failure risk profile for stormwater pipes



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. The dotted line provides the renewal budget average of three of these periods (i.e. nine years).

Renewal Investment Profiles and Risk



Investing in renewal at the level indicated by the dotted average renewal cost line works out at \$200k per three years on average. This investment level is determined to be sufficient to maintain average asset age and risk and to keep on top of high-risk assets through a targeted replacement programme.

Open Drain Network Performance and Maintenance

The level of service provided by our stormwater system has been highlighted by recent rain events. To attain a higher level of service, the operational funding pool needs to be increased and more focus will need to be directed towards the activity.

As part of #thebigstormwaterstory, a maintenance plan has been developed for the district, with the aim of bringing stormwater management up to the standard required to maintain levels of service during extreme weather events and to provide increased levels of resilience to the urban areas of Central Hawke’s Bay. It describes the reasoning, methodology and frequency of maintenance activities for our district’s infrastructure.

The maintenance plan includes the following work types:

Activity	Description
Open Channel Vegetation Removal	Two-yearly vegetation clearance for major open drain channels including residential Pah Flat, Eastern Interceptor, Bush Drain, Takapau Rd, etc. An already reduced frequency means residents will notice some overgrowth, but the vegetation should not reach the stage where it presents a major blockage of the drain. This also eliminates the need for large tree (particularly willow) removal in the future as saplings are controlled.
Open Channel Bed Excavation	Five-yearly bed excavation to remove sedimentation and vegetation overgrowth. This maintains capacity and velocity of major drainage channels.
Piped Network Maintenance	10% of the piped stormwater network flushing and CCTV. This would mainly cover service requests and instances of blockage with some remaining for network investigations.

Land Transport

The district is served by State Highway 2 and State Highway 50 (managed by NZTA) and 1,264 km of local roads. These roads, and associated assets, provide vital links to Central Hawke’s Bay 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

Weather Impacts – Recovery and Resilience

Council’s transport infrastructure (road assets) were badly damaged through the wet winter of 2022, Cyclone Hale in January 2023 and then finally the devastating Cyclone Gabrielle in February 2023. The majority of urgent work to reopen roads and ensure they remain open and safe has been completed under an initial period of ‘response’ works, that has been funded up to \$35.9 million at a 100% funding rate by NZTA.

A significant portion of work to fully recover the transport network remains, with estimates to restore pre-storm levels of service and open all roads that are still closed at \$129 million in total. This work, as yet, has not been funded, nor has clarity been given by NZTA or Central Government about when/if a funding decision will be made. This creates an incredible amount of uncertainty for Council and its ratepayers and road-users who at this stage cannot have confidence in how or when this large amount of recovery work will commence and be completed.

Council knows that it cannot afford to fund the required recovery works itself. In fact, Council funding even 5% of the required works will have a significant impact on ratepayers.

While Council has made good progress completing the majority of the planned initial response works, there is a large amount of recovery work required on the transport network to restore pre-damage levels of service and connectedness for our communities via the transport network, and to improve the resilience of the network for future events. The following table provides an overview of planned recovery works with the estimated total value of these works (including contingency) sitting at \$129 million.

Site	Asset / Issue	Budget Estimate
Patangata Bridge	Bridge	\$ 57,500,000
Burnside Bridge	Bridge	\$ 11,500,000
Wilson’s Cutting Bridge	Bridge	\$ 5,750,000
Old Waipawa River Bed Bridge (Tod Road)	Bridge	\$ 4,312,500
Tourere Road at 3.7 km	Landslide	\$ 4,312,500
Pourerere Road at 31.6 km	Landslide	\$ 1,437,500
Kahuranaki Road at 6.1 km	Landslide	\$ 1,337,500
Te Uri Road at 13.56 km	Landslide	\$ 1,150,000
Cooks Tooth Road at 5.95 km	Landslide	\$ 1,075,000
Cooks Tooth Road at 6.721 km	Landslide	\$ 1,075,000
Old Station Bridge	Bridge	\$ 1,046,875
Cooks Tooth Road at 8.245 km	Landslide	\$ 1,006,250
Te Uri Road at 16.23 km	Landslide	\$ 1,006,250
Pourerere Road at 15.263 km	Landslide	\$ 971,250
Middleton Road at 3.352 km	Landslide	\$ 877,500
Cooks Tooth Road at 4.95 km	Landslide	\$ 862,500
Cooks Tooth Road at 7.31 km	Landslide	\$ 862,500
Cooks Tooth Road at 7.469 km	Landslide	\$ 862,500

Site	Asset / Issue	Budget Estimate
Te Uri Road at 17.536 km	Landslide	\$ 862,500
Tourere Road at 5.97 km	Landslide	\$ 862,500
Wilson Cutting Road at 0.3 km	Landslide	\$ 862,500
Mill Road at 14.63 km	Landslide	\$ 731,250
Rotohiwi Road at 8.577 km	Landslide	\$ 731,250
Rotohiwi Road at 8.831 km	Landslide	\$ 731,250
Cooks Tooth Road at 9.76 km	Landslide	\$ 718,750
Hiranui Road Bridge	Bridge	\$ 718,750
Northblock forde	Bridge	\$ 718,750
Otawhao Road at 3.807 km	Landslide	\$ 718,750
Purimu Bridge	Bridge	\$ 718,750
Scannells Bridge	Bridge	\$ 718,750
Farm Road at 16.875 km	Landslide	\$ 693,750
Pourerere Road at 14.331 km	Landslide	\$ 693,750
Pourerere Road at 16.73 km	Landslide	\$ 693,750
Blackhead Road at 7.688 km	Landslide	\$ 585,000
Cooks Tooth Road at 11.28 km	Landslide	\$ 575,000
Cooks Tooth Road at 4.468 km	Landslide	\$ 575,000
Cooks Tooth Road at 9.18 km	Landslide	\$ 575,000
Ngahape Road at 11 km	Landslide	\$ 575,000
Pourerere Road at 26.292 km	Landslide	\$ 575,000
Skippers Road at 2.032 km	Landslide	\$ 575,000

Site	Asset / Issue	Budget Estimate
Skippers Road at 6.593 km	Landslide	\$ 575,000
Tourere Road at 4.092 km	Landslide	\$ 575,000
Pōrangahau Road at 21.62 km	Landslide	\$ 555,000
Middleton Road at 3.519 km	Landslide	\$ 438,750
Old Hill Road at 2.458 km	Landslide	\$ 438,750
Wakarara Road at 25.7 km	Landslide	\$ 438,750
Lake Station Road at 4.254 km	Landslide	\$ 431,250
NGAHAPE ROAD at 11.915 km	Landslide	\$ 365,625
Whangaehu Road at 1.305 km	Landslide	\$ 365,625
Wharetoka Bridge	Rock Armouring	\$ 365,625
Herrick Street (Taylors slab)	Rock Armouring	\$ 359,375
Holdens Bridge	Rock Armouring	\$ 343,750
Gollans Bridge (Guardrail)	Bridge	\$ 340,625
Wakareao Bridge	Bridge	\$ 300,000
Hiranui Road	Landslide	\$ 292,500
Hiranui Road	Landslide	\$ 292,500
Rangitoto Road	Landslide	\$ 292,500
School Road	Landslide	\$ 292,500
Farm Road	Landslide	\$ 287,500
Pōrangahau Road	Landslide	\$ 287,500
Te Uri Road	Landslide	\$ 287,500
Te Uri Road	Landslide	\$ 287,500

Site	Asset / Issue	Budget Estimate
Pōrangahau Road	Landslide	\$ 277,500
Braeview Road	Landslide	\$ 263,250
Te Awa Road	Landslide	\$ 226,688
Rotohiwi Road Culvert	Rock Armouring	\$ 221,875
Rotohiwi Road	Landslide	\$ 215,625
Ugly Hill Road	Landslide	\$ 211,250
Tipenes Bridge	Rock Armouring	\$ 204,375
Matheson Rd at 3.14 km	Rock Armouring	\$ 196,875
Peacocks Bridge	Bridge	\$ 188,750
Cheviot Slab	Bridge	\$ 168,750
St Lawrence Road	Landslide	\$ 146,250
Epae Culvert (Culvert 5.00-3593)	Rock Armouring	\$ 143,750
Bush Road Culvert	Rock Armouring	\$ 143,750
Hunters Culvert	Rock Armouring	\$ 143,750
Hutana Bridge	Bridge	\$ 143,750
Purupuru Culvert	Rock Armouring	\$ 141,250
Pōrangahau Road	Landslide	\$ 138,750
Macauleys Culvert	Rock Armouring	\$ 133,750
Hulls Bridge	Rock Armouring	\$ 129,375
McGreeveys Box Culvert	Rock Armouring	\$ 129,375

Road Assets

The table below shows the local road lengths summarised in terms of the One Network Road Classification (ONRC) hierarchy. While the ONRC has been replaced by the One Network Framework (ONF), the ONRC continues to be used for this National Land Transport Programme (NLTP) period at the direction of NZTA.

One Road Network Hierarchy	Length (km)	Proportion (%)
Arterial	0.57	<1%
Primary Collector	0.75	<1%
Secondary Collector	268	21%
Access	548	43%
Access (Low Volume)	452	36%
Total	1,268	

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.

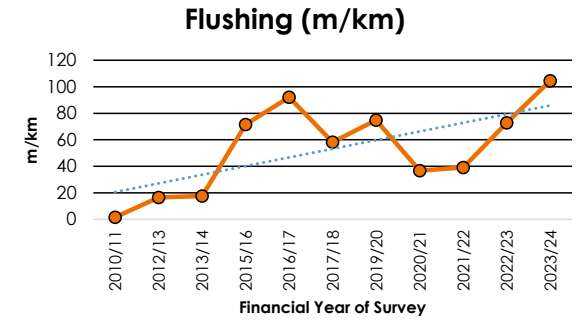
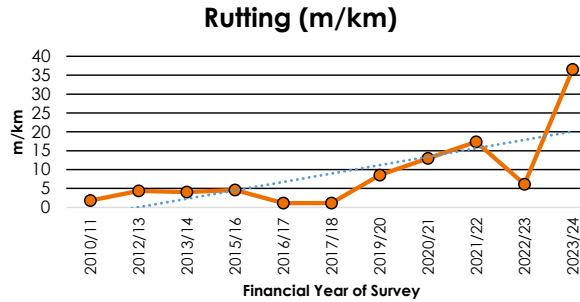
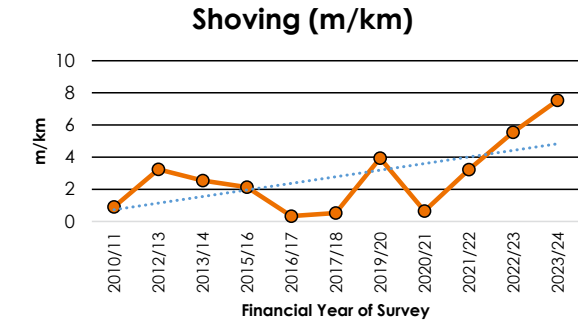
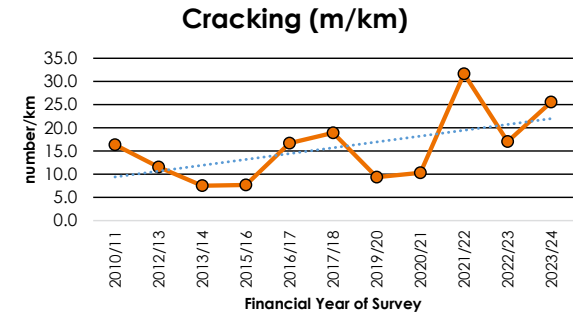
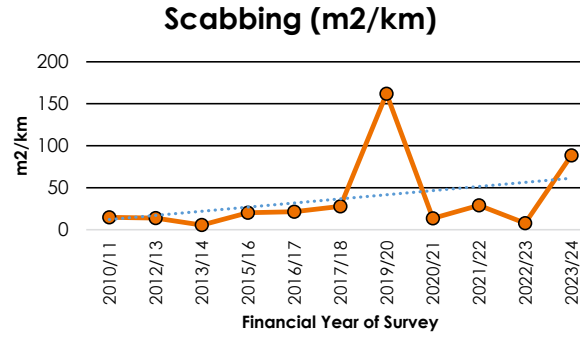
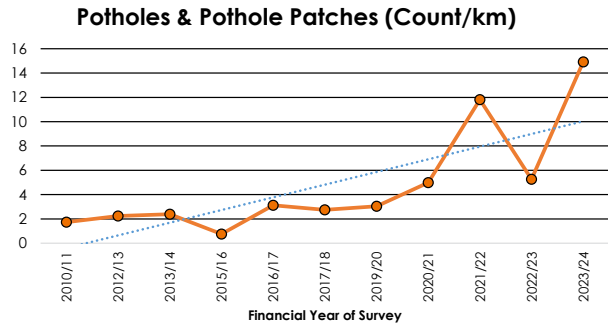
	Age (weighted average)	Remaining Life (weighted average)	Standard Lives (Range)
Drainage	30	42	30-80 Years
Footpaths	34	48	40-75 Years
Sealed Pavements			
Surface	9	6	2-25 Years
First Coats (as pavement structure)	27	40	50-75 Years
Basecourse	27	39	50-75 Years
Subbase Urban	29	37	50-75 Years
Unsealed Pavements			
Wearing course	4	2	5 Years
Bridges			
Bridges	55	45	80-140 Years
Bridge Culverts (Cross-sectional area >3.4 m ²)	36	39	70-80 Years
Retaining Walls	35	37	35-75 Years

Council develops and maintains a ten-year forward work programme to ensure effective and efficient service level delivery in line with requirements set heavily by NZTA who are a major (59%) 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.

Network Condition and Performance

The following tables show survey data for various metrics used to assess road condition and road-user experience, trended over a ten-year period.

Network Condition and Performance

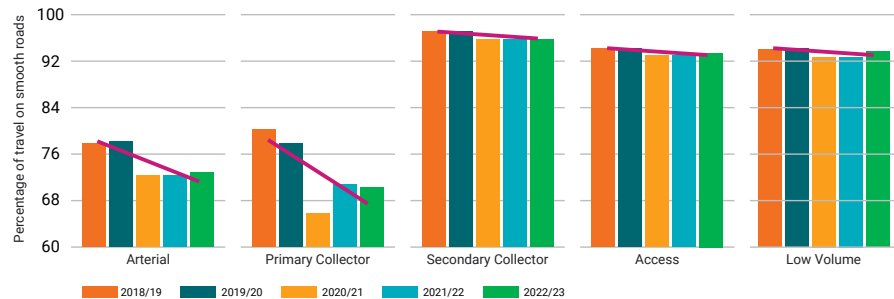


Smooth Travel Exposure (STE) provides an indication of ride quality. It is provided as a percentage of vehicle kilometres travelled with a roughness below a defined upper threshold. STE trends from Te Ringa Maimoa's Transport Insights tool are shown in Figure 7-5. The data shows that travel on smooth roads (over a certain smoothness threshold) is declining gradually year on year.

This suggests there is a slow increase in the roughness of the CHB district's roads compared to vehicle kilometres travelled. It is expected that pavement condition will trend downwards, and the rate of deterioration will increase as the asset ages and traffic volumes increase. While Arterial and Primary Collector roads appear to be deteriorating much quicker than other road classes, these road classes represent very little of CHB's total network length. They form part of the State Highway and Waipukurau township bypass routes and are subjected to extremely high traffic volume and traffic loading. They are also located in urban areas where service covers and trenches can contribute to higher roughness readings. The charts below show STE data over a five-year period and all show a declining (worsening) trend.

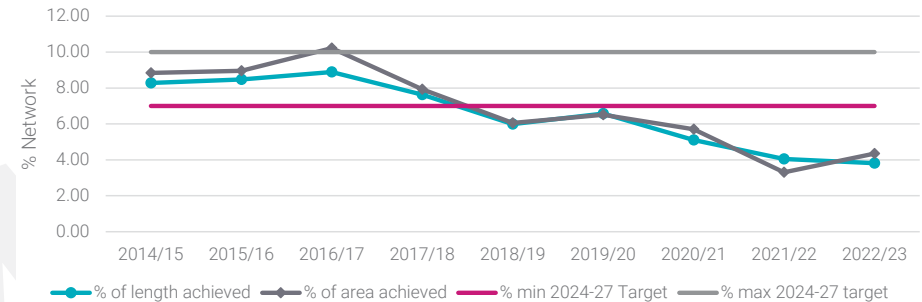
Smooth Travel Exposure

The percentage of travel on roads smoother than the threshold for each traffic grouping



The amount of network resealed (a key maintenance intervention) each year is another key metric and lead indicator for network condition and performance. This data is shown below and again shows a worsening trend.

Reseals percentage achieved last ten years



The next section discusses key issues for the transport network. These issues are backed up by the data presented above, which shows in general a worsening state of transport assets and experience across the district.

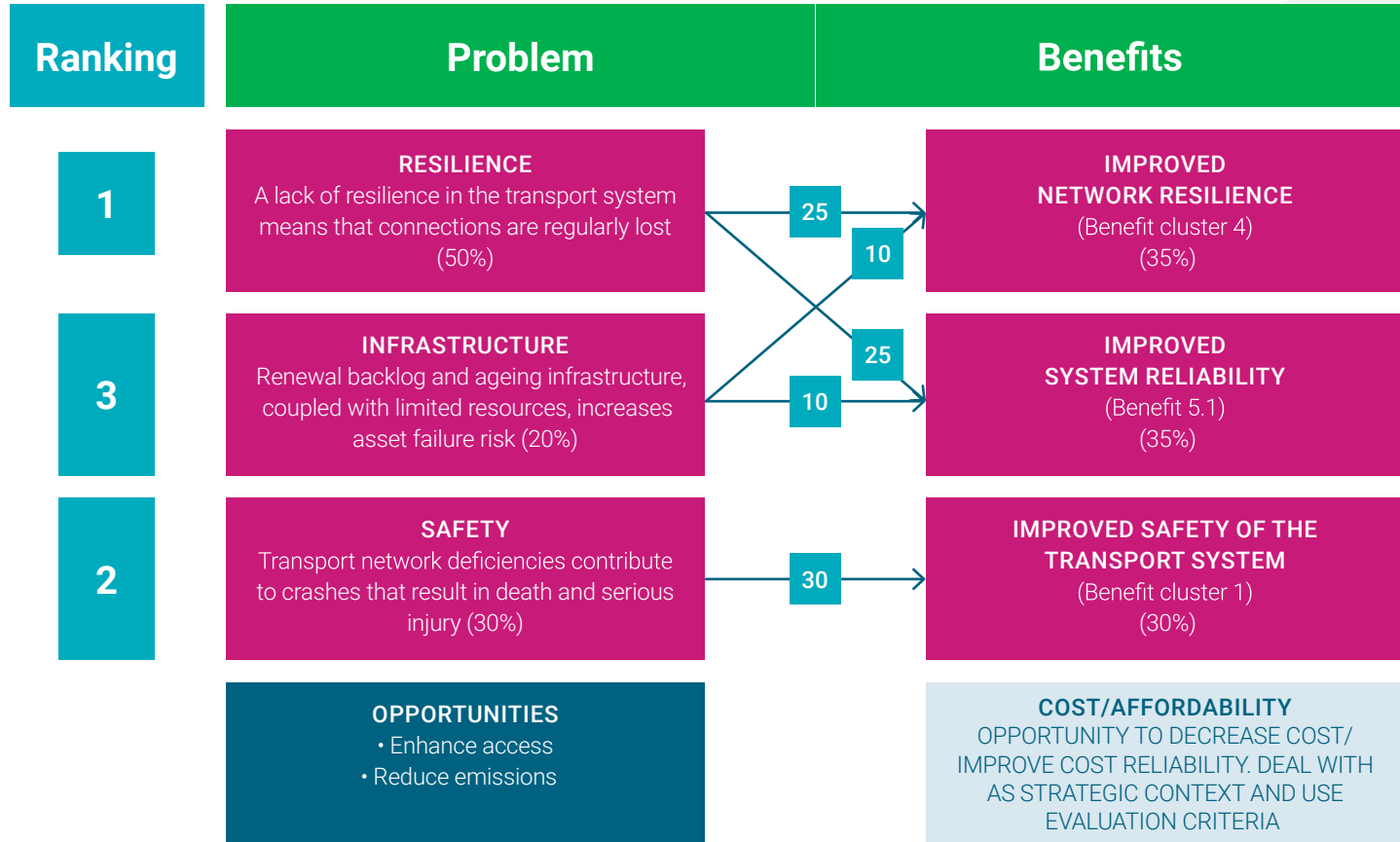
Key Transport Issues

The key issues with the Central Hawke's Bay transport network have been identified through the Strategic Business Case and Investment Logic Mapping exercises completed as part of the regular asset management planning cycle and preparation of work programmes to NZTA. These processes and their outcomes are described below.

Three problem statements were developed in collaboration with key stakeholders in June 2020. These initial problem statements related to resilience (30%), access (20%) and safety (50%). CHB officers reviewed, refined and reweighted these problem statements for the revised Land Transport Asset Management Plan in February 2023. While it was agreed that the issues are similar, the consequences particularly in relation to resilience are different. The intensity and frequency of recent events has put pressure on the programme budget, pushing planned work out and increasing asset vulnerability, and safety across the network continues to be a problem.

The updated problems fall under three key themes: Resilience, Infrastructure and Safety. The following Investment Logic Map diagram (below) sets out the updated problem statements, their relative importance, and their relationship to the expected benefits of investment to address these issues.

Logic Map



Each problem statement has, through various further planning processes, resulted in projects and programmes of work within this Strategy. Due to the focus of this Strategy on resilience (one of the six focus areas of the strategy), this problem statement for the transport activity is expanded upon further below.

Resilience

A lack of resilience in the transport system means that connections are regularly lost.

Infrastructure resilience is a focus area within Council's Infrastructure Strategy and was identified as a key issue for CHB in the 2018 LTAMP. This has since become a more significant issue. The district has been impacted by numerous weather events since 2018, causing widespread flooding, slips and dropouts across the transport network. The consequential costs and repairs of these, particularly from Cyclone Gabrielle, will remain a significant part of Council's work programme for a long period of time. There is also increasing risk that these types of weather events will become more frequent and potentially more extreme due to climate change.

