



**CENTRAL
HAWKE'S BAY**
DISTRICT COUNCIL

Council Meeting Agenda

Thursday, 14 March 2024

9.00am

Council Chambers,
28-32 Ruataniwha Street, Waipawa

Together we thrive! E ora ngātahi ana!

Order Of Business

1	Welcome / Karakia / Notices	3
2	Apologies	3
3	Declarations of Conflicts of Interest.....	3
4	Standing Orders.....	3
5	Confirmation of Minutes.....	3
6	Reports from Committees	15
6.1	Recommendations from the Risk & Assurance Committee held on 7 Dec 2023	15
7	Report Section	51
7.1	Better Off Funding - Update and Funding Direction.....	51
7.2	2024-2027 Three Year Plan Update and Endorsement of Options.....	62
7.3	Endorsement of Draft Financial Strategy 2024	75
7.4	Endorsement of Draft Infrastructure Strategy 2024	99
7.5	Endorsement of the Draft Development Contributions Policy 2024.....	185
7.6	Endorsement of Draft Significant Assumptions - Three-Year Plan 2024-2027	257
7.7	Endorsement of Activity Levels of Service and Performance Measures - Three Year Plan 2024-2027	281
7.8	Review of the Significance and Engagement Policy	327
7.9	Treasury Management Policy Review	337
7.10	Proposed Changes to Solid Waste Fees and Charges.....	360
7.11	Funding Assistance for Significant Natural Areas in the District.....	370
7.12	Water Services Reform Update and Future Direction	375
7.13	Key Project Status