In order for the district to have a connected and resilient network, work will need to be completed to repair and strengthen the existing assets for the long term. If the network is not able to withstand future events, flooding and road closures will become more frequent, posing challenges for local industries and isolating local communities.

Causes

A lack of resilience in the transport network is caused by several factors. They include the occurrence of natural events, the location of transport infrastructure (for example, within floodplains, close to the Ruahine ranges or near the coast) and the availability of detours.

Extreme weather events

Climate change impacts are already being experienced in Central Hawke's Bay. The district has experienced a number of extreme weather events in recent years, including major droughts during 2012/13 and 2020, repeated heavy rainfall between March and November in 2022, and three significant events including two cyclones (Hale and Gabrielle) in 2023. The compounding effects of these events means the district's roading network has been severely damaged and significant repairs are needed.

Climate change projections show extreme rainfall will increase across the Hawke's Bay region, particularly in Wairoa, coastal parts of Hastings and Central Hawke's Bay. Forecasts show parts of the region may receive up to 15% more extreme precipitation by 2090 under the 'moderate emissions' scenario (RCP 4.5)⁸⁹. Under the 'worst case' scenario (RCP 8.5), extreme participation is forecast to increase up to 20% by 2090.

Climate change projections



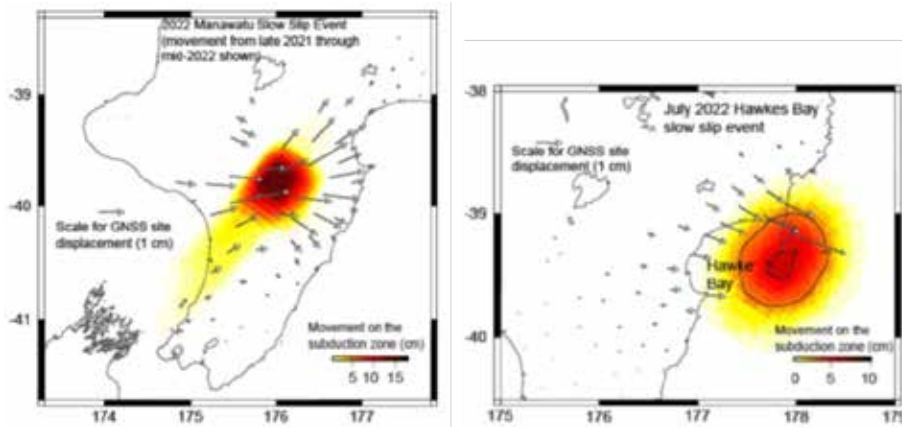
Much of the flood risk areas in Central Hawke's Bay are in the plains west of Waipukurau. Key roads in this area that are exposed to flood risk include SH2 and SH50, Ashcott Road, Tikokino Road and Ongaonga Road. Significant rainfall events can cause flooding, slips and washouts, making roads inaccessible. Coastal areas with small communities are also at a high risk of becoming isolated if roads become inaccessible and there are no suitable alternative or reliable routes. Although the flood risk areas identified above are concerning, the topography and geology of the land to the east of SH 2 causes those areas to be regularly negatively impacted by storm events.

Other Natural Hazards

The district is also susceptible to a number of natural hazards such as earthquakes, coastal inundation, coastal erosion and tsunamis. High winds can also bring down trees. While natural hazard events have a relatively low frequency, records show high consequences and significant disruption.

In early 2022, GeoNet reported two deep slow-slip events (Figure 5-4) in the central/eastern North Island¹¹. The 15 cm recorded movement was far greater than previous 3.5 cm per year observations. This rate of movement at depth resulted in 2-3 cm movement at the surface (eastward and upward), the equivalent to what could be expected during a M6.9 earthquake.

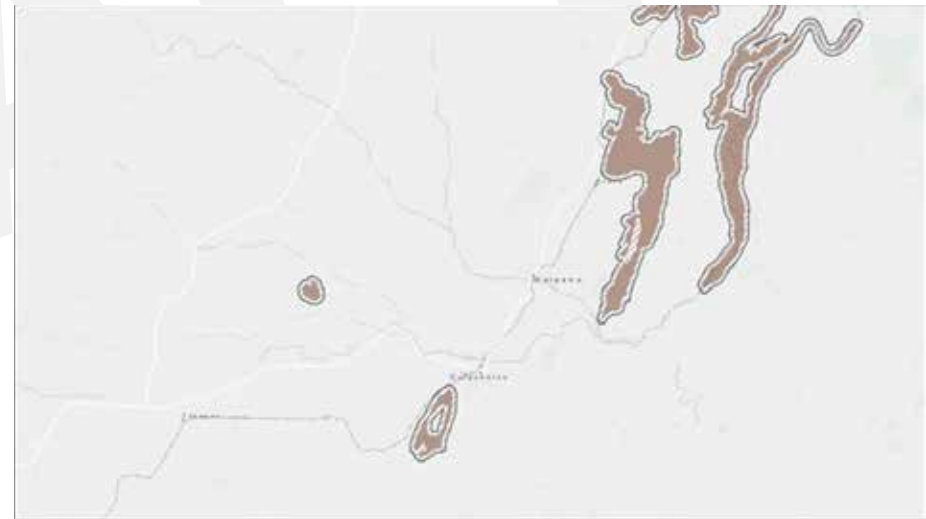
Figure 5-4



The Central Hawke’s Bay District has large amounts of clay-like minerals within the area, which catered to historic bentonite mining. These clays are weak and hold large amounts of water, meaning they tend to move freely. Figure 5-5 shows locations across CHB where recorded seismic activity, inundation from unusually high rainfall events and areas of weak soils intersect, creating damage and vulnerability across the transport network.

Other events are categorised as ‘shock’ events (e.g. liquefaction from earthquake, tsunami induced flooding) or climate-related hazards (such as inundation and coastal erosion). While both types of events are currently considered ‘low frequency, high impact events’ (LFHI), climate-related hazards are expected to increase in frequency and severity due to global climate change impacts.

Figure 5-5

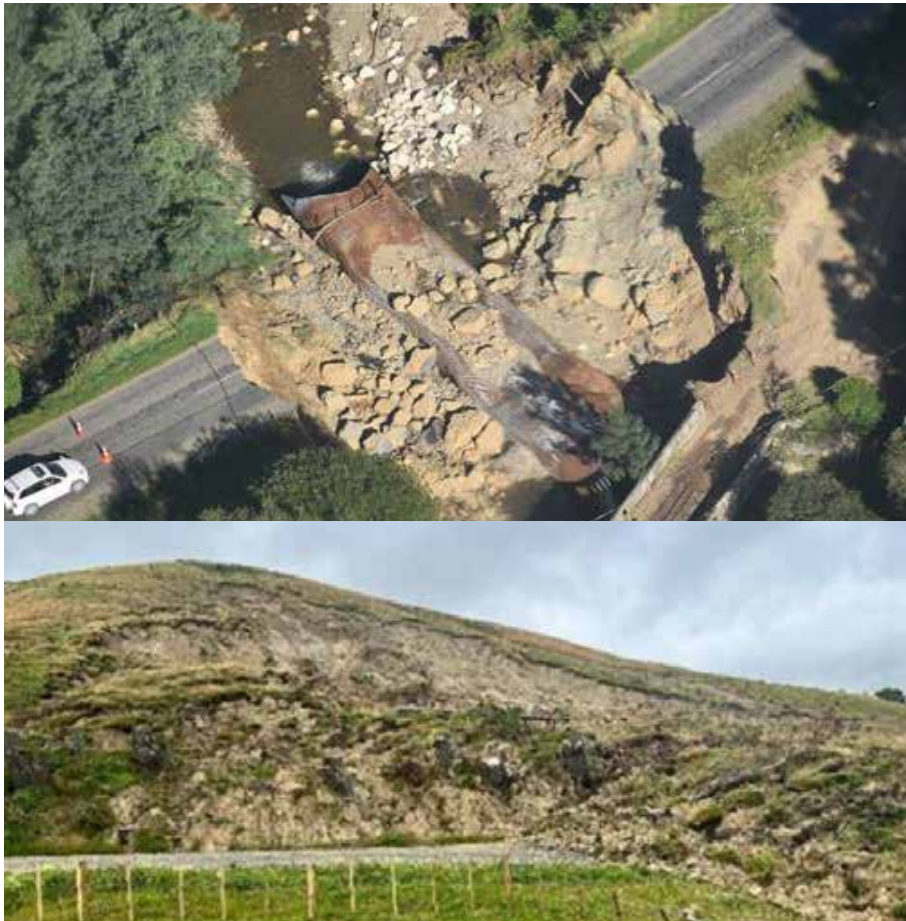


Consequences

Flooding and road closures

Cyclone Gabrielle highlighted the impacts of an extreme weather event on the transport network. The cyclone resulted in severe floods across the district and, initially, over 100 roads were closed (refer to images below for examples). Road closures result in people being cut off from the community and limit their ability to access key goods, services and facilities. It also leads to delays and increased costs to producers and industry.

Damage from Cyclone Gabrielle 2023



A series of other significant events in 2001, 2003, 2004, 2011, 2018 and 2022 caused major damage to roads, bridges and culverts.

Access to Goods and Services

The majority of key services such as schools, supermarkets, medical facilities and other emergency services in the district are located in Waipukurau and Waipawa. The district's closest hospital and airport are located in Hastings and Napier respectively.

Increasing network vulnerability means people may more frequently experience periods where access to these facilities is limited or unavailable. This is particularly relevant for residents living in more remote areas of the district, which are at greater risk of being significantly impacted.

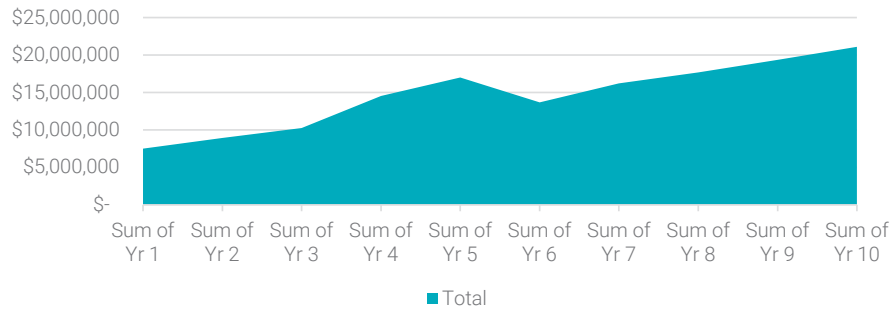
Lifeline Infrastructure

The roading network supports access to key lifeline infrastructure such as power and communications, and many utilities also use the corridor for their infrastructure networks (e.g. bridges). Any event that results in road closures will also likely impact power and communications networks. If the event is significant enough, such as the recent Cyclone Gabrielle, some communities may be without power or communications for long periods of time.

Investment in the Transport Network

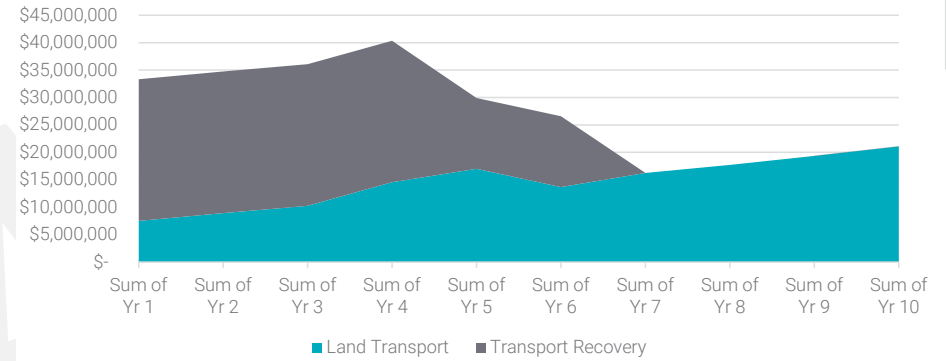
To manage the problem statements described above, and in line with the principles and focus areas of this Strategy, a number of work programmes for the transport network have been created. Investment in the transport system over the period of this strategy is shown in the charts on the next page.

Land Transport CAPEX

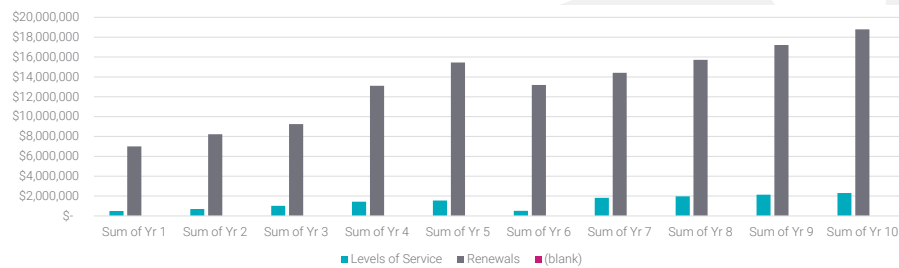


The chart below shows the impact on forecast land transport CAPEX with the addition of the known \$129 million worth of recovery works. The recovery works have been rudimentarily phased over a six-year period with a 2-1 weighting in the first four years compared with the final two years.

Land Transport CAPEX, including recovery works



Land Transport CAPEX, by year, by category



The above charts show an increasing investment in the transport network over the period of the Strategy. The primary category for investment is asset renewals, which includes the replacement and upgrade of aged and failing infrastructure. Importantly, this is where the majority of investment to improve asset/network resilience sits.

It is important to note that the above charts only include investment planned as part of this strategy and that the much-described recovery works, at an estimated total cost of \$129m, are not included and not shown. This is due to the remaining uncertainty about funding for the works meaning that Council cannot at the time of writing this strategy say with any confidence when those works will commence and how they may be phased.

Solid Waste & Landfill

Council currently provides 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 Council's four transfer stations located at Waipukurau, Waipawa, Pōrangahau and Takapau. All waste generated from within the district is transported to 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 major projects (>\$250,000) identified for the Solid Waste activity in this plan for the period of 2024-2034 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.

Project	Sum of ten-year Investment
District Landfill New cell for Landfill extension	8,885,600
Transfer Station Building of a replacement station WPK and WPA	4,802,100
Recycling Building of the first phase of a CHB Re-use/Recovery centre	2,358,000
Landfill CAPEX Resource Consents Renewal	387,800

The projects in the table above each have a level of uncertainty to them due to unknowns about market conditions, customer demand/aspirations and supply volumes of waste to landfill. Accordingly, each of these projects are tagged as requiring further investigatory and/or planning work before they commence. Each project will have further work completed to understand the true needs, options, costs and benefits before being finally committed to and commenced.

Key issues, assumptions and uncertainties for Solid Waste

Affordability

Central Government continues 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 38.6%. Costs to dispose of waste at landfill are continuing to increase due to record years of cost/price inflation for contracted works, increases in the Waste Levy and increase in the cost of carbon credits. Council expects these trends to continue, further incentivising diversion from landfill.

Prior to making significant investment in the landfill (planned for later years of the Strategy), Council will complete a thorough analysis of the activity and current and future demand predictions.

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 (measured at 38% in 2023).

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. This Strategy contains work planned to upgrade the Waipukurau transfer station and to close other facilities to enable more focussed and improved services, at reduced cost.

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 can be put in kerbside recycle crates, whether glossy magazines can be recycled, 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 remain confused, not just in CHB. 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.

Significant Negative Effects

Waste to Landfill

Disposing of waste at landfill 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

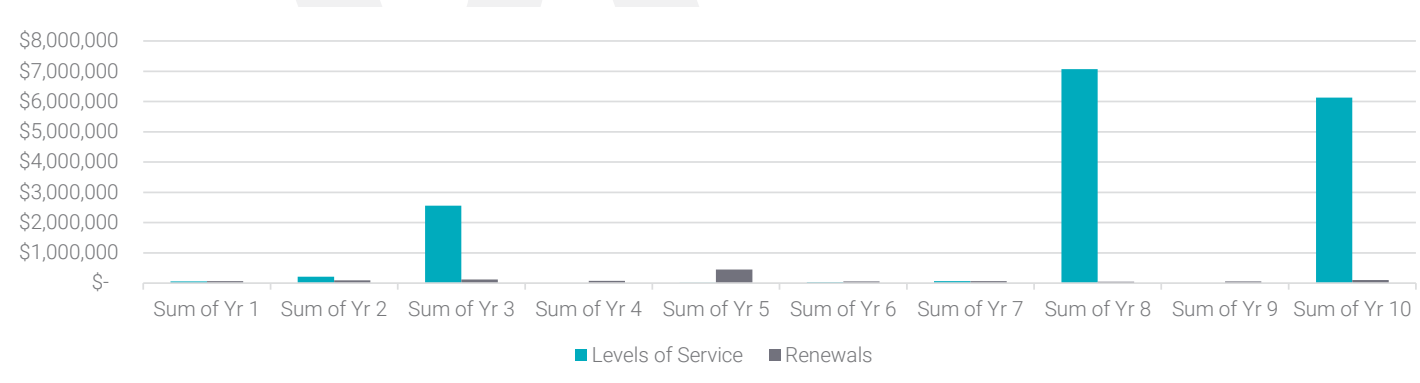
Leachate discharging from the landfill and sediment eroding off the landfill can result in degradation of the environment if they are not contained. To mitigate the effect of leachate, a leachate storage and irrigation system has been installed and commissioned in the period of the previous strategy. 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 to intercept windblown materials and are periodically cleaned to maintain the visual presentation of the sites.

The capital investment needs of the Solid Waste activity are shown in the chart below.

Solid Waste CAPEX



Community Facilities And Open Spaces

The Community Facilities and Open Spaces activities are supported by three separate Asset Management Plans:

- Parks and Open Spaces Asset Management Plan
- Cemeteries Asset Management Plan
- Community Buildings and Property Asset Management Plan

This section of the Infrastructure Strategy provides a strategic overview of the activity for a period of ten years. The following table provides an overview and description of the activity and sub-activity that make up the Places and Open Spaces Activity Group.

Activity	Description
Open Spaces	<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>Camping Grounds Camping Grounds includes four campgrounds, three located on our coastline and the Waipukurau Holiday Park. All of these assets are leased. The activity also includes freedom camping sites.</p> <p>Open Spaces Open spaces includes a total of 66 recognised reserve areas across at least 185 hectares.</p> <p>War Memorials War memorials include our district's cenotaphs and memorials.</p> <p>Urban Maintenance Urban maintenance includes roadside spraying and mowing in our urban areas as well as litter bins and open space furniture.</p>
Public Toilets	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.
Retirement Housing	This activity includes a total of 48 units spread across three sites: Kingston Place, Waipawa, Ruahine Place, Waipukurau, and Wellington Road, Waipukurau.

Activity	Description
Libraries	<p>Council has two library buildings: 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. A temporary facility has been developed nearby, Te Huinga Wai - the Knowledge and Learning Hub, which incorporates Library, Council services, AA centre and community facility.</p>
Community Facilities	<p>Community facilities include the following facilities:</p> <ul style="list-style-type: none"> Civic Theatre Central Hawke's Bay Municipal Theatre Central Hawke's Bay Museum Waipukurau Memorial Hall Waipawa District's Centennial Memorial Pool Waipukurau Heated Pool Community Halls Community Rooms Miscellaneous Council Properties <p>Council's administration building is managed under this asset management plan but is funded through the organisational overhead.</p>
Cemeteries	Council maintains 15 cemeteries across the district, 12 of which are still open for burials.

Challenges, Opportunities and Interventions

Through the various asset management planning processes, the following have been identified as the key challenges and opportunities for the activity, as well as the preferred interventions to address the issues.

Activity	Challenge / Opportunity	Action / Intervention Proposed
<p>Open Spaces</p>	<p>Camping Grounds</p> <p>The lease and wastewater consent for Pourerere expired in 2023. These are now being considered within the broader context of the range of challenges facing this site, including coastal erosion and meeting drinking water standards.</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 Act. There is no strategic direction for camp grounds.</p> <p>Open Spaces</p> <p>There has been significant long-term underfunding and deferred maintenance requiring current and future investment in the renewal of many assets, in particular playgrounds.</p> <p>There are no strategic or tactical documents to help guide Council's investment in open spaces.</p> <p>Operational funding for tree management</p> <p>We have not explicitly 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 are not available.</p> <p>War Memorials</p> <p>There are no immediate challenges relating to war memorials.</p> <p>The Waipawa Town Clock upgrade was completed in 2022.</p> <p>Urban Maintenance</p> <p>There are no immediate challenges relating to urban maintenance.</p>	<p>Opportunity to create a sustainable long-term strategic approach to camping grounds that responds to community and visitor expectations whilst protecting our natural assets.</p> <p>Opportunity to rationalise or dispose some of its assets or reconsider the benefits realised for the district.</p> <p>Complete a Section 17a for camping grounds.</p> <p>Opportunity to partner with community 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 enhance community pride and address community wellbeing, particularly in areas of heightened deprivation.</p> <p>Opportunity to work more closely with stakeholders to build on the baseline level of service that Council provides.</p> <p>There are opportunities for placemaking and creating vibrancy in our town centres through minor renewals and quick-win projects or initiatives in conjunction with community, e.g. Arts and Culture Network, Play Advocate, Streets for People, Spatial Plan and Town Centre Plans.</p>
<p>Public Toilets</p>	<p>Public toilets do not have a detailed renewal programme and have not had detailed renewal profiling completed.</p> <p>Vandalism is an ongoing risk for the activity.</p> <p>Freedom camping uptake and increase on use of public conveniences</p>	<p>The upgrade and renewal of some facilities has the potential to enhance the visitor experience. However, clean well maintained facilities remain the priority.</p> <p>Opportunities to address this issue within the Freedom Camping bylaw review.</p>

Activity	Challenge / Opportunity	Action / Intervention Proposed
Retirement Housing	<p>A Section 17a review was completed on this service in 2020. It identified a plan to increase fees as the units are not meant to be rate subsidised (a self-funding activity). The rents are still below market rents.</p> <p>The units have been upgraded in recent years and meet Healthy Homes regulations, but they are ageing assets 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>Ability to further raise rents and develop new flats, subject to Council's financial borrowing constraints.</p>
Libraries	<p>Library Facility in Waipukurau</p> <p>The Waipukurau Library is closed due to critical seismic vulnerabilities. This is a major challenge for the activity, particularly after Council and community expected the facility had been strengthened. A temporary leased facility has been developed nearby, Te Huinga Wai - the Knowledge and Learning Hub, which incorporates Library, Council services, AA centre and community facility.</p> <p>The Community expectation is that there is a library facility in Waipukurau.</p>	<p>Council will need to consider short-term and longer-term arrangements to provide library services in Waipukurau.</p>
Community Facilities	<p>Many buildings have been assessed as requiring seismic work, or through ongoing seismic assessment will require further work through the life of the Three Year Plan.</p> <p>The Waipukurau Memorial Hall having been confirmed as earthquake-prone is a major challenge for the activity, particularly after Council and community expected the facility had been strengthened in 2016.</p> <p>Facilities such the Centralines Swimming Pool Facility require community funding for the ongoing delivery of their services and to support their upgrades, which cannot be achieved through community funding.</p> <p>Council's administration building is reaching the end of its economic life and is not fit for purpose.</p> <p>Detailed renewal profiling and condition grading of community facilities has not been completed.</p> <p>Building maintenance has been deferred.</p>	<p>The development of a Community Facilities Strategy through the 2024 Three Year Plan for implementation in 2027, will provide a holistic opportunity to strategically consider the role, purpose and long-term investment position Council and community makes in community facilities. There may be the opportunity for the transformational realisation of some assets that are currently underutilised or undervalued.</p>
Cemeteries	<p>There is an identified risk around data management and integrity. A systemised approach is required to mitigate this risk.</p>	<p>Continue with procurement plan for Cemetery Information Management system.</p>

Investment in Infrastructure

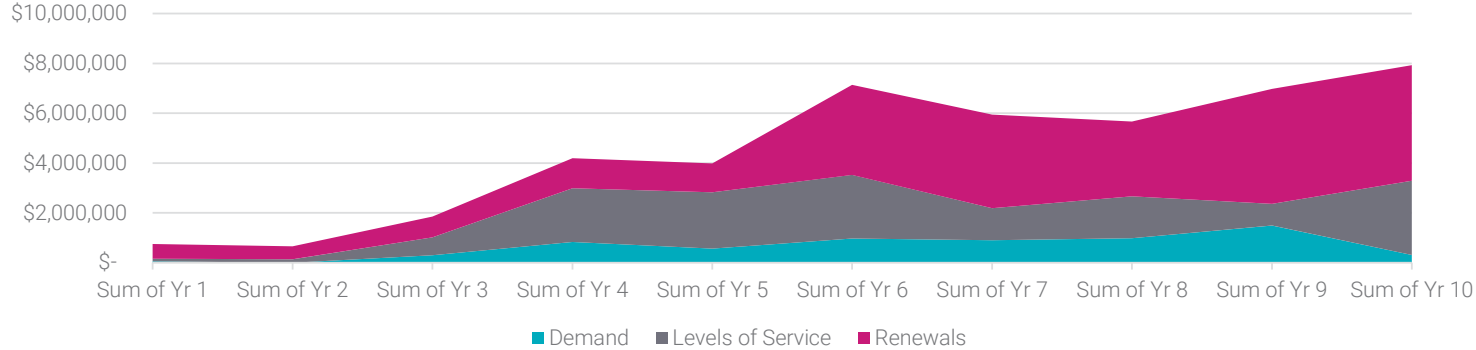
The projects and programmes of work that have been developed to address the challenges and opportunities for the Community Facilities and Open Spaces activities are shown in the table below.

Project / Programme	Total Investment (10yrs)
New Heated Pool Complex	14,387,200
New Waipukurau Library Building Construction and FFE	3,382,922
CHB Municipal Theatre EQ Strengthening	1,286,880
Waipukurau Memorial Hall EQ Strengthening	1,155,420
District Parks & Reserves Districtwide Renewals	1,023,883
Waipawa Pools Phase 2	887,336
CHB Municipal Theatre Renewals	841,948
Waipukurau - New Open Space Land Acquisition Hospital Site	834,004
Otāne - New Open Space Land Acquisition	831,625
Waipukurau - New Open Space Development Hospital Site	697,242
Community Halls Districtwide Renewals	647,270
Waipawa - Bush Drain Walkway Land Purchase	594,712
Waipawa - Bush Drain Walkway Development	582,239
Waipukurau - Lake Whatumā Access Racecourse RD & Loop Land Acquisition	566,066
District Parks & Reserves Russell Park Playground Renewal	520,200
District Parks & Reserves Russell Park Phase 3	480,000
Waipukurau - Svenson RD to Mount Herbert RR Accessway Land Acquisition	404,463
Waipukurau - Holt Place to Pōrangahau RD Accessway Land Acquisition	382,315

Project / Programme	Total Investment (10yrs)
Public Toilets Russell Park New Toilet & Changing Rooms	375,550
Waipawa - Implement Town Centre Master Plan	338,315
Otāne - Main Street upgrade - Concept, Design, Construct	337,125
Civic Theatre Renewals	335,520
Retirement Housing General Renewals	335,520
District Parks & Reserves New Playground	323,466
District Parks & Reserves Nelly Jull Playground Renewal	321,269
Districtwide - Implementation of Cycling Strategy	320,696
Otāne - New Open Space Land Development	306,500
Waipawa - Nelly Jull Connection - Land Acquisition to SH2	298,100
District Parks & Reserves New Playground	297,009
Waipukurau - Svenson RD to Mount Herbert RD Accessway Development	286,644
Pōrangahau - Upgrade Main Street Tree Planting, Furniture	276,941
Waipukurau - Holt Place to Pōrangahau RD Accessway Development	266,859
Waipukurau - Town Centre Plan Development	263,155
Takapau Hall Renewals	262,580
Waipawa Pools Renewals	262,152
CHB Libraries Building Minor Renewals	260,212
CHB Cemetery Improvements, Car Park, Drive, Gates	254,877

The total investment for the activities over the ten-year period of the Strategy is shown in the chart below.

Community Facilities and Open Spaces CAPEX



DRAFT

Revenue and Financing Policy

Adopted: 15/02/2024

DRAFT

Revenue and Financing Policy

Adopted: 15/02/2024

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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:

1. General Rates
2. Uniform Annual General Charge
3. Targeted Rates
4. Grants and Subsidies
5. Interest and Dividends from Investments
6. Fees and Charges
7. Borrowing
8. Proceeds from Assets Sales
9. Development or Financial Contributions
10. Lump Sum Contributions
11. 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 districtwide basis (with a CBD differential for the two main commercial retail zones), 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:

1. Community outcomes – the community outcomes that an activity will primarily contribute to.
2. Distributions of benefits – the distribution of benefits between the community as a whole, any identifiable parts of the community and individuals.

3. 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.
4. Contributors to the need for an activity – the extent to which actions or inactions of particular individuals or groups contribute to the need to undertake the activity.
5. Costs and benefits of distinct funding – the cost and benefits, including for transparency and accountability, of funding the activity distinctly from other activities.

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 Services Funding Options

The Local Government Act 2002 requires Council to meet its funding needs from a defined list of sources. Council determines which of these are appropriate for each activity, considering equity between generations, fairness and affordability. Council seeks to maintain an affordable and predictable level of rates in the future.

Districtwide 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:

1. Central Business District in Waipawa/Waipukurau (all rating units excluding domestic residential)
2. 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 over page).

Differential groups

The variable capital value component of 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 receives, 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, 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:

General Rate Differential Zone	2023/24 Differential	2024/25 Differential	2025/26 and onwards Differential
CBD (excl Domestic Residential)	1.3	1.4	1.5
Non-CBD	1.0	1.0	1.0

Uniform Annual General Charge (UAGC)

A UAGC is a flat charge levied from every 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:

1. 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.
2. 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, and swimming pool inspections. A targeted rate is levied only from those SUIPs that receive the service. For example, a household connected to Council's water network is charged a targeted rate for water supply but a household using tank water is not. 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 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

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 Council to collect the fees and charges.

Interest and Dividends from Investments

Council receives interest and dividends from short-term cash management and from its investments.

Borrowing

Borrowing is defined as taking on debt. 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 Council’s Development Contributions Policy and the LGA 2002 to 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 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 Council, the major source of grants and subsidies is the New Zealand Transport Agency Waka Kotahi, 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
Community Leadership Group					
Leadership, Governance and Consultation	✓	✓		✓	
Economic and Social Development	✓	✓	✓		
Planning and Regulatory Group					
District Planning	✓				
Land Use and Subdivision Consents	✓				✓
Building Control	✓				✓
Public Health	✓				✓
Animal Control	✓				✓
Compliance & Monitoring	✓				✓
Land Transport Group					
Land Transport	✓		✓	✓	✓
Solid Waste Group					
Solid Waste	✓	✓	✓		✓
Water Supplies Group					
Water Supplies			✓		✓

	General Rates	Uniform Annual General Charge	Targeted Rates	Grants and Subsidies	Fees and Charges
Wastewater Group					
Wastewater			✓		✓
Stormwater Group					
Stormwater			✓		
Places and Open Spaces Group					
Parks, Reserves and Swimming Pools	✓	✓			✓
Public Toilets	✓				
Retirement Housing					✓
Libraries	✓	✓			✓
Theatres, Halls and Museums	✓				✓
Cemeteries	✓				✓
Community Facilities	✓				✓
Overheads	✓	✓	✓	✓	

Council funds operating expenditure from the following sources:

- General Rates;
- Uniform Annual General Charge;
- Targeted Rates;
- Fees and Charges;
- Interest and Dividends from Investments;
- Grants and Subsidies; and
- Other Operating Revenue.

Council may choose to not fully fund operating expenditure in any particular year, if the deficit can be funded from operating surpluses in the immediately preceding or subsequent years. An operating deficit will only be budgeted when beneficial to avoid significant fluctuations in rates or fees and charges. In practice Council will usually budget for an overall operating surplus while the operating expenditure of some individual functions may be under/over funded in any particular year, depending on requirements specific to that function.

Council may choose to fund from the above sources more than is necessary to meet the operating expenditure in any particular year. Council will only budget for such an operating surplus if necessary to fund an operating deficit in the immediately preceding or following years, repay debt or meet a future specified funding requirement. Council will have regard to forecast future debt levels when ascertaining whether it is prudent to budget for an operating surplus for debt repayment.

Council does not fund operating expenditure by borrowing unless in exceptional circumstances.

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:

	General Rates	Targeted Rates	Borrowings	Reserves	Funding assistance/ Fees and Charges	Development Contributions
Community Leadership Group						
Leadership, Governance and Consultation	No Capital Expenditure					
Economic and Social Development					✓	
Planning and Regulatory Group						
District Planning			✓			
Land Use and Subdivision Consents					✓	
Building Control					✓	
Public Health					✓	
Animal Control					✓	
Compliance & Monitoring	✓				✓	
Land Transport Group		✓	✓	✓	✓	✓
Solid Waste Group	✓		✓	✓		✓

	General Rates	Targeted Rates	Borrowings	Reserves	Funding assistance/ Fees and Charges	Development Contributions
Water Supplies Group		✓	✓	✓	✓	✓
Wastewater Group		✓	✓	✓	✓	✓
Stormwater Group	✓	✓	✓	✓	✓	✓
Places and Open Spaces Group						
Parks, Reserves and Swimming Pools	✓		✓	✓	✓	
Public Toilets	✓		✓	✓	✓	
Retirement Housing				✓	✓	
Libraries			✓	✓	✓	
Theatres, Halls and Museums	✓		✓	✓	✓	
Cemeteries	✓		✓	✓	✓	
Community Facilities	✓		✓	✓	✓	
Overheads	✓	✓	✓	✓		

Council funds capital expenditure from revenue, reserves or borrowing. The repayment of borrowing is spread over several years. This enables Council to best match charges placed on the community against the period of benefits from capital expenditure. Borrowing is managed within the framework specified in the Treasury Policy. While seeking to minimise interest costs and financial risks associated with borrowing is of primary importance, Council seeks to match the term of borrowings with the average life of assets, up to a maximum of 35 years, when practical.

Capital renewals are programmed and funded as physically needed. Council also continuously reviews with a view to improve the inputs used in both the physical and financial planning of works to ensure the long-term needs are catered for.

Council's overall borrowing requirement is reduced to the extent that other funds are available to finance capital expenditure. Such other funds include:

- Council reserves;
- Development contributions;
- Subsidies; and
- Proceeds from asset sales.

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:

1. Proud District
2. Connected Citizens

Distributions of benefits

Benefits from the Leadership, Governance and Consultation activity are for the community generally. 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:

1. Environmentally Responsible
2. Prosperous District
3. Strong Communities
4. Connected Citizens
5. 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:

1. Environmentally Responsible
2. Prosperous District
3. Strong Communities
4. 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

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:

1. providing advice on the District Plan.
2. providing Policy advice on planning and rules of the District Plan.
3. 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:

1. Strong Communities
2. Prosperous District
3. Smart Growth
4. 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 Subdivision Consents

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:

1. Durable Infrastructure
2. Smart Growth
3. 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:

1. processing applications for building consents.
2. enforcing the provisions of the Building Act 2004 and associated regulations.

Once a consent has been obtained, 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:

1. Proud District
2. Strong Communities
3. Smart Growth

Distributions of benefits

Benefits from building control accrue mainly to users of these services (i.e. 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 (e.g. 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.

Public Health

Description

The Public 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:

1. Prosperous District
2. 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 (e.g. liquor licensing).

The community benefits through the expectation that

1. standards of operation are being met and
2. 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 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:

1. Proud District
2. 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 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:

1. Smart Growth
2. 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 notice, 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.

The exception is swimming pool inspections, which will be 100% privately funded and collected through a pool inspection fee applicable only to those houses that contain a swimming pool covered by Clause F9, Schedule 1, of the Building Regulations 1992.

Land Transport Group

Description

The Local Government Act 2002 and Land Transport Management Act 2003 provide the framework under which 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:

1. Prosperous District
2. Connected Citizens
3. 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. NZTA funding applies to subsidised roading projects.

A small amount of private funding is recovered through fees and charges.

Solid Waste Group

Description

Central Hawke's Bay District Council provides the following services:

1. District landfill
2. Transfer stations
3. Recycling drop-off centres
4. Kerbside refuse and recycling collections
5. Management of closed landfills

Community outcomes

This activity contributes primarily to the following community outcomes:

1. Proud District
2. Prosperous District
3. Strong Communities
4. Connected Citizens
5. Smart Growth
6. Environmentally Responsible
7. 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 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 60-65% private funding for this activity through fees and charges and targeted rates for kerbside recycling and refuse collection. The remaining public funding is collected through a combination of a capital value based general rate and uniform annual general charge.

Water Supplies Group

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:

1. Proud District
2. Prosperous District
3. Strong Communities
4. Connected Citizens
5. Smart Growth
6. Environmentally Responsible
7. 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 (e.g. fire fighting, 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 (Sewerage) Group

Description

Central Hawke's Bay District Council sewer systems comprise six reticulated systems and associated treatment plants.

Community outcomes

This activity contributes primarily to the following community outcomes:

1. Proud District
2. Prosperous District
3. Strong Communities
4. Connected Citizens
5. Smart Growth
6. Environmentally Responsible
7. 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 Council's sewerage system receive a direct benefit that 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 district 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 originally set out in the Long Term Plan 2021-2031 wastewater investment programme, and further updated in the 2024-2034 Long Term Plan.

Targeted Rate/Fees and Charges Differential	2023/24 Differential	2024/25 Differential	2025/26 and onwards Differential
Targeted Rate	1.0	1.0	1.0
Trade Waste Volumetric Operational Fees (B1-B6)	1.0	1.0	1.0
Trade Waste Volumetric Capital Contribution Fees (B13-B20)	0.85	1.0	1.0

Stormwater Group

Description

Central Hawke’s Bay District Council stormwater systems comprise 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:

1. Environmentally Responsible
2. 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.

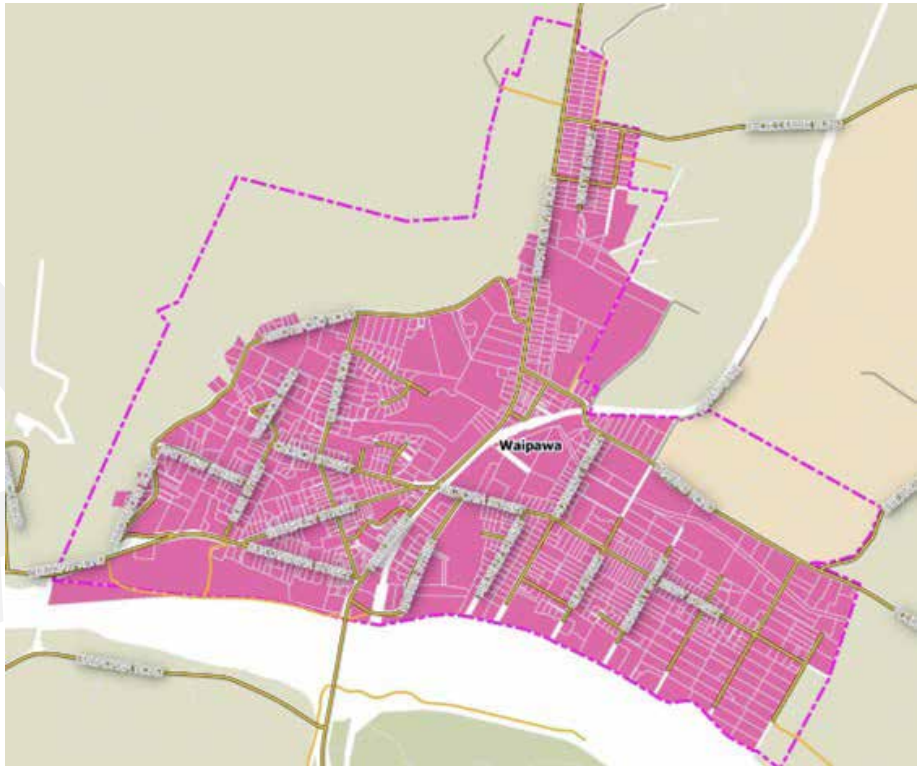
Maps of the Stormwater Catchment Areas: Takapau Stormwater Details



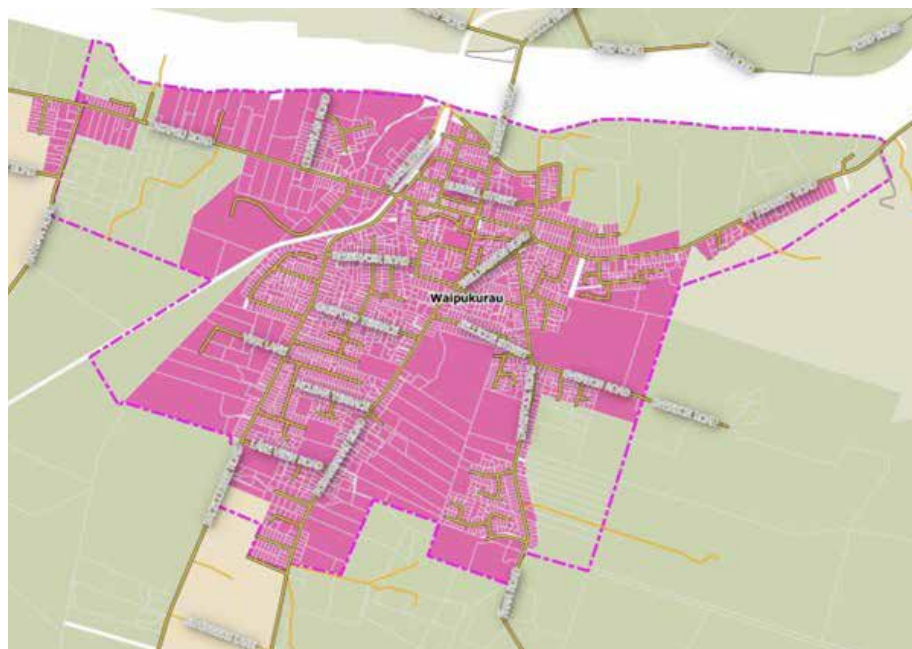
Otāne Stormwater Details



Waipawa Stormwater Details



Waipukurau Stormwater Details



Differential Groups

The variable capital value component of 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 receives, 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, 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	2023/24 Differential	2024/25 Differential	2025/26 and onwards Differential
Otāne	0.48	0.64	0.80
Takapau	0.36	0.48	0.60
Waipawa	1.00	1.00	1.00
Waipukurau	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:

1. Proud District
2. Prosperous District
3. Strong Communities
4. Connected Citizens
5. 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 in the natural environment, community pride and contributing to community health and wellbeing.

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 and that the cost of funding the public component of the Reserves and Open Spaces 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

Council provides 24 public conveniences located throughout the district.

Community outcomes

This activity contributes primarily to the following community outcomes:

1. Prosperous District
2. Environmentally Responsible

Distributions of benefits

Public toilets provide a mix of public and private benefits. While private benefits are obvious, public benefits are through 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 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:

1. Strong Communities
2. 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

Council believes the optimum funding is 100% private, through user rental charges.

Libraries

Description

Council operates two libraries in Waipukurau and Waipawa.

Community outcomes

This activity contributes primarily to the following community outcomes:

1. Proud District
2. Strong Communities
3. 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 services. 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

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, Council's Civic Theatre and the Municipal Theatre, and the Central Hawke's Bay Museum. There are two swimming pools, one owned by Council and one owned by a community trust that is largely funded by Council.

Community outcomes

This activity contributes primarily to the following community outcomes:

1. Proud District
2. Strong Communities
3. 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 no benefit perceived from separate funding.

Recommended funding

Council have agreed 85-90% public funding. Public funding is 85-90% from the capital value based general rate, with limited private funding 10-15% through user charges for hireage and rental.

Cemeteries

Description

Council currently operates ten cemetery sites for burial and cremation interments.

Community outcomes

This activity contributes primarily to the following community outcomes:

1. Proud District
2. 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

Council have agreed a 80-90% public, 10-20% private funding split. Public funding is from the capital value based general rate, with private funding through fees and charges.

DRAFT

Treasury Management Policy

Adopted: 14/04/2024

DRAFT

Treasury Management Policy

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DRAFT

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 interest costs, investment returns and risks associated with treasury management activities, incorporating both borrowing and investment activity.

Statutory objectives

1. 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.
2. Council is governed by the following relevant legislation:
 - a. Local Government Act 2002, in particular Part 6 including Sections 101,102, 104, 105 and 11.
 - b. Local Government (Financial Reporting and Prudence) Regulations 2014, in particular Schedule 4.

- c. 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.
3. Council will not transact with any Council Controlled Trading Organisation (CCTO) on terms more favourable than those achievable by Council itself.
4. A resolution of Council is not required for hire purchase, credit or deferred purchase of goods if:
 - a. the period of indebtedness is less than 91 days (including rollovers); or
 - b. the goods or services are obtained in the ordinary course of operations on normal terms for amounts not exceeding in aggregate 5.0% of Council's consolidated annual operating budget for the year (as determined by Council's Significance and Engagement Policy).

General objectives

1. Ensure that all statutory requirements of a financial nature are adhered to.
2. Minimise Council's costs and risks in the management of its external borrowings.
3. Minimise Council's exposure to adverse interest rate movements.
4. Arrange and structure external 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.
5. Maintain appropriate liquidity levels and manage cash flows within Council to meet known and reasonable unforeseen funding requirements.
6. Manage investments to optimise returns whilst balancing risk and return considerations.
7. Develop and maintain relationships with financial institutions, brokers, the capital markets and the LGFA.
8. Comply, monitor and report on borrowing covenants and ratios under the obligations of Council's lending/security arrangements.
9. Minimise exposure to credit risk by dealing with and investing in credit worthy counterparties.
10. Borrow funds, invest and transact risk management instruments within an environment of control and compliance.

11. Monitor, evaluate and report on treasury performance.
12. Ensure Council, management and relevant staff are kept abreast of the latest treasury products, methodologies and accounting treatments through training and in-house presentations.
13. 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 that Council seeks to manage, not capitalise on. Accordingly, activity that may be construed as speculative in nature is expressly forbidden.

Policy setting and management

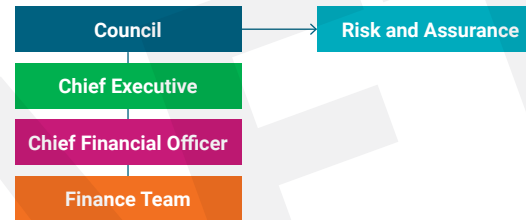
Council approves Policy parameters in relation to its treasury activities. The CFO has overall financial management responsibility for Council's borrowing and investments, and related activities, with oversight from the CE.

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

Council has ultimate responsibility for ensuring that there is an effective Policy for the management of its financial market risks. In this respect, Council decides the level and nature of risks that are acceptable, given Council's statutory objectives and risk tolerance.

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, Council has responsibility for:

1. approving the long-term financial position of Council through the Long Term Plan (LTP) and Financial Strategy along with the adopted Annual Plan.
2. approving and adopting the Liability Management and Investment Policies (the Treasury Management Policy).
3. monitoring and reviewing Council's ongoing treasury risk management performance to ensure that the treasury function is operating in such a way as to ensure that Council's strategic objectives are being met.
4. approving new borrowing facilities from the banking sector and capital markets upon the recommendation of the CE in consultation with the CFO.

5. approving the timing of the decision to engage an independent credit rating agency in order to obtain an external credit rating. This decision will be made upon the recommendation of the CE in consultation with the CFO and Council's treasury advisors.
6. approving one-off transactions falling outside Policy.

Risk and Assurance Committee

Under delegation from Council, the Risk and Assurance Committee:

1. reviews formally, on a three-yearly basis, the Treasury Management Policy document recommended by the CE in consultation with the CFO.
2. evaluates and recommends amendments to the Treasury Management Policy to Council.
3. monitors and reviews treasury activity through at least six-monthly reporting, supplemented by exception reporting.

Chief Executive Officer (CE)

While 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 CFO. 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 are comprised of borrowings and various other liabilities. Council maintains external borrowings in order to:

1. raise specific debt associated with projects and capital expenditures.
2. raise finance leases for fixed asset purchases.
3. fund the balance sheet as a whole, including working capital requirements.
4. fund assets whose useful lives extend over several generations of ratepayers.

Borrowing provides a basis to achieve intergenerational equity by aligning long-term assets with long-term funding sources and ensure that the costs 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 – Unrated*	<150%	<175%
Net External Debt / Total Revenue – Rated *	<200%	< 280
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%

* Relates to whether Council has a current external credit rating. The decision on whether to obtain such a rating resides with Council.

1. Total Revenue is defined as cash derived and 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).

2. Net external debt is defined as total external debt less unencumbered cash/cash equivalents.
3. When Council obtains a Credit Rating, the debt limit can be increased to 200%.
4. The liquidity ratio is defined as external debt plus committed LGFA/bank facilities, plus unencumbered cash/cash equivalents divided by external debt.
5. 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.
6. 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).
7. 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 Fixed Rate Bonds (Bonds), Floating Rate Notes (FRN), 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:

1. Council's projected debt requirements.
2. The size and the economic life of the project.
3. Available terms from banks, the LGFA and debt capital markets.
4. Council's overall debt maturity profile, to ensure concentration of debt is avoided at reissue/rollover time.
5. Prevailing interest rates and margins relative to term for debt issuance, the LGFA, debt capital markets and bank borrowing.

6. The market's outlook on future interest rate movements as well as its own.
7. Legal documentation and financial covenants considerations.
8. 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, term, 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 provided by Council ranks all lenders equally.

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.

1. Any internal borrowing will be on an unsecured basis.
2. 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 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.

Guarantees/contingent liabilities and other financial arrangements

Council may act as guarantor to financial institutions on loans or enter into incidental arrangements for Council-controlled trading organisations or business units, when the purposes of the loan are in line with Council's strategic objectives.

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.

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:

1. Contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA. For example, borrower notes.
2. Provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself.
3. Commit to contributing additional equity (or subordinated debt) to the LGFA if required.
4. Secure its borrowing from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over Council's rates and rates revenue.
5. 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:

1. For strategic and intergenerational purposes consistent with Council's LTP and AP.
2. The retention of vested land.
3. Holding short-term investments for working capital and liquidity requirements.
4. Holding assets (such as property and land parcels) for commercial returns.
5. 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.
6. Invest amounts allocated to specific reserves.
7. Invest funds allocated for approved future expenditure.
8. 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:

1. Council may hold financial, property and equity investments if there are strategic, commercial, and economic or other valid reasons.
2. 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:

1. Equity investment.
2. Property investment.
3. Financial investment.

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 Council 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:

1. obtain a return on the investment.
2. ensure that the LGFA has sufficient capital to remain viable, meaning that it continues as a source of debt funding for 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.

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 that are permissible under the parameters set out in Appendix A. 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:

1. Any liquid investments must be restricted to a term that meets future cash flow and capital expenditure projections.
2. 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.
3. 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:

1. The legislative necessity to maintain efficient financial systems for the recording and reporting (inter alia) of:
 - a. all revenues and expenditures.
 - b. all assets and liabilities.
 - c. the treatment and application of special funds.
2. 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.
3. 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 AP so as to adversely impact revenue projections, cost control and capital investment decisions.

The primary objective of interest rate risk management is to manage and 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 as determined by the CE in consultation with the CFO should be within the following fixed/floating interest rate risk control limits.

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:

Fixed/Floating Interest Rate Risk Control Limits		
	Minimum Fixed Rate	Maximum Fixed Rate
0–2 years	40%	100%
2–4 years	20%	80%
4–8 years	0%	60%

1. "Fixed Rate" is defined as an interest rate repricing date beyond three months forward on a continuous rolling basis.
2. "Floating Rate" is defined as an interest rate repricing within three months.
3. The percentages are calculated based on the rolling projected core debt levels calculated by management.
4. Any interest rate swaps with a maturity beyond eight years must be approved by Council.
5. Hedging outside the above risk parameters must be approved by Council.
6. 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 Bond issuance <ul style="list-style-type: none"> • Floating Rate Note (FRN) • Fixed Rate Bond (Medium Term Note) • Commercial paper (CP)/Promissory notes • Fixed Rate Term Loans.
Financial investments	Refer to Appendix A.
Interest rate risk management	Interest rate swaps including: <ul style="list-style-type: none"> • Spot and forward start swaps • Swap maturity extensions and shortenings Interest rate options: <ul style="list-style-type: none"> • Purchased caps and one for one dollars • Interest rate swaptions.
Foreign exchange management	<ul style="list-style-type: none"> • Spot foreign exchange • Forward exchange contracts
Carbon price risk management	<ul style="list-style-type: none"> • New Zealand Units (NZUs) and Assigned Amount Units (NZAAUs) • Emission Reduction Units (ERUs), Certified Emission Reduction Units (CERs), Removal Units (RMUs) – until such time as inadmissible on the NZ Emission Trading Scheme (ETS)

Any other financial instrument must be specifically approved by 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 focusses 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 or unexpected credit events.

Liquidity/funding risk control limits

To ensure funds are available when needed Council ensures that:

1. 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.
2. For liquidity purposes, Council maintains the following:
 - a. External term debt plus committed bank facilities, plus unencumbered cash/cash equivalents to existing external debt of at least 115%.
3. Council has the ability to pre-fund up to 12 months forecast debt requirements including re-financings.
4. the CFO after consulting with the CE has the discretionary authority to re-finance existing external debt.
5. Council will only borrow from strongly rated institutions with a minimum long-term credit rating of at least "A+" (S&P Global Ratings (S&P) or equivalent Fitch Ratings or Moody's rating).
6. the maturity profile of the total committed funding in respect to all external term debt and committed bank facilities is to be managed by the following control. No more than the greater of \$10m, or 35% of Council's total debt can mature in any 12 month rolling period.

Counterparty credit risk

Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a derivative financial instrument where 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.

Council's exposure to counterparty credit risk will be managed by entering into financial market transactions and funding arrangements with only approved counterparties. Approved counterparties are defined as follows:

'An approved counterparty must be a New Zealand Registered Bank or financial institution with a long-term credit rating of 'A++' by S&P, or the Moody's or Fitch Ratings equivalents'.

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 Council.

Exposures to each counterparty are calculated and reported as follows:

1. Interest rate contracts - determined by adding 3% of the notional 'face' value of the contract to its mark-to-market valuation. If this sum is negative (i.e. the instrument is substantially 'out of the money'), there is no counterparty credit exposure on the contract.
2. Foreign exchange contracts - determined by multiplying the notional value of outstanding transactions by 10%.

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:

1. 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.
2. the matching of third party confirmations and the immediate follow-up of anomalies.
3. the use of expert advice.

Agreements

Financial instruments can only be entered into with approved 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">• All Policy limits must be complied with, including (but not limited to) counterparty credit limits, control limits and exposure limits.• All treasury deadlines are to be met, including reporting deadlines.
Management of debt and interest rate risk (borrowing costs)	<ul style="list-style-type: none">• 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.• Interest rate risk management compared to a policy derived benchmark.
Treasury investment returns	<ul style="list-style-type: none">• The actual investment income should be above the budgeted YTD/annual interest income amount.

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, including all fees, must be taken into account.

Treasury reporting

Regular treasury reporting on a quarterly basis is to be provided to the Risk and Assurance Committee. The reports should contain the following:

4. Total debt facility utilisation, including any debt sourced from a bank, the capital markets and the LGFA.
5. Interest rate maturity profile against percentage hedging limits.
6. New hedging transactions completed - interest rate risk management.
7. Weighted average cost of funds.
8. Funding profile against the policy limits.
9. Liquidity profile against the policy limits.
10. Details of financial market investments held including, type of instrument, nominal amount, maturity date and interest rate.
11. Exception reporting as required.
12. Summary of any unresolved exception reports.
13. Statement of policy compliance.
14. Commentary on economic conditions and the debt markets.

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) hedge accounting 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 that 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.

Benchmarking

The Finance Team has Council discretion to manage debt and interest rate risk within policy control limits. Thus, the actual funding rate achieved must be compared against an appropriate external benchmark interest rate that assumes a risk neutral position within policy. In this respect, a risk neutral position is always precisely at the mid-point of the minimum and maximum control limits specified in the policy.

Given the Fixed/Floating Interest Rate Risk Control Limits of this policy, the market benchmark (composite) indicator rate will be calculated as follows:

- 30% - Average ninety-day bill rate for reporting month
- 10% - two-year swap rate at end of reporting month
- 10% - two-year swap rate, two years ago
- 10% - four-year swap rate at end of reporting month
- 10% - four-year swap rate, four years ago
- 15% - eight-year swap rate at end of reporting month
- 15% - eight-year swap rate, eight years ago

The actual reporting benchmark is the 12-month rolling average of the monthly calculated benchmarks using the above parameters. This is compared to actual cost of funds, excluding all credit margins and fees.

Policy Review

The Policy is to be formally reviewed on a triennial basis in conjunction with the LTP.

The CFO has the responsibility to prepare a review report every three years that is presented to the CE. The report will include:

1. recommendations as to changes, deletions and additions to the Policy.
2. an overview of the treasury function in achieving the stated treasury objectives and performance benchmarks.
3. a 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 Council through the Finance and Services Committee within five months of the financial year-end.

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Appendix A: Authorised Investment Criteria

Authorised Asset Classes	Maximum limit as a Percentage of the Total Portfolio	Approved Financial Market Investment Instruments (must be denominated in NZ dollars)	Credit Rating Criteria – S&P (or Moody's or Fitch equivalents)	Limit for each issuer subject to overall portfolio limit for issuer class
New Zealand Government or Government Guaranteed	100%	Government Bonds Treasury Bills	Not Applicable	Unlimited
Rated Local Authorities	50%	Commercial Paper	S&P ST rating of 'A-1' or LT 'A-' or A	\$2 million
		Bonds/MTNs/FRNs	S&P ST rating of 'A-1+' or LT 'A+' or better	\$4 million
Unrated local authorities where rates are used as security	25%	Bonds/MTNs/FRNs	Not applicable	\$2 million
New Zealand Registered Banks	100%	Call/Term Deposits	S&P ST rating of 'A-1' or LT 'A-' or 'A'	\$3 million
		Bonds/MTNs/FRNs	S&P ST rating of 'A-1+' or LT 'A+' or better	\$12 million
State Owned Enterprises	33%	Commercial Paper	S&P ST rating of 'A-1' or LT 'A-' or 'A'	\$2 million
		Bonds/MTNs/FRNs	S&P ST rating of 'A-1+' or LT 'A+' or better	\$4 million
Corporates	25%	Commercial Paper	S&P ST rating of 'A-1' or LT 'A-' or 'A'	\$1 million
		Bonds/MTNs/FRNs	S&P ST rating of 'A-1+' or LT 'A+' or better	\$2 million
Financials	25%	Commercial Paper	S&P ST rating of 'A-1' or LT 'A-' or 'A'	\$1 million
		Bonds/MTNs/FRNs	S&P ST rating of 'A-1+' or LT 'A+' or better	\$2 million

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Rates Remission, Postponement, Discounts and Collections Policy

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Rates Remission, Postponement, Discounts and Collections Policy

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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 non targeted 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;
 - 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 Chief Financial Officer, as meeting the relevant criteria.

The extent of any remission to any qualifying organisation shall be as determined by the Chief Financial Officer.

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

Introduction

The Central Hawke's Bay District Council recognises that land is a taonga tuku iho of special significance to Māori people. One of the ways that Council seeks to support Māori landowners is by providing assistance with rates through our Māori land rates remission and postponement policy.

The purpose of policy

The objectives of this policy are to:

- support the principles set out in the Preamble to Te Ture Whenua Māori Act 1993 by supporting Māori ownership and use of Māori land.
- support achievement of Tūhono mai Tūhono atū (Māori Engagement Strategy) objectives.
- provide equity in rating by recognising limitations on the use, development and sale of Māori land.
- freehold land (MFL) compared to other land.

The Central Hawke's Bay District Council recognises the complex problems involved when dealing with Māori land, and has formulated a policy (the Māori Freehold Land Policy) to deal with some of these. When, in the judgement of Council's Chief Financial Officer, 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 painstaking and 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

The owners of Māori Freehold Land can apply to have their lands entered on the register. By making an application, owners are asking Council's Chief Financial Officer for a discretionary remission of rates.

If accepted, the land will be 'retired' from rates for a term specified by Council's Chief Financial Officer, 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.

Council Officers reserve the right to inspect the land on the Māori Land Register to monitor for breaches. Any identified change in use, or application for consents that indicate an intended change in use, may result in the land being removed from the register and reverting to being rateable.

Each application is examined on its own merits. Intending applications should not be compared to others already on the register.

The criteria

Māori freehold land is non-rateable (not liable for any rates) under the LGRA, Schedule 1, Part 1, clause 14A of the Local Government (Rating) Act 2002 if the **entire rating unit is unused**.

The purpose of this remission scheme is to provide rates assistance to unused Māori land that falls outside the scope of this non-rateability provision, for example:

- Māori freehold land that is partly used, or does not meet the specific definition of “unused” for LGRA;
- non-rateability purposes; or
- Māori land that is not in Māori freehold land title.

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, or part of the land is 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.

A qualifying rating unit will be eligible for a 100 percent remission of the rates on the portion of the rating unit that is undeveloped and unused.

General comment

For an application to be considered:

- Communication must be established between owners and Council's Chief Financial Officer.
- 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 three years (or back to purchase date where the property has been owned by the offending ratepayer less than three years) shows no previous evidence of late payment and the instalment was received by Council no later than ten working days after the day of adding the instalment additional charge.
2. 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.
3. 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.
4. 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.
5. Where a direct debit authority is commenced in time for the next instalment.
6. 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 for Natural, Historic or Cultural Conservation Policy

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.

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 certainty regarding the conditions that must be satisfied before Council will accept an application for the remission of excessive water consumption charges from a metered Council water supply caused by previously undetected leaks.

To provide fair and reasonable relief to ratepayers who have excessive water consumption due to leakage and to encourage customers to get all leakage repaired in a reasonable timeframe.

Why does Council have water meters

Council uses water meters to encourage water conservation, identify leaks and ensure that high water users pay their fair share.

The first 300 cubic metres (300,000 litres) will be included as part of your water rates. If you use less than 300 cubic metres per year, your water rates will cover all costs and there will be no further charges. If you use more than 300 cubic metres, you will be invoiced on a user-pays basis.

[The threshold of 300 cubic metres per year is set above the volume of water an average Central Hawke's Bay household would use in a year - 274 cubic metres/year as per the Ministry of Health guidelines.]

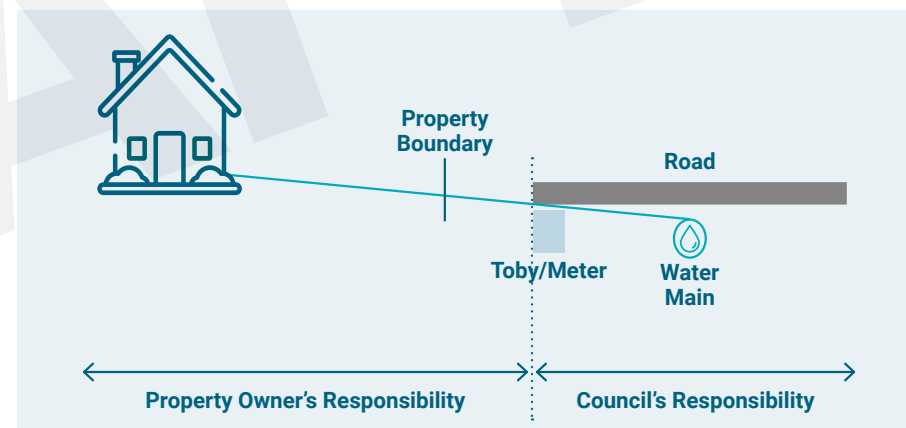
If your property has a water meter, please keep an eye on the amount of water that you use because the property owner is responsible for all of the water that goes through the water meter.

We recommend that you read your water meter regularly. As a guide, normal household usage should be approximately 25 cubic metres (approximately 800 litres/day) of water per month but activities like irrigating the garden, filling swimming pools, can dramatically increase your water usage as can leaky pipes, taps and stock troughs.

If you suspect you have a leak, you can check by turning off all of your taps and taking a look at the meter. If the meter is still moving, you may have a leak somewhere on your property and should contact your plumber to get the leak fixed.

Any leaks within Council's reticulation network is Council's responsibility to fix and will not trigger a water invoice for private property owners. The water meter itself is where the water leaves Council's reticulation network and enters the private properties network. Only water usage/leaks after the water meter (i.e. inside the property owners private network) will be result in the meter recording a water flow (see diagram below).

Why does Council have water meters



Conditions and criteria

Council may remit water meter rates where all of the following apply:

- A written application for remission for a water leak has been received from the property owner/property tenant.
- The remission application is received within three months of the invoice date.
- Council is satisfied a leak on the property has caused excessive consumption and is recorded on the water meter.
- 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).
- Proof of the leak being repaired (photos, plumbers invoice) 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:

- those established as a special school under Section 98(1) of the Education Act 1964;
- a state school under Section 2 (1) of the Education Act 1989;
- an integrated school under Section 2 (1) of the Private Schools Conditional Integrated Act 1975;
- 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.

1. 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 1 (b) below (the full charge); and reduced in accordance with the following graduated formula:
 1. The full charge for each of the first four toilets or part thereof;
 2. 75% of the full charge for each of the next six toilets or part thereof;
 3. 50% of the full charge for each toilet after the first ten.
 - 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 waste water targeted rates.

The amount to be remitted is the difference between the amount calculated under 1 (a) 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 Mōa District Council. Mōa 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 $\$100 \times 28 \text{ pans} = \$2,800$. 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 $\$2,800/27 = \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% of the full charge ($\$77.78 \times 6 = \466.68)

17 pans at 50% of the full charge ($\$51.85 \times 17 = \881.45).

Total = $(414.8 + 466.68 + 881.45) = \$1,762.93$

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.

Remission of Rates – Dwellings and Land Affected by Natural Disaster

Objective of the policy

To allow Council, at its discretion, to provide rates remission to assist ratepayers of rating units where the land or primary dwellings/buildings have been detrimentally affected by natural disaster (such as erosion, falling debris, slippage, inundation or earthquake) rendering dwellings/building uninhabitable, or affecting the use and income derived, of the land, and which directly affects their ability to pay rates.

Application

Applications should be made in writing to the Chief Financial Officer.

Conditions and criteria

Rate Remissions may be considered in the following circumstances:

- Where a primary dwellings/buildings has been red or yellow stickered under the authority of the Building Act 2004 or the Civil Defence Emergency Management Act 2002
- Where a property is severely eroded or impacted properties, includes those properties with crop or pasture damage, where the land has become unusable or uneconomic or the ownership of the land has become indeterminate or uneconomic

If properties previously receiving a rates remission under this policy are sold then any rates remissions previously provided will cease.

Decisions on what remissions are applicable will be determined by Council on an event-by-event basis and then outworked by the Chief Financial Officer.

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 ten years);
- 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.

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:

1. 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.
- Only rating units defined as residential and used solely for residential purposes (as defined by Council) will be eligible for consideration of rates postponement under the conditions and criteria of this policy.

Criteria

When considering whether extreme financial circumstances exist, all of the ratepayer's personal circumstances will be relevant.

Application can only be made by the person entered on Council's rating information database as the "ratepayer" or their authorised agent using the form contained in Appendix 1.

The applicant must provide a complete application, including:

- information on the ratepayer's age, any physical or mental disability, injury, illness, and family circumstances;
- confirmation that the ratepayer is the current owner of the rating unit (which is the subject of the application), and that they have owned it for not less than two years;
- confirmation that the ratepayer uses the rating unit as their residence;
- confirmation that the ratepayer does not own any other rating units or investment properties;
- verification from the ratepayer's bank as to the level of equity the ratepayer holds in the property, and that this equity is no less than 30% of the properties value; and
- a letter of support from an accredited budget adviser or financial planner stating they have had the scheme explained to them, and that they understand the rates arrears are secured against their property. The letter must also detail that the ratepayer has a household budget and has a plan for working their way out of financial hardship including a repayment plan for clearing the rates arrears in the future.

Council may consider further information to support the ratepayer's case for postponement, including:

- the likely period before the ratepayer's position could be expected to improve.
- the potential for the ratepayer's situation to deteriorate further.
- the views of any other party with a registered interest in the rating unit.
- whether there are previous arrears owing on the property.
- whether the applicant has sought and/or obtained financial assistance through any other means.
- whether the ratepayer is unable to meet minimum living expenses.
- whether the ratepayer is unable to meet mortgage repayments on the property, resulting in their mortgage provider enforcing the mortgage on their property.
- whether the ratepayer is paying for medical treatment if the applicant or dependent family member has an injury; requires palliative care; or is suffering from a serious illness.

Council will consider, on a case by case basis, all applications received that meet the eligibility criteria of this policy.

Before approving an application, Council must be satisfied that the ratepayer is unlikely to have sufficient funds left over, after the payment of rates, for normal health care, proper provision for maintenance of his/her home and chattels at an adequate standard as well as making provision for normal day-to-day living expenses.

Important information

- Even if rates are postponed, the ratepayer will be required to pay the first \$1,000 of the annual rates assessment.
- 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 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 two years of the original due date of the rates being postponed, and must clear the postponed rates plus postponement fees owing within five years of the original due date.
- The postponed rates, or any part of thereof, may be paid by lump sum at any time.
- Applicants may be asked to provide evidence of having received budget advice from an approved budget advisory service.

Rates Postponement for Emergency Event 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 2) 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.
- Verification from the ratepayer's bank as to the level of equity the ratepayer holds in the property, and that this equity is no less than 30% of the properties value. Even if rates are postponed, the ratepayer will be required to pay the first \$1,000 of the annual rates assessment.
- 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 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 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 two years of the original due date of the rates being postponed, and must clear the postponed rates plus rates postponement fees owing within five 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 ratepayer 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 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.
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 two years of the original due date of the rates being postponed, and must clear the postponed rates plus postponement fees owing within five 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 Postponement for Superannuant Homeowners

Purpose of this policy

To give ratepayers receiving superannuation a choice between paying rates now or later.

Criteria

The applicant must meet the following criteria and provide the following documentation:

- Any ratepayer is eligible for postponement provided that the rating unit is used by the ratepayer for residential purposes.
- The ratepayer resides at the address of the rating unit.
- At least one of the named ratepayers was receiving superannuation at the start of the rating year.
- The ratepayer is eligible for the government rates rebate and has applied for it.
- That paying Council rates is causing financial hardship.
- The Council is satisfied, on reasonable assumptions, that the risk of any shortfall when postponed rates and accrued charges are ultimately paid is negligible.
- The property must be insured for its full value and evidence of this produced annually.
- The ratepayer must be able to demonstrate that they have more than 30% equity in the rating unit at the start of each postponement year.
- The ratepayer must produce a letter of support from an accredited budget adviser or financial planner stating they have had the scheme explained to them, and that they understand the rates arrears are secured against their property. The letter must also confirm that paying Council rates is causing financial hardship.

Important information

- Only rating units defined as residential and used for personal residential purposes by the applicant(s) will be eligible for consideration of rates postponement under the criteria and conditions of this policy.
- Current and all future rates may be postponed indefinitely if at least one ratepayer is 65 years of age or older.
- Council will add to the postponed rates all financial and administrative costs to ensure neutrality. Therefore, the ratepayer meets the full cost of postponement.
- The fee will be 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) that the postponement is in place.
- Council will establish a reserve fund out of which any shortfall will be met between the net realisation on sale of a property and the amount outstanding for postponed rates and accrued charges, at the time of sale. This will ensure that neither the ratepayer(s) nor the ratepayer's estate will be liable for any shortfall.
- The postponed rates or any part thereof may be paid at any time.
- The applicant may elect to postpone the payment of all or part of the annual rates on the rating unit.
- Any postponement on this rating unit is cancelled at the earlier of the sale of the property, or on the death of the ratepayer, or the property ceasing to be primary dwelling of the ratepayer.

Application Process Checklist

First Year of Application:

- Request postponement in writing
- Provide proof of receipt of superannuation
- Provide proof of the government rates rebate eligibility
- Provide proof that ratepayer resides at the rating unit address
- Provide details of any mortgage(s) over the rating unit and their balances at the date of application
- Provide proof that the property is fully insured
- Provide letter of support from accredited budget advisor/financial planner

Subsequent Years of Application:

- Request continuation of postponement in writing
- Provide proof that ratepayer resides at the rating unit address
- Provide details of any mortgage(s) over the rating unit and their balances at the date of application
- Provide proof that the property is fully insured

Rates Discount 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:
 1. Court Costs
 2. Additional charges
 3. Previous rate arrears – oldest first
 4. Current rate arrears
 5. 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.
3. 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.

Appendix 1: Rates Postponement - Financial Hardship Application Form

Applicant details:

Name of Ratepayer.....
 Contact email:
 Mobile phone/landline contact numbers.....
 Date of Birth.....
 Marital Status: Married De facto Single
 Occupation.....

If married or in a de facto relationship:

Partner's name.....
 Address.....
 Occupation.....

Your Property

Valuation Number (on rates invoice).....
 Property Address.....
 Mortgagee (if applicable).....

Eligibility

- 1. Is the property above your usual place of residence? YES / NO
- 2. Do you have at least 30% equity? (provide evidence) YES / NO
- 3. Do you have full property insurance cover? (provide evidence) YES / NO
- 4. Have you applied for a rates rebate? YES / NO
- 5. Do you own any other property? YES / NO
- 6. Do you or a family member have physical or mental disability, injury or illness that impacts your ability to work? YES / NO
(If yes, please provide further information)
- 7. Have you attached a letter of support from an accredited budget/financial planner? YES / NO

Please provide financial details below.

I/We do solemnly and sincerely declare that the particulars supplied are correct in every detail and I/we make this solemn declaration conscientiously believing the same to be true and by virtue of the Oaths and Detention Act 1957

Declared at.....this.....day of20.....

Before me.....

(Solicitor Justice of the peace or other person authorised to take a statutory declaration)

Signatures of Applicants.....

Appendix 2: Rates Postponement - Emergency Event

Applicant details:

Name of Ratepayer.....
 Contact email:
 Mobile phone/landline contact numbers.....
 Date of Birth.....

Your Property

Valuation Number (on rates invoice).....
 Property Address.....
 Mortgagee (if applicable).....

Eligibility

- 1. Is the property above your usual place of business? YES / NO
- 2. Do you have at least 30% equity? (provide evidence) YES / NO
- 3. Do you have full property insurance cover? (provide evidence) YES / NO

If you answered "No" to any of the three questions you are not eligible.
 If eligible, please provide financial details below.

I/We do solemnly and sincerely declare that the particulars supplied are correct in every detail and I/we make this solemn declaration conscientiously believing the same to be true and by virtue of the Oaths and Detention Act 1957

Declared at.....this.....day of20.....

Before me.....

(Solicitor Justice of the peace or other person authorised to take a statutory declaration)

Signatures of Applicants.....

Significance and Engagement Policy

Adopted: 14/03/2024

DRAFT

Significance and Engagement Policy

Adopted: 14/03/2024

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DRAFT

Introduction

Central Hawke's Bay District Council (Council) is responsible for making decisions on behalf of its communities. 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 Council's standard approach.

Vision

Council's 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". 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 known 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:

1. enable Council to identify when it would be appropriate to engage with the community.
2. provide clarity to the community on how it might be engaged in various types of decisions.
3. inform Council from the start of a project the extent of any engagement that might be required before it makes 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:

1. the general approach to determining the degree of significance of proposals and decisions and the level of engagement required.
2. the criteria used to determine the extent to which proposals and decisions are of significance.
3. information on when, how and to what extent communities can expect to be engaged in decision-making processes and other matters.
4. the process for any consultations carried out under a Special Consultative procedure.
5. information on strategic assets and a list of strategic assets owned by Council.

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 Three Year 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 the advantages and disadvantages.

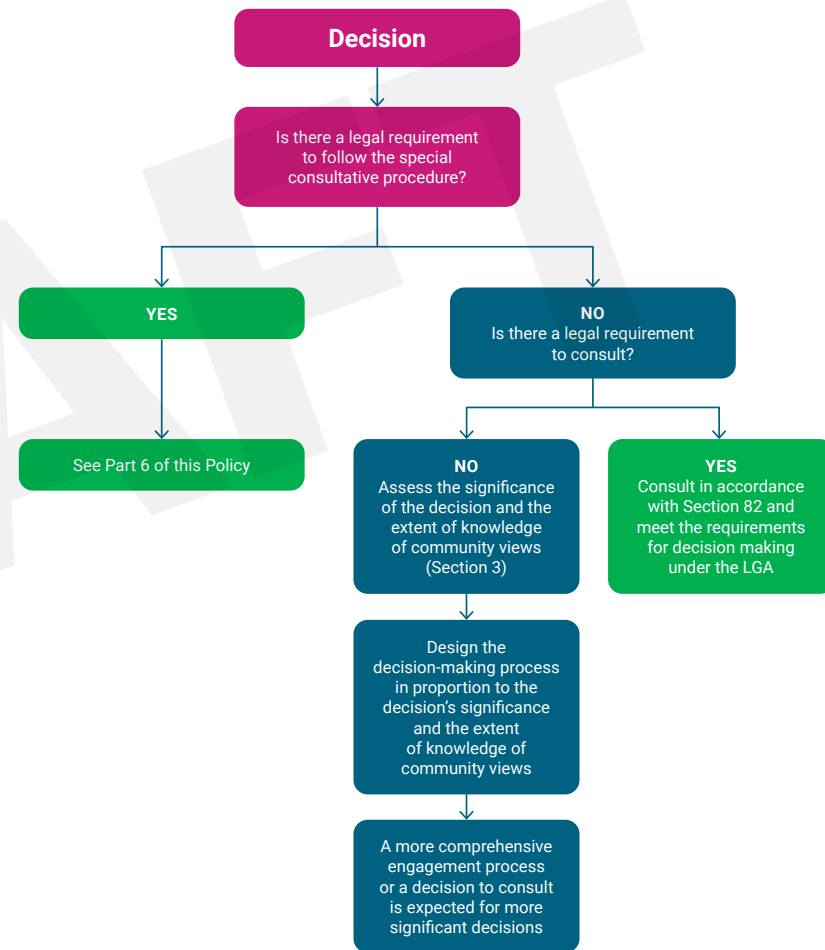
At this point, it is then appropriate to design the decision-making and engagement process taking into account:

1. the level of significance;
2. the level of significance in relation to the level of engagement, and
3. appropriate methods of engagement.

If Council has decided to consult, or is otherwise legally required to, ensure that consultation complies with consultation principles.

This process is outlined in the flowchart here.

Significance and Engagement Policy



A note on consultation versus engagement

Consultation involves obtaining public feedback on proposals; it is one form of engagement. Council regularly consults communities through processes such as the Long Term Plan, which determines Council's strategic direction as well as how it sets budgets and prioritises projects. 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

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 Council to perform its role, as well as the financial and other costs of doing so.

The criteria for assessing the degree of significance

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.

1. Number of people affected and/or with an interest.
2. Level of impact on those people affected.
3. Level of community interest.
4. 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.
5. Possible environmental, social and cultural impacts.
6. Possible costs/risks to Council, ratepayers and wider community of carrying out the decision.
7. Possible benefits/opportunities to Council, ratepayers and wider community of carrying out the decision.
8. Level of impact on the capacity and capability of Council.
9. Whether the impact of a decision can be easily reversed.
10. 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 Council will invest in obtaining the views of affected and interested parties. It is important that Council design the engagement process in proportion to the decision's 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 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, 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 Council not carry out engagement?

There may be occasions when 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 Council's strategic objectives. The Local Government Act 2002 sets out a process for Council to follow if Council has a good reason to make a decision outside of this policy.

Our Approach to Engagement

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. Council will monitor and report on how public input has influenced decisions. 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:

1. Mana Whenua, Iwi and Māori organisations;
2. community and business organisations;
3. government and education sectors; and
4. 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 that 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, frontline staff, print media, workshops and community events.

Engagement with Māori

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 in the decision-making process. Council is committed to providing relevant information to inform Māori contribution and improve Māori access to Council's engagement and decision-making processes, as set out in Section 81 of the Act.

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.

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 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 one month. Council must ensure people are given an opportunity to present their views to Council through spoken interaction (or using sign language).

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 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 one month, and will consider all submissions prior to making decisions.

Strategic Assets

An important objective of Council is to achieve or promote outcomes that it believes are important to the current or future wellbeing 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 Council has determined they need to be retained if its objective is to be met. These assets must be listed in Council's Significance and Engagement Policy. The Act requires that any decision that significantly alters the level of service provided by 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 Council must be explicitly provided for in the Three Year Plan and can only be consulted on in the Three Year Plan, in accordance with Section 93E of the Act.¹¹

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 wellbeing of the community; and includes:

1. any asset or group of assets listed in accordance with Section 76AA(3) by the local authority;
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:
 1. a port company within the meaning of the Port Companies Act 1988.
 2. an airport company within the meaning of the Airport Authorities Act 1966.

Section 76AA (3) of the Act requires that Council "must list the assets considered by the local authority to be strategic assets." These assets are determined to be important to achieving Council's community outcomes. In addition, assets or groups of assets are listed as strategic if Council ownership or control is essential to the long-term provision of the associated service.

Group or Whole-of-Asset Approach

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:

1. "Water supply network assets" means those group assets as a whole and not each individual pipeline, reservoir and pump station. 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.
2. "Roading assets" and "reserve assets" mean those group assets as a whole. Therefore, if 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.
3. 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 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 Council has followed the road stopping processes under the Public Works Act 1981;
 - disposal of individual reserves, provided that 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.

¹¹ Section 93E of the Local Government Act 2002 covers the additional content of consultation documents for adoption or amendment of a Long Term Plan where Section 97 applies to proposed decision.

Schedule of Strategic Assets

Assets Council owns that are strategic assets under Section 5 of the Local Government Act 2002:

1. The public rental housing held by Council to maintain affordable housing

Assets Council has determined to be strategic assets:

1. Infrastructural assets relating to roads, water, stormwater and wastewater
2. The network of parks, sports grounds and other recreational facilities
3. The district's aquatic facilities, including the Waipawa District's Centennial Memorial Pool
4. Solid waste facilities, including transfer stations and the Farm Road Landfill
5. CHB District Libraries, as a whole
6. Cemeteries
7. Cultural facilities, including the Waipukurau Memorial Hall and Central Hawke's Bay Municipal Theatre
8. Retirement housing

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Significant Forecasting Assumptions 2024 - 2027

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Significant Forecasting Assumptions

A forecasting assumption is defined as something Council accepts as being true for the purposes of future decisions and actions.

Council has made a number of significant assumptions in preparing this Three Year Plan that are foundational the financial estimates and deliverability of the plan. The Local Government Act 2022 requires councils to disclose their key assumptions. Where there is a high degree of uncertainty, councils are required to identify the uncertainty and estimate the potential effects of that uncertainty on the financial estimates.

This section contains assumptions about the following matters:

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Summary

Issue	Likelihood of occurrence	Financial impact
1. Strategic Direction and Demand		
Change in strategic direction and demand	Moderate	Moderate
2. Council Operation and Structure		
Organisational change including three waters	Moderate	High
There is sufficient resource to deliver operational services	Moderate	Moderate
3. Growth and Financial Assumptions		
Population growth	High	High
Demographic changes - age	High	Moderate
Housing growth	Moderate	Moderate
Inflation forecasts	Moderate	Moderate
Insurance forecast	Moderate	Moderate
Interest rates forecast	Moderate	High
Borrowing status with LGFA	Low	High
Income from Development Contributions	Moderate	Moderate
Income from Central Government subsidies and/or grants	Moderate	High
Trade Waste Capital Financial Contributions	Moderate	Moderate

Issue	Likelihood of occurrence	Financial impact
4. Capital Expenditure Delivery		
Ability to deliver the capital programme	Moderate	Moderate
Sufficient contractor availability to deliver capital programmes	Moderate	High
5. Legislative/Regulatory Environment		
Impact of Legislative Change on Council	High	High
6. Climate Change, Natural Hazards and Carbon Implications		
Emissions Trading Scheme	Moderate	High
Major weather events and climate change	High	High
7. Assets		
Asset lives	Moderate	Moderate
Depreciation	Low	Low
Earthquake-prone buildings	Moderate	Moderate

1. Strategic Direction and Demand

Issue	Assumption description	Risk	Likelihood of occurrence	Financial impact	Risk mitigation factors and effects
Change in strategic direction and demand	Council has a clear strategic direction established by Project Thrive. This direction guides the future of the district and how Council services and the resources applied to progress that direction, and there are no substantial changes to services.	<p>Substantial changes in the strategic direction and level of service because of changing community and political priorities, or other contextual drivers, could result in increased cost and/or opportunity costs.</p> <p>Cyclone Gabrielle has put a significant strain on Council's resources. An additional extreme weather event would compound the strain on Council.</p>	Moderate	Moderate	<p>Council's budgets and work programme are based on the strategic direction as set out in the introductory chapters to the Three Year Plan, developed through Project Thrive. The current context is further refined from priorities identified in this triennium, shaped by events such as Cyclone Gabrielle.</p> <p>The strategic direction and services of Council are regularly monitored. Any significant changes to Council's strategic direction would be considered within the parameters of the Financial Strategy and if needed reassessed through an Annual Plan process or LTP amendment.</p> <p>The Financial Strategy shall ensure that sufficient financial headroom is available to respond to unforeseen events.</p>

2. Council Operation and Structure

Issue	Assumption description	Risk	Likelihood of occurrence	Financial impact	Risk mitigation factors and effects
Organisational change including three waters	The Three-Year Plan is based on the assumption that activities are being delivered under the current structure and are generally assumed to remain the same. This includes three waters.	Change to three waters occurs at a rate faster than assumed (i.e the first three years of the Three Year Plan). Major unexpected changes to the structure of service delivery could be costly and significantly disruptive to the delivery of services during a transition phase.	Moderate	High	While there is recognition that the Hawke's Bay Three Waters Model will be the vehicle that will most likely achieve the outcomes the new Government Policy 'Local Water Done Well' sets and that this could be achieved within three-to-four years, it is too early in this Three Year Plan to confirm this assumption. Any significant changes would trigger significance and may require the use of the Special Consultative Procedure. Any changes or impacts would need to be carefully examined and considered, ahead of major change occurring, requiring multiple aspects of Council's operation to be considered likely as part of a full Long Term Plan review or amendment.
There is sufficient resource to deliver operational services	Council will continue to face challenges in attracting and retaining key staff in specialist areas.	Council will not be able to attract or retain key staff resulting in impacts to Levels of Service and additional cost where reliance on external contractors occurs.	Moderate	Moderate	Nationally across all industries (not unique to Council organisations) businesses remain facing a specialist skills shortage. That, coupled with recent economic and inflationary pressures has resulted in a particularly competitive job market. Salary expectations remain high and Council is unable to meet or compete with these expectations. Turnover in key roles where shortages exist, particularly three waters, planning and land use have impacted our services in recent years. Council has some ability to adjust or reprioritise key programmes of work, relatively to budget and resource availability, however not for many core activities such as consenting. As part of the People and Capability activity, Council has a wider attraction, development and retention strategy. Council has strong external contractor relationships that continue to provide resources and support teams through period of vacancies; however, this market too has its challenges and comes with significant additional cost. It will continue to utilise these opportunities whilst undertaking recruitment.

3. Growth and Financial Assumptions

Issue	Assumption description	Risk	Likelihood of occurrence	Financial impact	Risk mitigation factors and effects
<p>Population growth</p>	<p>Population growth estimates align with the Squillions Central Hawke's Bay Demographic and Economic Growth Projections 2023-2053, medium growth assumption rate over the next ten years to 2034. This assumes an average growth rate of 2.0% per annum. In 2023, the population of Central Hawke's Bay is estimated to be 16,220.</p>	<p>That population growth is higher or lower than expected.</p> <p>Increases in population greater than forecast will exacerbate the strain on Council services, facilities, and infrastructure.</p> <p>A slower population growth, and therefore a slower growth in new housing, will impact the spread of rate revenue impacting rates affordability.</p>	<p>High</p>	<p>High</p>	<p>Population projections consider impacts resulting from Cyclone Gabrielle and the ongoing impacts of affordability.</p> <p>There are a large number of variables that remain uncertain nationally and internationally that could impact the projections, and Council will need to carefully monitor these regularly against projections as it does through its quarterly financial and other reporting, including annual reviews of its growth data.</p> <p>The current three-year approach to substantially reviewing budgets and growth impacts on assets is a core mitigation factor.</p>

Issue	Assumption description	Risk	Likelihood of occurrence	Financial impact	Risk mitigation factors and effects																																																																																																																														
Demographic changes - age	<p>That the proportion of residents aged 65+ in the district will rise from 22% in 2023 to 25% in 2033. This is a trend that is forecast to continue past 2033 into subsequent years.</p> <p>Central Hawke's Bay State of the District 2023 Squillions Ltd</p> <p>Figure 14: Population by age with projections: high scenario</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Total</th> <th>0-14 Years</th> <th>15-39 Years</th> <th>40-64 Years</th> <th>65+ Years</th> </tr> </thead> <tbody> <tr><td>2018</td><td>14,650</td><td>3,050</td><td>3,650</td><td>5,100</td><td>2,850</td></tr> <tr><td>2019</td><td>14,900</td><td>3,090</td><td>3,740</td><td>5,080</td><td>2,990</td></tr> <tr><td>2020</td><td>15,400</td><td>3,150</td><td>3,950</td><td>5,150</td><td>3,150</td></tr> <tr><td>2021</td><td>15,700</td><td>3,190</td><td>4,090</td><td>5,130</td><td>3,290</td></tr> <tr><td>2022</td><td>15,950</td><td>3,300</td><td>4,100</td><td>5,150</td><td>3,400</td></tr> <tr><td>2023</td><td>16,220</td><td>3,260</td><td>4,230</td><td>5,190</td><td>3,540</td></tr> <tr><td>2024</td><td>16,510</td><td>3,300</td><td>4,370</td><td>5,120</td><td>3,720</td></tr> <tr><td>2025</td><td>16,830</td><td>3,340</td><td>4,400</td><td>5,240</td><td>3,850</td></tr> <tr><td>2026</td><td>17,150</td><td>3,370</td><td>4,460</td><td>5,360</td><td>3,960</td></tr> <tr><td>2027</td><td>17,490</td><td>3,410</td><td>4,520</td><td>5,470</td><td>4,090</td></tr> <tr><td>2028</td><td>17,860</td><td>3,450</td><td>4,610</td><td>5,570</td><td>4,230</td></tr> <tr><td>2029</td><td>18,210</td><td>3,490</td><td>4,710</td><td>5,640</td><td>4,370</td></tr> <tr><td>2030</td><td>18,580</td><td>3,540</td><td>4,770</td><td>5,760</td><td>4,510</td></tr> <tr><td>2031</td><td>18,970</td><td>3,580</td><td>4,850</td><td>5,870</td><td>4,670</td></tr> <tr><td>2032</td><td>19,390</td><td>3,640</td><td>4,920</td><td>6,020</td><td>4,810</td></tr> <tr><td>2033</td><td>19,810</td><td>3,690</td><td>5,000</td><td>6,150</td><td>4,970</td></tr> <tr><td>2038</td><td>21,900</td><td>4,010</td><td>5,440</td><td>6,890</td><td>5,560</td></tr> <tr><td>2043</td><td>24,100</td><td>4,330</td><td>5,910</td><td>7,740</td><td>6,120</td></tr> <tr><td>2048</td><td>26,720</td><td>4,760</td><td>6,430</td><td>8,740</td><td>6,790</td></tr> <tr><td>2053</td><td>29,530</td><td>5,120</td><td>7,170</td><td>9,530</td><td>7,710</td></tr> </tbody> </table>	Year	Total	0-14 Years	15-39 Years	40-64 Years	65+ Years	2018	14,650	3,050	3,650	5,100	2,850	2019	14,900	3,090	3,740	5,080	2,990	2020	15,400	3,150	3,950	5,150	3,150	2021	15,700	3,190	4,090	5,130	3,290	2022	15,950	3,300	4,100	5,150	3,400	2023	16,220	3,260	4,230	5,190	3,540	2024	16,510	3,300	4,370	5,120	3,720	2025	16,830	3,340	4,400	5,240	3,850	2026	17,150	3,370	4,460	5,360	3,960	2027	17,490	3,410	4,520	5,470	4,090	2028	17,860	3,450	4,610	5,570	4,230	2029	18,210	3,490	4,710	5,640	4,370	2030	18,580	3,540	4,770	5,760	4,510	2031	18,970	3,580	4,850	5,870	4,670	2032	19,390	3,640	4,920	6,020	4,810	2033	19,810	3,690	5,000	6,150	4,970	2038	21,900	4,010	5,440	6,890	5,560	2043	24,100	4,330	5,910	7,740	6,120	2048	26,720	4,760	6,430	8,740	6,790	2053	29,530	5,120	7,170	9,530	7,710	An increasingly older population increases the number of residents on fixed incomes and therefore limited ability to pay for more services.	High	Moderate	<p>Council has implemented a new rating option for Superannuants to provide rates postponement for those that own their homes. This however will not substantially address affordability for all.</p> <p>An ageing population will need different levels of service to support accessibility and affordability. These have been factored in where identified and will be regularly reviewed as part of asset management planning.</p>
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Issue	Assumption description	Risk	Likelihood of occurrence	Financial impact	Risk mitigation factors and effects
Housing growth	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 of people residing in each home. Population growth is expected to increase by 2.0% p.a over the next ten years and household sizes are expected to increase quarter-way through the next ten years before returning to the same average size as now. (2.3 people per household on average).	Household growth is lower than the levels expected, relieving pressure on housing supply, impacting ratepayer projections. Household growth increases are above the expected levels placing further pressure on existing housing supply.	Moderate	Moderate	Council have adopted the medium growth scenario from the growth projection work based on the level of activity over the past 12 months and the level of uncertainty post Cyclone Gabrielle. Population and household sizes will continue to be monitored annually and compared to assumed forecasts so that variances can be identified early, and housing and financial projects can be adapted accordingly.
Inflation forecasts	That local government cost inflation will be consistent with BERL forecasts. 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 in the form of the LGCI.	Inflation is higher than forecast. This could impact the cost and affordability of Council services.	Moderate	Moderate	BERL price change estimates are an industry recognised measure. Given the volatility to inflation presented by the current economic environment, inflation and its impact on local government costs and ratepayers will continue to be reviewed annually.
Insurance forecast	Insurance premiums will increase over time due to numerous natural events that have resulted in major insurance payouts. Insurance costs are predicted to rise by at least 20% as a result of the natural events.	That inflation is higher than forecast. This could impact the cost and affordability of Council services.	Moderate	Moderate	BERL price change estimates are an industry recognised measure. As these are updated annually, Council will review its financial strategy accordingly noting the impact of any upward movement on affordability.

Issue	Assumption description	Risk	Likelihood of occurrence	Financial impact	Risk mitigation factors and effects																																							
Interest rates forecast	That Council will be able to negotiate favourable borrowing terms, and interest rates for borrowing will be in keeping with forecast expectations. Council is forecasting for the ten-year period of this LTP that the interest rate will range from 4.00% to 5.50 %.	That we will not be able to access loan funding, or interest rates are higher than forecast. 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.	Moderate	High	Council has a Financial Strategy and Treasury Management Policy that sets parameters for Council debt and contains strategies to protect ratepayers against significant fluctuations. If there is significant change, Council has the option to modify its investment programmes to slow future investment where it can.																																							
	<table border="1"> <thead> <tr> <th>Financial Year</th> <th>Residential Floating</th> <th>Council's Cost of Funds</th> </tr> </thead> <tbody> <tr> <td>2022/23</td> <td>6.85%</td> <td>5.50%</td> </tr> <tr> <td>2023/24</td> <td>6.30%</td> <td>5.25%</td> </tr> <tr> <td>2024/25</td> <td>6.00%</td> <td>5.00%</td> </tr> <tr> <td>2025/26</td> <td>5.90%</td> <td>4.75%</td> </tr> <tr> <td>2026/27</td> <td>5.85%</td> <td>4.50%</td> </tr> <tr> <td>2027/28</td> <td>5.60%</td> <td>4.00%</td> </tr> <tr> <td>2028/29</td> <td>5.50%</td> <td>4.00%</td> </tr> <tr> <td>2029/30</td> <td>5.50%</td> <td>4.00%</td> </tr> <tr> <td>2030/31</td> <td>5.50%</td> <td>4.00%</td> </tr> <tr> <td>2031/32</td> <td>5.50%</td> <td>4.00%</td> </tr> <tr> <td>2032/33</td> <td>5.50%</td> <td>4.00%</td> </tr> <tr> <td>2033/34</td> <td>5.50%</td> <td>4.00%</td> </tr> </tbody> </table>					Financial Year	Residential Floating	Council's Cost of Funds	2022/23	6.85%	5.50%	2023/24	6.30%	5.25%	2024/25	6.00%	5.00%	2025/26	5.90%	4.75%	2026/27	5.85%	4.50%	2027/28	5.60%	4.00%	2028/29	5.50%	4.00%	2029/30	5.50%	4.00%	2030/31	5.50%	4.00%	2031/32	5.50%	4.00%	2032/33	5.50%	4.00%	2033/34	5.50%	4.00%
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Borrowing status with LGFA	That Council's debt will not exceed the debt cap and borrowing can continue at the same level.	That Council fails to obtain a credit rating and hits the LGFA debt ceiling of 175% and no longer has access to further debt funding.	Low	High	The likelihood of this occurring is low. While in changing times, Credit Rating Agencies have looked favourably on New Zealand councils as their main revenue stream guaranteed by statute (rates) and can be changed annually to suit Council's budgets.																																							

Issue	Assumption description	Risk	Likelihood of occurrence	Financial impact	Risk mitigation factors and effects
Income from development contributions	<p>Income received from development contributions is sufficient to fund growth related infrastructure, as per the Development Contributions Policy.</p> <p>Significant assumptions in relation to development contributions are included in the Development Contributions Policy.</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>Council's Development Contributions Policy is reviewed alongside the development of the Three Year Plan and conservatively based on latest available growth forecasts.</p> <p>The policy provides for annual adjustments of development contributions relative to lending costs and inflation.</p> <p>Any shortfall in Development Contributions will need to be loan funded until such time the growth does occur and the loan can be repaid. Council maintains sufficient debt head room of approximately \$10m to accommodate this scenario.</p>
Income from Central Government subsidies and/or grants	<p>That Council will continue to receive subsidies from NZTA as per the agreed funding regime (the Funding Assistance Rate (FAR)) at 59% for non-cyclone recovery work.</p> <p>That a 95% Bespoke FAR equivalent and/or other funding support will be achieved for Land Transport Cyclone Recovery.</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>No co-funding is received from NZTA or Government from Roading Recovery and only a small fraction of the repairs needed can be completed in the first three years of the LTP.</p>	<p>Moderate</p>	<p>High</p>	<p>The FAR subsidy is the largest source of Council revenue after rates and dropped to 59% on 1 July 2024. This has been confirmed for the three-year period.</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>Cyclone Gabrielle (February 2023) has left significant damage across Council's network. At the start of the 2024-2027 Three Year Plan, Council will have residual unrepaired damage of approximately \$129m which the Three Year Plan assumes that NZTA will provide a bespoke funding at a higher FAR of 95% for this work or Government funds this equal contribution, with Council continuing to co-contribute at a rate of \$2m per year for at least the first three years of this LTP.</p> <p>Built into the budget is a ratepayer, reserve and loan funding of \$2.2m per year for the first three years of the Three Year Plan towards roading recovery. Council is seeking a higher than normal FAR rate from NZTA to be added to this \$2.2m, however this is yet to be confirmed. Any additional funding will be in addition to, and will allow additional repairs to be undertaken.</p> <p>Levels of service or the speed of recovery will have to significantly reduce if subsidy rates, or the level of funding continues to decrease.</p>

Issue	Assumption description	Risk	Likelihood of occurrence	Financial impact	Risk mitigation factors and effects
Trade waste - capital financial contributions	<p>Council will receive the level of capital financial contributions forecast from Trade Waste Suppliers over the Three Year Plan to fund part of the cost of the demand that trade creates on our district's wastewater services as part of the annual fees and charges review, that will be undertaken as part of the Three Year Plan process.</p>	<p>The key risk is the revenue forecast in the Three Year Plan does not eventuate due to either a decrease in trade waste businesses in the district or an increase in pre-treatment investment from trade waste businesses, which reduces Council's expected revenue stream. Any shortfall would require Council to loan fund the missing capital contribution.</p>	<p>Moderate</p>	<p>Moderate</p>	<p>There is awareness amongst the trade waste 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 Three Year Plan, currently apportioning only \$450k pa to trade waste users. To this end, there is the potential that this revenue could increase, decreasing Council's requirement for borrowing to fund the balance of Council's wastewater programme.</p> <p>The regular review of fees and charges in this space is required to ensure that Council is able to cover the projected expenses.</p>

4. Capital Expenditure Delivery

Issue	Assumption description	Risk	Likelihood of occurrence	Financial impact	Risk mitigation factors and effects
Ability to deliver capital programme	<p>Council will have adequate resources to initiate and manage the significant capital expenditure programme within the timeframes assumed.</p> <p>The Three Year Plan continues to see an increase in capital expenditure over the ten years, particularly in the three waters activity and the Land Transport recovery programme. The increases are significant increases above the level of capital funding this Council has been able to successfully deliver historically.</p>	<p>That Council is unable to deliver the works programmes as outlined.</p> <p>If the risk occurs then this creates a wave and backlog of work, in particular continued delays in the delivery of renewal 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 that Council strikes rates, borrows and charges Development Contributions to fund a programme it can't deliver in the budgeted timeframe.</p>	Moderate	Moderate	<p>The Three Year Plan continues to see an increase in capital expenditure over the ten years, particularly in the three waters activity and most notably to deliver the land transport recovery programme. The increases are significant increases above the level of capital funding this Council has been able to successfully deliver historically.</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 in this Three Year Plan.</p> <p>Establishing a specialist internal project management office.</p> <p>Procuring and implementing long-standing professional services arrangements with key providers.</p> <p>Early engineering design work for the wastewater projects has already been completed.</p> <p>If the project does fall behind the schedule contained in the Three Year Plan, Council could revise the speed of delivery in future annual plans, and alter rating, development contributions 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>

Issue	Assumption description	Risk	Likelihood of occurrence	Financial impact	Risk mitigation factors and effects
<p>Sufficient contractor availability to deliver capital programmes</p>	<p>That the construction industry will have the capacity to undertake Council's programmes in addition to the other large public and private projects planned..</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>That there will be a shortage of contractors, or that contractors will not deliver to the agreed standards and specification with 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>There are many forecast challenges with availability of contractors. These are associated with infrastructure being severely impacted by the extreme flooding events last year, as well as possible skill shortages within the contracting sectors themselves.</p> <p>These challenges may impact Council in terms of availability, cost and quality of work. The most notable effect from this assumption is that work programmes cannot be delivered or are delivered at an inflated cost.</p> <p>The use of Regional Prioritisation and Programming through the Regional Recovery Agency will be an important mitigating factor in the first three years of the plan relating to recovery resource.</p> <p>Council may need to reprioritise its programme as a mitigation factor.</p> <p>At a local level, Council is supporting industry through skills and talent opportunities to bridge these gaps. We are procuring and implementing long-standing professional services arrangements with key providers.</p>

5. Legislative/Regulatory Environment

Issue	Assumption description	Risk	Likelihood of occurrence	Financial impact	Risk mitigation factors and effects
Impact of legislative change on Council	It has been assumed there will be no unexpected changes to legislation or other external factors that alter the nature of services provided by Council.	That there will be some unexpected change to legislation or other factors that will impact Council significantly.	High	High	<p>With the change in Government in 2023 there is an expectation of further legislative change. The impact of this to Council is not yet known and Council cannot budget for this.</p> <p>Officers will keep abreast of legislative and regulatory change will provide advice to Council on how to respond when change occurs. Changes will be addressed through future Long Term Plan and Annual Plans.</p>
Ability to gain regulatory relief	It has been assumed that Council will be able to gain regulatory relief from Hawke's Bay Regional Council, the Environment Court and other regulators relating to its three waters programme, and expected delays as a result of Cyclone Gabrielle.	That while the programme and ability to practically progress projects has been impacted by Cyclone Gabrielle, that regulatory relief is not able to be achieved and Council is prosecuted and/or required to progress programmes earlier.	Low	Medium	<p>Cyclone Gabrielle has had a significant impact across many of Council's assets, most notably impacting our wastewater sites and upgrade programme.</p> <p>A mitigating factor at this time is that Council cannot realistically progress with any consenting until such a time river reviews and their corresponding impacts are completed. This could be many years away.</p> <p>Council has also given early warning to its regulators of the impact of Cyclone Gabrielle.</p>

6. Climate Change, Natural Hazards and Carbon Implications

Issue	Assumption description	Risk	Likelihood of occurrence	Financial impact	Risk mitigation factors and effects
Emissions Trading Scheme	Council is required to buy and surrender carbon credits in arrears based on tonnage of waste being received by its landfill operation. These carbon credits are subject to market pricing and these costs are passed through to consumers at the time of receipt of waste.	Council has to set its gate fee/transfer station fee 12 months ahead of the ETS liability being settled. The risk is in price fluctuation during the intervening time.	Moderate	High	Council has the ability to enter into forward exchange contracts to lock in certainty on pricing but this does reduce the ability to react to market declines.
Major weather events and climate change	<p>In the longer term, increased frequency and intensity of storm events and possibly, longer drought period.</p> <p>That there will be no significant natural disasters such as storms, floods, earthquakes and volcanic eruptions that damage the districts infrastructure.</p>	That there are significant unplanned events that occur more frequently than planned for putting additional stress on our financial preparedness and ability to recover.	High	High	<p>Provision is being made to adapt infrastructure for climate change, given the long-life cycle of assets. Most notably the impacts from Cyclone Gabrielle are likely to form a new basis for resilience and rainfall return periods, when confirmed by NIWA. If they are different from what is predicted this will be assessed as they become evident; however, this can be expected to have a significant impact.</p> <p>Cyclone Gabrielle has left the district vulnerable to future events and financially challenged to recover from the event.</p> <p>Continue to prioritise resilience projects for funding and delivery, wherever possible, including considering the long-term impacts of climate change.</p> <p>The key approach is to ensure the Financial Strategy retains a portion of available debt headroom of approximately \$10m for unplanned events where possible. The assumption is that if the event of sufficient magnitude, then NEMA and insurance assistance would also be available in addition to this debt headroom.</p>

7. Assets

Issue	Assumption description	Risk	Likelihood of occurrence	Financial impact	Risk mitigation factors and effects
Asset lives	Useful lives of assets are as recorded in asset management plans or based on professional advice. These are summarised in the depreciation note within the accounting policies. The Infrastructure Strategy also contains summarised information about the roading, water, wastewater, stormwater, recreation and built property assets.	That assets wear out or significantly fail earlier than their replacement.	Moderate	Moderate	<p>Asset life is based on estimates of engineers, valuers and asset managers. In the event that assets need to be replaced in advance of the assumption, depreciation and interest costs may increase. The extent of the increase will depend on the nature and value of the asset.</p> <p>The renewal programme is reviewed annually and any changes to planned timing of renewals will be reflected in the Annual Plan, with adjustments to funding arrangements if required.</p> <p>Despite this, Council holds a number of critical assets that have reached the end of their economic life, including reservoirs. While planned for replacement, these could fail before their replacement resulting in a significant failure. While contingency plans have been developed, the scale of failure will be relative to the practicality of the plans implementation.</p>
Depreciation	<p>Depreciation has been calculated on asset values at their latest revaluation date, and on additions at cost afterwards. It is assumed that:</p> <ul style="list-style-type: none"> existing depreciation rates will continue; new assets' depreciation will be the result of their estimated lives and values; and depreciation on new and renewal programmes will impact on the year following the capital programme. 	<p>That more detailed analysis of planned capital works once complete may alter the depreciation expense.</p> <p>That asset lives may be extended due to new technology improving asset lives, or reduced due to assets being decommissioned sooner than originally assumed..</p>	Low	Low	Council has asset management planning and upgrade programmes in place. Asset capacity and condition is monitored, with replacement works planned according to standard asset management and professional practices. Actual depreciation is calculated according to normal accounting and asset management practices, which require depreciation to start once an asset is commissioned.

Issue	Assumption description	Risk	Likelihood of occurrence	Financial impact	Risk mitigation factors and effects
<p>Earthquake-prone buildings</p>	<p>Council will need to incur significant expenditure to address any shortcomings in the standard of its buildings in relation to earthquakes.</p> <p>Council will upgrade each of its buildings to a minimum of 34% of the New Build Standard (NBS) and that this will be done progressively over a 15-year period.</p> <p>Currently Council has buildings that are earthquake-prone, some with restrictions or closed due to the earthquake-prone status. These include Central Hawke's Bay Municipal Theatre (restrictions), part of the Waipawa Main Administration Building, the Waipukurau Library (closed), the Waipukurau Memorial Hall (restrictions) and part of the Waipawa Museum (restrictions)</p>	<p>That when the upgrade work is fully scoped, the actual cost will be significantly more than is currently contemplated.</p>	<p>Moderate</p>	<p>Moderate</p>	<p>Council's properties have been assessed, beginning with those that are the most significant (in terms of size and public exposure) and those considered to be the most likely to be at risk. Preliminary assessments have been made of the forecast cost of upgrading the buildings to meet a minimum of 34% of the NBS.</p> <p>Given what is known about the buildings at this stage, an outline programme of proposed programme of works has been prepared to progressively upgrade the buildings over a 15-year period in the later years of the plan. As more information becomes available, Council will reassess budget priorities. The outcomes of the proposed Community Facilities and Civic Review will influence decisions about the nature of the investments to be made in relation to assets such as the Waipukurau Library.</p> <p>At all times Council will have regard for the safety of occupiers and public users of the properties.</p>

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Central Hawke's Bay District Council Development Contributions Policy 2024

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1. Introduction

Central Hawke's Bay District Council (Council) plays a significant role in facilitating and coordinating development and providing infrastructure in a timely and affordable manner. It is an essential part of Council's 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 Council 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 Council. 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, and
- community infrastructure.

Council will apply development contributions only where new or additional assets or assets of increased capacity are required. Council has ageing 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.

Community Infrastructure that has community wide benefit/access will be charged on a districtwide basis. Planned investment for water, wastewater, stormwater, roading and parks will be charged to the township that the asset benefits. Where a asset services more than a single township, the charge will be prorated based on the population basis to those beneficial townships.

Council will charge Development Contributions for these six major groups, with the majority of costs focussed on the three waters:

- Water
- Wastewater
- Stormwater
- Roothing
- Community Infrastructure (Libraries, Solid Waste and Community Buildings)
- Parks and Reserves

No contributions are sought for community halls at this time. Existing hall facilities are deemed adequate to provide for the potential future demand created through growth.

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, roading, 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, roading, 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 DC Growth CAPEX	Per Lot DC
Districtwide	Community Infrastructure	\$1,691,834	\$1,243
			\$1,243
Otāne	Wastewater	\$349,971	\$3,379
	Water	\$706,243	\$6,819
	Stormwater	\$146,121	\$1,411
	Reserves	\$309,135	\$2,985
	Districtwide		\$1,243
			\$15,837
Waipawa	Wastewater	\$921,514	\$4,958
	Water	\$2,849,746	\$15,333
	Stormwater	\$331,648	\$1,914
	Reserves	\$185,661	\$1,106
	Districtwide		\$1,243
			\$24,555

Growth Geographic Area	Activity	Total DC Growth CAPEX	Per Lot DC
Waipukurau	Wastewater	\$2,000,228	\$4,328
	Water	\$5,362,282	\$11,603
	Stormwater	\$698,366	\$1,882
	Reserves	\$1,272,914	\$3,832
	Roading	\$1,230,000	\$2,662
	Districtwide		\$1,243
			\$25,550
Takapau	Wastewater	\$1,118,264	\$17,395
	Water	\$296,119	\$4,606
	Stormwater	\$92,447	\$1,438
	Districtwide		\$1,243
			\$24,683
Pōrangahau	Wastewater	\$569,271	\$26,566
	Water	\$74,030	\$3,455
	Districtwide		\$1,243
			\$31,264

(Prices exclude GST)

2. Section 1 – 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 that 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. 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.

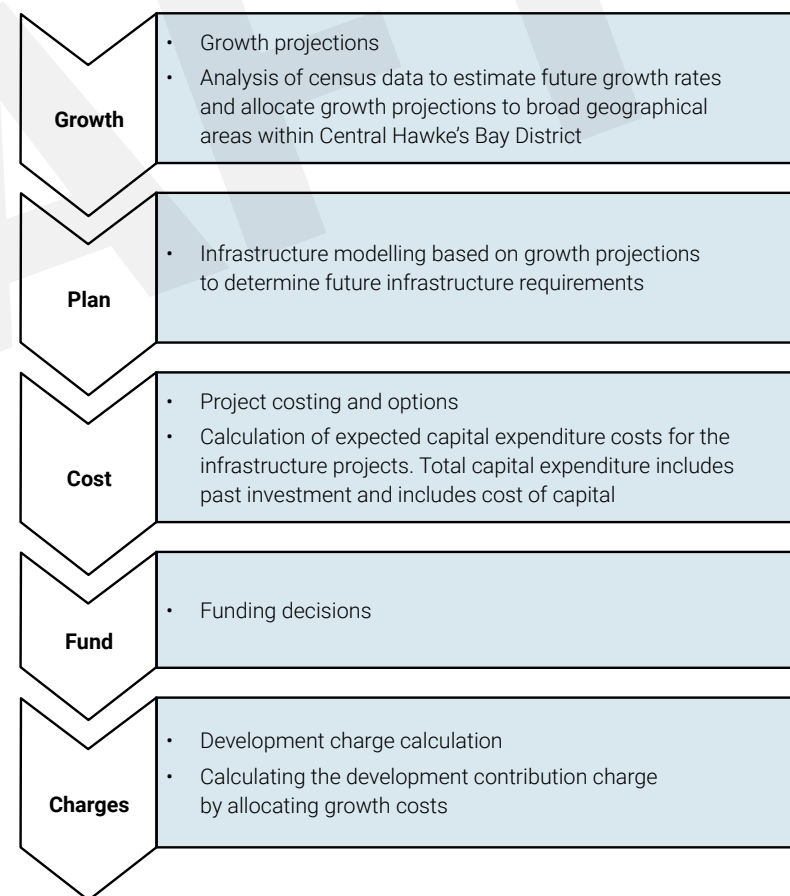
Section 102 of the LGA requires Council to have a policy on Development and/or Financial Contributions as part of its funding and financial policies in its LTP. Sections 106 and 201 of the LGA set out the required contents of this DCP. This policy must be reviewed at least every three years.

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.

Development Contributions



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 Ten Year Plan cycle in 2009, 2012, 2015, 2018 and 2021.

These policies were amended to reflect different growth forecasts, legislation changes, standards of infrastructure, experience in implementing the DCP and changing Council policies.

This 2024 review has been developed as part of the 2024 Three Year Plan process and is based on Council's capital expenditure programme as set out in the Three Year Plan 2024-2027 and the 2024-2034 Asset Management Plan.

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 Council'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 7.4% of the district's total planned capital expenditure of \$425 million of the life of the 2024-2034 Asset Management Plan.

2.4 Activities for Funding Capital Expenditure of Growth

Council activities for which DCs will be used to fund growth related capital expenditure are:

1. network infrastructure for stormwater, wastewater and water supply;
2. roading infrastructure (including roads, roading structures, footpaths and cycleways);
3. reserve land acquisition and development for parks and open space (including esplanade reserves, walkways and cycleways); and
4. 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; and
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 Council to provide infrastructure to service expected growth.

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 4.19.

2.6 Limitations to the Application of Development Contributions

Development that 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;
- Where 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 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.

Financial Contribution provisions are currently detailed in the current Central Hawke's Bay Appeals Version District Plan.

In the Appeals Version District Plan, Council has not included the requirement for Financial Contributions due to timing. There is 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

Council outlines its vision, strategy and Council outcomes in the Three Year Plan. Linkages to the DCP are discussed in Appendix 4.

Growth in rural subdivision and population is forecast across the district. Council has developed Project Thrive, which was adopted in 2017. Council has also developed the Central Hawke’s Bay Integrated Spatial Plan 2020–2050. Both these documents have influenced the Three Year Plan. This sets the vision, goals and objectives for Central Hawke’s Bay.

New treatment plants for water and wastewater, and increased water resilience infrastructure 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 Council's 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.

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) that has growth related infrastructure asset type are the areas that development contribution charges apply. Growth in the 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)	Community Infrastructure
Waipukurau	Reserves, Roding, Water, Wastewater and Stormwater
Waipawa	Reserves, Water, Wastewater and Stormwater
Otāne	Reserves, Water, Wastewater and Stormwater
Takapau	Reserves, Water, Wastewater and Stormwater
Pōrangahau	Water, Wastewater

For clarity, 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 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 2027 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, Council has considered:

1. the need to separate residential and non-residential activities because of the different demands they place on Council activities;
2. the range of non-residential development types and impacts on infrastructure;
3. the complexity of trying to make the Policy account for every different development type; and
4. the availability of data to support differential unit of demand factors for various types of development.

Council considers that:

1. there is data currently available to identify some average demand factors for a limited number of non-residential development types;
2. using broad averages for a limited number of development types is sufficient to approximate the range of development likely to occur in the district's urban areas; and
3. 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 ten-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 Three Year Plan, and the Ten Year Asset Management 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

Council is planning for new development that is occurring in Central Hawke's Bay's urban centres. This places demands on Council to provide a range of new and upgraded infrastructure. The successful application of the DCP is dependent on population projections and 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 Three Year Plan. These forecasts are based on the medium-growth scenario from Squillions Ltd adopted by Council in September 2023, Framing the Future of Central Hawke's Bay – August 2023. Central Hawke's Bay is currently experiencing moderate growth that is resulting in moderate population and household growth. Central Hawke's Bay remains an attractive place to live, offering cheaper housing than larger neighbouring districts to the north, while being within easy commutable distance of the employment offered in these districts.

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 Appeals Version 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 districtwide (for community infrastructure) to determine the number of HEUs for water, wastewater, stormwater, roading, community infrastructure and reserves.

A summary table of the key forecasts is shown below. Council is forecasting moderate household growth of 2.1% a year to 2034.

Table 2: Forecast Household Equivalent Unit Numbers

Township / Main Urban Area	Number Of Households (HEU)				
	Actual (Census)	Forecast – June Year			
	2018	2023	2034	Forecast Change 2023-2024	Forecast Change in 2021 DC Policy
Waipukurau	1,755	1,791	2,123	332	460
Waipawa	843	857	1025	168	115
Otāne	246	278	382	104	150
Takapau	216	242	306	64	74
Pōrangahau	78	82	103	21	60
Total Main Urban Areas	3,138	3,250	3,939	689	858
Rural / Lifestyle	2,280	2,690	3,361	671	482
CHB District	5,418	5,940	7,300	1,361	1,340

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 1,100 m² 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 moderate, the current economic climate means that non-residential growth is not expected to increase to the same extent. 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 roading and three waters will only include charges for the urban catchments. It is expected that this growth will be centred on the Waipukurau, Waipawa catchment. A modest amount of HEUs are included in the overall forecasts. No growth in non-residential has been assumed for Pōrangahau, Otāne, Takapau; however, the ability to charge a DC in that catchment 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 community infrastructure.

Table 3:

Non-Residential Catchments	DC Charges that Apply	Forecast Change in Gross Floor Area 2021-2031	Additional HEUs 10 Year Total
Waipukurau, Waipawa	Water Wastewater Stormwater	20,000 m ²	Water – 148 Wastewater – 148 Stormwater – 60 Roading – 148
Pōrangahau, Otāne, Takapau	Water Wastewater Stormwater	Nil	Nil

Table 4: Non-residential Growth Assumptions and Multipliers

	Proportion of Growth	M2	Multiplier	Roads	Water	Waste-water	Storm-water
Commercial / Retail / Office / Community	0.2	4,000	GFA	12	12	12	12
Industrial / Warehouse	0.3	6,000	GFA	24	24	24	18
Restaurants and Bard	0.2	4,000	GFA	52	52	52	12
Visitor Accommodation and Residential Services	0.3	6,000	Unit / Room @ 30 m ² each	60	60	60	18
Total HEU		20,000		148	148	148	60

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: Apart from the Infrastructure Acceleration Fund for the development of the Waipukurau Growth Precinct, and the standard Trade Waste Capital Contributions Council collects, Council is assuming that there will be no further 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 Three Year Plan, 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 that 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 ten 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.

Additional Residential Buildings

The only exception to every residential building being treated as one household unit is the application of a reduced rate to any additional connected residential dwelling with a gross floor area under 80 m². A reduction will be applied on a 'sliding scale' as per the table below based on the size of the building. The maximum reduction that will be applied is 0.5 of a HUE.

Reduction for Additional Residential Building's Size of Additional Building	HUE Reduction applied per activity	HUE Charged per activity
80 m ² or over	Nil	1
70 m ² –79 m ²	0.125	0.875
60 m ² –69 m ²	0.25	0.75
50 m ² –59 m ²	0.375	0.625
49 m ² or under	0.5	0.5

Irrespective of size, the first dwelling on any site will always attract a one household unit equivalent (HUE) charge. The reduction will only apply to any additional residential buildings under 80 m² as this is a reflection of the fact these residential types of buildings are often for the care of extended family and are likely to have less impact on Council infrastructure. A further contribution may apply.

For example:

If an additional residential building that received a reduction increases its gross floor area (i.e from 50 m² to 70 m²), a contribution based on the additional 20 m² will apply at the building consent stage using the development contributions policy in force at the time.

3.7 Schedules Forecast Values

All capital expenditure schedules in this policy are exclusive of GST.

The schedules are in 2024 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

To enable a simple application of the policy, Council has set the minimum unit of demand as an household equivalent unit (HEU). Any activity that in Council's opinion uses Council'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 DC Growth CAPEX	Per Lot DC
Districtwide	Community Infrastructure	\$1,691,834	\$1,243
			\$1243
Otāne	Wastewater	\$349,971	\$3,379
	Water	\$706,243	\$6,819
	Stormwater	\$146,121	\$1,411
	Reserves	\$309,135	\$2,985
	Districtwide		\$1,243
			\$15,837
Waipawa	Wastewater	\$921,514	\$4,958
	Water	\$2,849,746	\$15,333
	Stormwater	\$331,648	\$1,914
	Reserves	\$185,661	\$1,106
	Districtwide		\$1,243
			\$24,555

Growth Geographic Area	Activity	Total DC Growth CAPEX	Per Lot DC
Waipukurau	Wastewater	\$2,000,228	\$4,328
	Water	\$5,362,282	\$11,603
	Stormwater	\$698,366	\$1,882
	Reserves	\$1,272,914	\$3,832
	Roading	\$1,230,000	\$2,662
	Districtwide		\$1,243
			\$25,550
Takapau	Wastewater	\$1,118,264	\$17,395
	Water	\$296,119	\$4,606
	Stormwater	\$92,447	\$1,438
	Districtwide		\$1,243
			\$24,683
Pōrangahau	Wastewater	\$569,271	\$26,566
	Water	\$74,030	\$3,455
	Districtwide		\$1,243
			\$31,264

(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 Appeals Version 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 with the delegations provided to the appropriate authorised Officer of Council.

Decisions about remitting development contributions will be made in accordance with 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:

- Applications for subdivision resource consent under the Resource Management Act 1999 (RMA).
- 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:
 - the creation of new dwellings (including relocation of existing houses) on a site;
 - the creation of new buildings or extension of the gross floor area of buildings;
 - the change in use of a building;
 - an increase in the design occupants of a visitor accommodation or residential services activity; and
 - an increase in the area of impervious surfaces.
- 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.

Council will assess subdivision for a non-residential development as a minimum of one 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.

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 one 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**

Step 1	Catchment Area	Establish what catchment area the development lies (Appendix 2)
Step 2	Number of HEUs	Establish the number of HEUs created by the development (Section 4.7)
Step 3	Number of HEUs credit	Establish per activity the credits applicable to the parcel of land (Section 4.10)
Step 4	Number of HEU's payable	Calculate the increase in HEUs
Step 5	Charge per HEU	Establish the development contribution per HEU for that particular catchment area as per Schedule of Charges (Appendix 1)
Step 6	Amount of DCs payable	Calculate the development contributions payable

4.4 Activities for which Development Contributions are Assessed

Applications will be assessed for contributions for six different activities:

- Reserves
- Community infrastructure
- Roothing
- Water supply
- Wastewater
- Stormwater

Only one Land Transport project is included in this DCP related to the Waipukurau growth precinct. 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 other major roading capital expenditure for growth is anticipated. However, it is 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 community facilities, 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 4.10; 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 districtwide. 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 are four catchments:

Table 7: Table Outlining the Catchment Areas and Activities Covered in each Catchment

Catchment Area	Activity Covered
Central Hawke's Bay District (Districtwide)	Community Infrastructure
Waipukurau	Reserves, Rooding, Water, Wastewater and Stormwater
Waipawa	Reserves, Water, Wastewater and Stormwater
Otāne	Reserves, Water, Wastewater and Stormwater
Takapau	Reserves, Water, Wastewater and Stormwater
Pōrangahau	Water and Wastewater

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 4.8 and 4.9, 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 4.10.

a. Residential Developments

Activity for Which Contributions Assessed	Unit of Measure	Multiplier (HEU Measure)
All	Allotment or first 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 100 m² 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 4.9).

Table 9: Non-residential Base Unit Conversion Multipliers

Non-Residential Category	Water per 100 m ² GFA	Wastewater per 100 m ² GFA	Roading per 100 m ² GFA	Stormwater per 100 m ² GFA	Reserves	Community Infrastructure
Commercial / Retail / Office / Community	0.3	0.3	0.3	0.3	Nil	Nil
Industrial / Warehouse	0.4	0.4	0.4			
Restaurants and Bars	1.3	1.3	1.3			
Community Facilities	0.3	0.3	0.3			
Visitor Accommodation and Residential Services	0.3 Per Unit / room	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, 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 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 HEUs 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 5.3. 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 that has ceased and will be applied against the number of units of demand assessed for a development calculated under 4.3 to 4.9. 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 Council's 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:

1. 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.

2. 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.

3. On-site Provision of Infrastructure

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, and
- 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) HEUs should be deducted from the development contributions calculated under 4.7 and 4.8.

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 Council sent notice of the level of development contribution Council requires.

The request must include the following information:

- A description of the site and specific application subject to the contribution.
- A description of the organisation seeking the remission and confirmation that it is a non-profit organisation as defined in the glossary.
- A 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.
- 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 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

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.

Council will consider a developer's written request to enter into a Development Agreement without unnecessary delay. Council will provide the developer written notice of its decision on the request and reasons for the decision. Council will take into account the provisions contained in the Policy, as well as any other matters considered relevant. Similarly, where 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 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 are 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 that 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 ten-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 ten working days after the date on which the person lodging the request for the reconsideration received notice from 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:

- Sections 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 m² 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 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 that 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 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 one 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 4.9.

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	
Roading	Apportionment of total demand on Roothing	1 apportionment	
Water	Daily flow	820 litres per day	
Wastewater	Daily flow	615 litres per day	
Stormwater	Impervious surface area	340 m ²	Excludes impervious surfaces associated with roads or other public land

Every dwelling is assumed to represent one HEU of demand for each service.

Section 4.7 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 5.3).

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 m³ per day usage
- Wastewater = 1 HEU per 0.6145 m³ per day of discharge
- Stormwater = 1 HEU per 340 m² of impervious surface area (ISA), including roof area
- Reserves, Roading 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 that form part of the capital work projects.

5.4.1 Water Supply

For the purposes of DCs, 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
- Waipukurau
- Takapau
- Pōrangahau
- Districtwide Asset Management and Structure Plans

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
- Waipukurau
- Takapau
- Pōrangahau
- Districtwide Asset Management and Structure Plans

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.

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
- Waipukurau
- Takapau
- Districtwide Asset Management and Structure Plans

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 340 m². 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 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's 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 ten years depending on the details of each project.

The Development Contributions are districtwide and are based on the value of identified future provision, and any works already completed since June 2021, of districtwide 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.

5.4.5 Roading Infrastructure

Only one land transport project is included in this DCP. This project is primarily due to the demand created by the Waipukurau Growth Precinct and includes physical works such as traffic management at intersections, footpath widening and cycleway extensions. 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 other major roading capital expenditure for growth is anticipated. However, it is 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 'appeals version District Plan' under the Financial Contributions as allowed under the RMA.

5.5 Assessment of Growth Model

Council has developed growth projections for the period 2023-2034 to estimate future growth within the Central Hawke's Bay 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 on Council's website.

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 Ten Year Asset Management Plan 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:

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).

Programme Level

Further consideration is given to the considerations in the LGA and their implications for funding.

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:

1. 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.
2. 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.
3. 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:

1. Renewal expenditure: this benefits the existing user only and replaces the existing asset base
2. Backlog expenditure: new asset capacity is of benefit to the existing user only, to meet the short fall in the current Level of Service
3. New services expenditure: capital expenditure to provide benefits to both the existing and the growth user on a pro-rata basis
4. Growth expenditure: that which benefits and is needed by the projected growth in the community, estimated over the next ten years. 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:

1. 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.
2. the model assists in making and recording the allocation of costs between the beneficiaries.
3. 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 Ten Year Asset Management Plan 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 districtwide growth and Council's role in the development cycle that has longer time frames than other parties; and
- 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 Council 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; and
- 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

Allotment	Has the same meaning as Sections 2 and 218 of the RMA.
Backlog	That portion of a project that relates to historical catch-up to meet the required level of service for the existing community.
Building	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.
Commercial / Retail / Office / Community	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 and community care services (excludes accommodation)
Community Facilities	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.
Community Infrastructure	For the purpose of classifying developments for calculating HEUs means libraries, halls, churches, club rooms, landfills, sports facilities, places of assembly, museums, etc.
Cost Allocation	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.
Development	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.
Development Contribution/DC	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
DCP	Development Contributions Policy
Dwelling Unit	A building (or part of any building) in which a single housekeeping unit resides or could potentially reside.
HEU / Household Equivalent Unit	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.
GFA / Gross Floor Area	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 service station canopies and covered pedestrian circulation areas.

GST	Goods and Services Tax
Headworks	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.
Impervious Surface Area / ISA	Hard surface area that either prevents or retards the entry of water into the soil mantle as it entered under natural conditions pre-existent to development, or that 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 that similarly impede the natural infiltration of surface water.
Industrial / Warehouse	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.
LGA	Local Government Act 2002
Lot	Lot is deemed to have the same meaning as 'Allotment' under both the Local Government Act 2002, and the Resource Management Act 1991.
LTP	Long Term Plan
Non-profit Organisation	Any society, association, organisation or registered charitable trust that: Is not carried out for the profit or gain of any member; and Has rules that do not allow money or property to be distributed to any of its members. For the avoidance of doubt, non-commercial Council activities will be considered non-profit organisations for the purpose of the remissions.
Network Infrastructure	The provision of roads and other transport, water, wastewater, and stormwater collection and management.
RMA	Resource Management Act 1991
Renewal	That portion of project expenditure that has already been funded through depreciation of the existing asset.
Residential Allotment	An allotment zoned Residential or Rural in the Combined Regional Land and District Plan and capable of development for residential purposes.
Restaurants / Bars	Activities where food is prepared on-site and/or drinks are sold and consumed on-site (whether private or public).
Service Connection	A physical connection to a service provided by, or on behalf of, Council, including roads and water, wastewater, stormwater reticulation.
Subdivision	Subdivision is deemed to have the same meaning as 'subdivision' under the Resource Management Act 1991.
Visitor Accommodation and Residential Services	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 - 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	Estimated Growth Component	Funded from External Sources	To be Funded from 2024 Development Contributions	Funded from Rates / Loans
Cycling & Walking Strategy & Infrastructure	2024-2034	521,875	52,188	-	52,188	469,688
New Library Building Construction	2032-2034	3,382,922	169,146	-	169,146	3,213,776
Council Admin Building Strengthen & Modernisation	2028-2029	2,443,140	366,471	-	366,471	2,076,669
District Landfill New Cell for Landfill Extension	2026-2027 2033-2034	8,885,600	444,280	-	444,280	8,441,320
Transfer Station New Central Site and Recycling Centre	2030-2032	4,802,100	480,210	-	480,210	4,321,890
Tukituki Trails Development	2026-2029	345,677	51,852	-	51,852	293,825
Lake Whatumā Development	2032-2033	566,066	84,910	-	84,910	481,156
Russell Park Master Plan (Phase 3)	2027-2028	480,000	24,000	-	24,000	456,000
Public Toilets Russell Park New Toilet and Changing Rooms	2026-2028	375,550	18,778	-	18,778	356,773
Total to be Funded from Development Contributions					1,691,835	

Reserves

Project Name	Years of Planned Expenditure	Total Estimated Capital Expenditure	Estimated Growth Component	Funded From External Sources	To be Funded From 2024 Development Contributions	Funded From Rates / Loans
Otāne - Main Street Upgrade - Concept, Design, Construct	2028-2030	337,125	16,856	-	16,856	320,269
Otāne - Sports Field	2031-2032	77,471	7,747	-	7,747	69,724
Otāne - New Open Space Land Acquisition & Development	2030-2031	1,138,125	284,531	-	284,531	853,594
Waipawa - Nelly Jull Connection	2027-2030	510,497	51,050	-	51,050	459,447
Waipawa - Implement Town Centre Master Plan	2026-2027	338,315	16,916	-	16,916	321,399
Waipawa - Bush Drain Walkway Development	2029-2033	1,176,951	117,695	-	117,695	1,059,256
Waipukurau – New Open Space Land Acquisition & Development	2027-2028	2,871,527	1,272,914	-	1,272,914	1,598,613
Total to be Funded from Development Contributions					1,767,709	

Roading – Waipukurau Growth Precinct

Project Name	Years of Planned Expenditure	Total Estimated Capital Expenditure	Estimated Growth Component	Funded From External Sources	To be Funded From 2024 Development Contributions	Funded From Rates / Loans
Intersection Upgrades & Transport Connections	2027-2029	2,050,000	1,435,000	205,000	1,230,000	615,000
Total to be Funded from Development Contributions					1,230,000	

Water

Project Name	Years of Planned Expenditure	Total Estimated Capital Expenditure	Estimated Growth Component	Funded From External Sources	To be Funded From 2024 Development Contributions	Funded From Rates / Loans
District Structure Plans	2024-2031	227,250	227,250	-	227,250	-
District Reticulation Renewals – Unspecified Site	2024-2034	31,296,286	3,474,234	-	3,474,234	27,882,052
Waipawa – Water Mains	2024-2025	3,040,250	456,038	-	456,038	2,584,213
Waipawa – Reservoir Replacement	2024-2026	3,693,800	554,070	-	554,070	3,139,730
Waipukurau – Water Mains	2025-2029	2,482,285	372,343	-	372,343	2,109,942
Waipukurau – Reservoir Replacement x 2	2026-2029	9,357,956	1,403,693	-	1,403,693	7,954,263
Otāne, Waipawa, Waipukurau – Second Supply	2024-2027	18,671,942	4,667,986	1,867,194	2,800,791	14,003,957
Total to be Funded from Development Contributions					9,288,419	

Wastewater

Project Name	Years of Planned Expenditure	Total Estimated Capital Expenditure	Estimated Growth Component	Funded From External Sources	To be Funded From 2024 Development Contributions	Funded From Rates / Loans
District Reticulation Renewals – Unspecified Site	2024-2034	19,846,882	3,302,493	973,199	2,329,294	16,544,389
Pōrangahau – Treatment Plant Upgrades	2027-2034	26,134,248	522,685	-	522,685	25,611,563
Takapau – Treatment Plant Upgrades	2027-2032	6,212,805	931,921	-	931,921	5,280,884
Waipukurau – Reticulation Upgrades	2024-2025	250,000	200,000	-	200,000	50,000
Otāne, Waipawa, Waipukurau – Treatment Plant Upgrades	2024-2034	68,441,865	6,844,187	5,868,837	975,349	61,597,679
Total to be Funded from Development Contributions					4,959,249	

Stormwater

Project Name	Years of Planned Expenditure	Total Estimated Capital Expenditure	Estimated Growth Component	Funded From External Sources	To be Funded From 2024 Development Contributions	Funded From Rates / Loans
District Structure Plans	2024-2031	100,000	100,000	-	100,000	-
District Reticulation Renewals – Unspecified Site	2024-2034	3,055,670	880,283	-	880,283	2,175,387
Otāne – Shortfalls	2024-2031	382,895	38,290	-	38,290	344,606
Takapau – Shortfalls	2024-2026	140,248	14,025	-	14,025	126,223
Waipukurau – Shortfalls, CBD	2024-2031	1,690,132	169,013	-	169,013	1,521,119
Waipawa – Shortfalls, Parkland, Bush Drain	2024-2031	523,645	66,972	-	66,972	456,673
Total to be Funded from Development Contributions					1,268,583	

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	Wastewater	\$349,971	104	nil	104	\$3,379
	Water	\$706,243		nil		\$6,819
	Stormwater	\$146,121		nil		\$1,411
	Reserves	\$309,135		nil		\$2,985
Waipawa	Wastewater	\$921,514	168	18	186	\$4,959
	Water	\$2,849,746		18	186	\$15,333
	Stormwater	\$331,648		5	173	\$1,914
	Reserves	\$185,661		0	168	\$1,106
Waipukurau	Wastewater	\$2,000,228	332	130	462	\$4,328
	Water	\$5,362,282		130	462	\$11,603
	Stormwater	\$698,366		39	371	\$1,882
	Reserves	\$1,272,914		0	332	\$3,832
	Roading	\$1,230,000		130	462	\$2,662
Takapau	Wastewater	\$1,118,264	64	nil	64	\$17,396
	Water	\$296,119		nil		\$4,606
	Stormwater	\$92,447		nil		\$1,438
Pōrangahau	Wastewater	\$569,271	21	nil	21	\$26,566
	Water	\$74,030		nil		\$3,455
Districtwide	Community Infrastructure	\$1,691,834	1,361	nil	1,361	\$1,243
	Total	\$20,205,794				

8.2 APPENDIX 2 – Geographic Catchments – Water, Wastewater and Stormwater, Reserves and Community Infrastructure

Takapau Geographic Catchment



Takapau Geographic Catchment



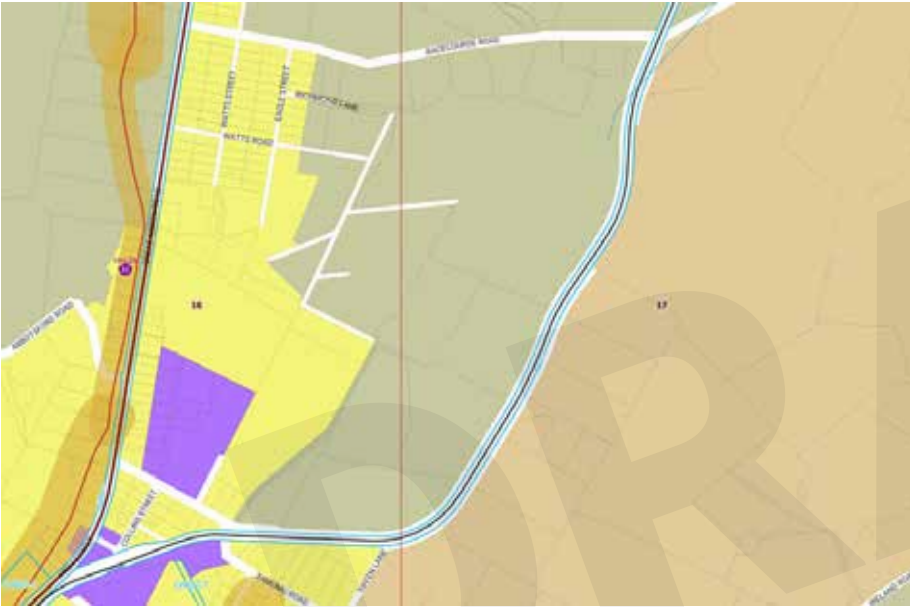
Waipawa Geographic Catchment



Waipawa Geographic Catchment



Waipawa Geographic Catchment



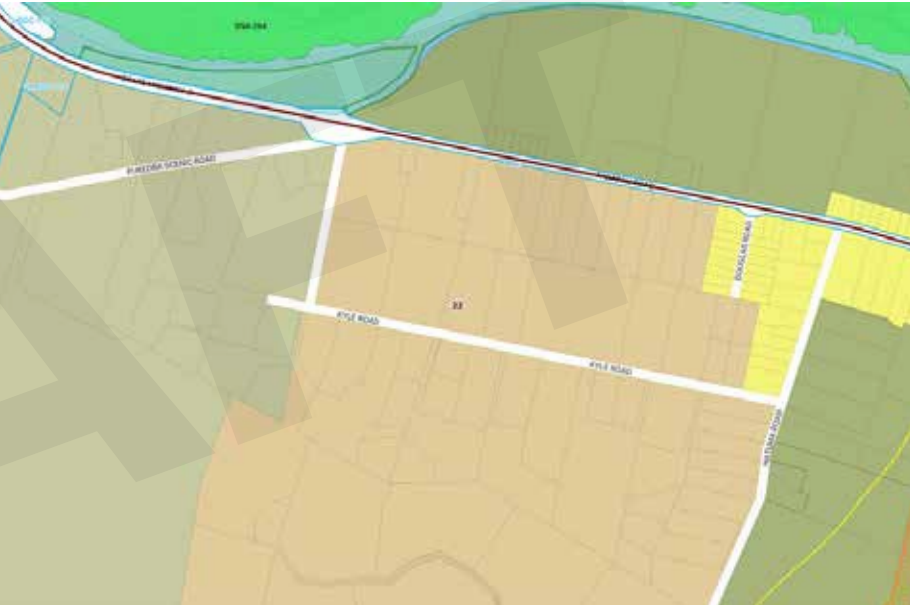
Waipawa Geographic Catchment



Waipawa Geographic Catchment



Waipukurau Geographic Catchment



Waipukurau Geographic Catchment



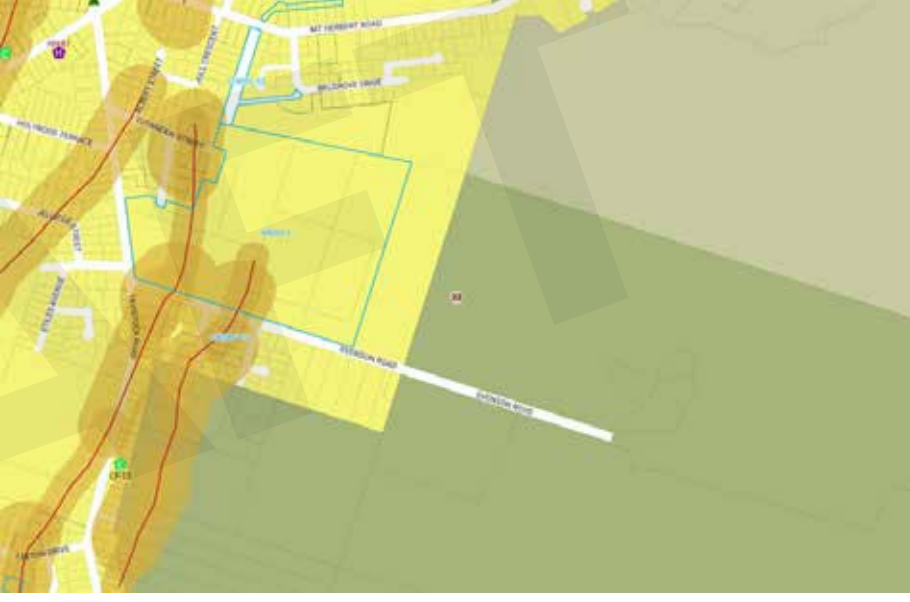
Waipukurau Geographic Catchment



Waipukurau Geographic Catchment



Waipukurau Geographic Catchment



Pōrangahau Geographic Catchment



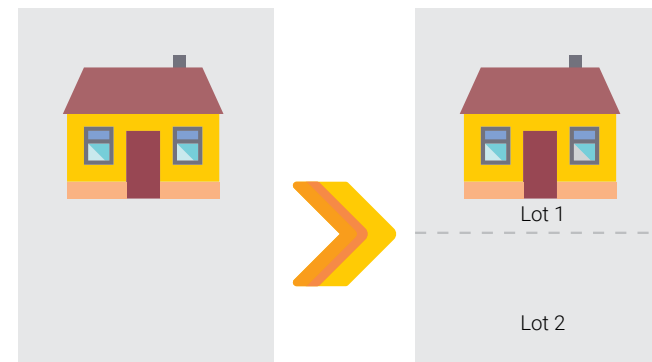
8.3 Appendix 3 - Development Contributions Calculations - Examples

Example 1 – Residential Subdivision

Proposal: Subdividing to create an additional lot (Lot 2) located within the 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.

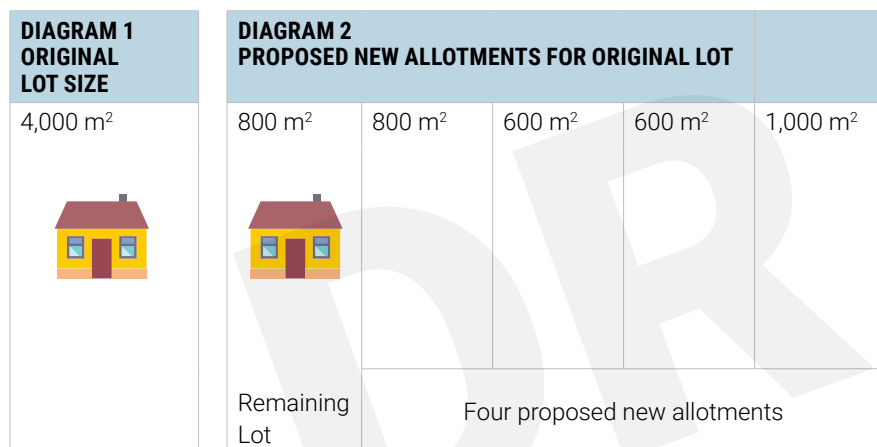
Activity	Number of Extra HEUs Being Created by the Proposal	Charge per HEU (\$)	Total Cost of the Proposal (GST Exclusive)
Reserves	1	\$3,832	\$3,832
Community Infrastructure	1	\$1,243	\$1,243
Roading	1	\$2,662	\$2,662
Water	1	\$11,603	\$11,603
Wastewater	1	\$4,328	\$4,328
Stormwater	1	\$1,882	\$1,882
Total DC Charge			\$25,550



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 m² that is located within the 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 m². 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 m². An example to work out the appropriate contribution is set out below.



Step 1 What Development Contribution catchment is the development in? Waipukurau

Step 2 What type of development and stage is the development? Residential activity at subdivision stage.

Step 3 What is the demand for each Community Facility being created for the proposed development? Four 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	\$3,832	\$15,328
Community Infrastructure	4 additional allotments (5 final lots less 1 existing lot)	1	\$1,243	\$4,972
Roading	4 additional allotments (5 final lots less 1 existing lot)	1	\$2,662	\$10,648
Water	4 additional allotments (5 final lots less 1 existing lot)	1	\$11,603	\$46,412
Wastewater	4 additional allotments (5 final lots less 1 existing lot)	1	\$4,328	\$17,312
Stormwater	4 additional allotments (5 final lots less 1 existing lot)	1	\$1,882	\$7,528
Total DC Charges			\$25,550	\$102,200

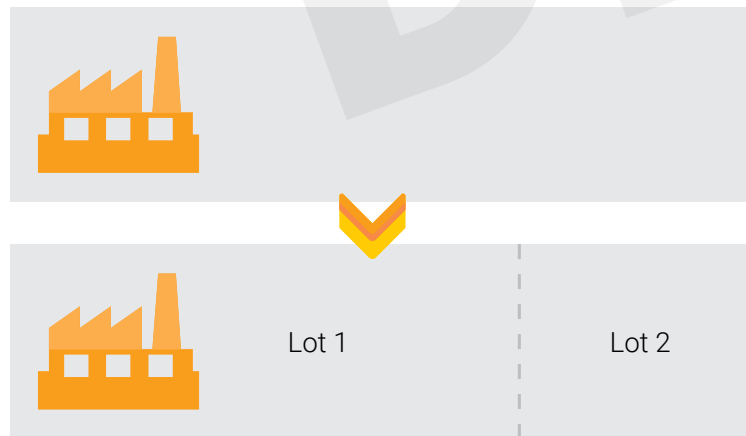
(Note: An existing unit of demand is determined by either an existing equivalent residential unit on the site such as a dwelling or a past contribution has been paid in respect to that development.)

**Example 3 –
Non-Residential Subdivision**

Proposal: Subdividing to create one additional vacant non-residential lot in the Waipukurau Urban Area. The new site will be serviced.

Assessment: One set of contributions for the additional vacant lot created.

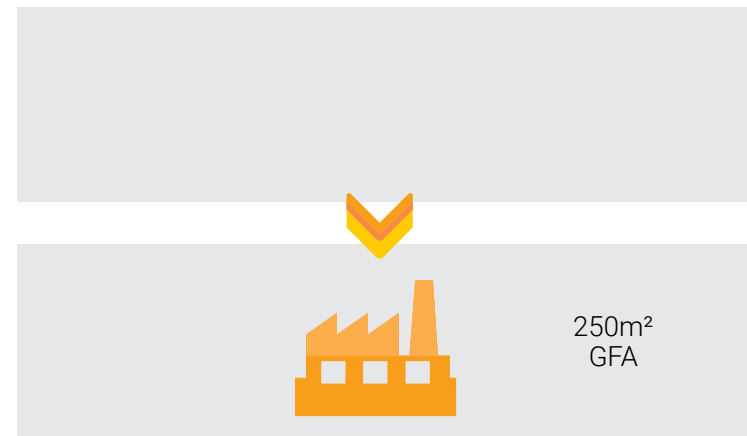
Activity	Number of Extra HEUs Being Created by the Proposal	Charge per HEU (\$)	Total Cost of the Proposal (GST Exclusive)
Reserves	1	Nil	Nil
Community Infrastructure	1	Nil	Nil
Roading	1	\$2,662	\$2,662
Water	1	\$11,603	\$11,603
Wastewater	1	\$4,328	\$4,328
Stormwater	1	\$1,882	\$1,882
Total DC Charge		\$20,475	\$20,475



**Example 4 –
Develop one Non-Residential building on a site with existing buildings**

Proposal: Erect a 500m² single storey Industrial Building located in the 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 900m² including carparks.

Activity	HEUs per 100 m ² 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
Roading	$0.4 * 500/100 = 2$	\$2,662	\$5,324
Water	$0.4 * 500/100 = 2$	\$11,603	\$23,206
Wastewater	$0.4 * 500/100 = 2$	\$4,328	\$8,656
Stormwater	$0.3 * 900/100 = 2.7$	\$1,882	\$5,081
Total DC Charge			\$42,267



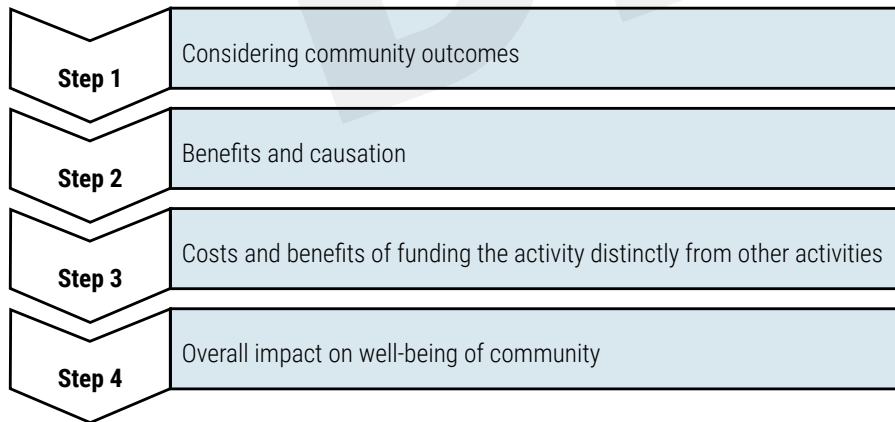
8.4 Appendix 4 - Analysis of Benefits – Section 101(3) LGA Requirements

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:

1. in relation to each activity to be funded:
 - 3.1. the community outcomes to which the activity primarily contributes;
 - 3.2. the distribution of benefits between the community as a whole, any identifiable part of the community and individuals;
 - 3.3. the period in or over which benefits are expected to occur;
 - 3.4. the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
 - 3.5. the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.
2. the overall impact of any allocation of liability for revenue needs on the community.

Council has followed the four steps outlined below in making the above assessment. These steps are discussed in detail below.



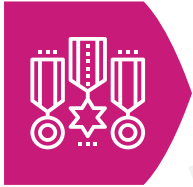






Step 1 – Considering Community Outcomes (Section 101(3)(a)(i))

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
- 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 – Council infrastructure activities contributions to Community Outcomes / Strategic Priorities - Project Thrive

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						
Goal:	 Proud District	 Prosperous District	 Strong Communities	 Connected Citizens	 Smart Growth	 Environmentally Responsible	 Durable Infrastructure
Solid Waste	✓	✓	✓	✓	✓	✓	✓
Roading		✓		✓			✓
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, Council develops a programme of infrastructural capital works and reserves purchases. For each of the individual capital projects included in the programme, 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.

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 Council in the LTP, those new developments create the need for new community facilities which requires Council to incur capital expenditure.

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 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, 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, 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:
 - a renewal,
 - an increased level of service, or
 - a new service.

For each individual project that requires capital expenditure, 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, 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.

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 district 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 Central Hawke's Bay 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
- Roading Infrastructure: Section 6.4.5

The following analysis sets out the rationale for Council identifying the catchment areas for DC charges for water, stormwater and wastewater, reserves, roading and community Infrastructure. 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.

Council has split its reserve developments into two groupings. Those reserves that are considered smaller, and servicing just the local community. And those reserves such as Russell Park, Tuki Tuki Cycleways, Lake Whatumā that are considered to be premier reserves that provide recreational and tourism opportunities to the whole district.

Like premier reserves, public toilets, libraries and community halls are considered to benefit the whole district.

While most Recreation and Community Infrastructure assets in the district 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 second supply project is planned to benefit the townships of Otāne, Waipawa, Waipukurau. The DC charges for this project have been prorated to each township on a population basis.

All properties connected to an urban water supply in the district 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.

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 all the 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 and 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. The DC charges for this project have been prorated to each township on a population basis.

All properties connected to urban wastewater in the district 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. 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 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.

Roading

Only one Land Transport project is included in this DCP. This project is primarily due to the demand created by the Waipukurau Growth Precinct and includes physical works such as traffic management at intersections, footpath widening and cycleway extensions.

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 other major roading capital expenditure for growth is anticipated. However, it is 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 'appeals version District Plan' under the Financial Contributions as allowed under the RMA.



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**CENTRAL
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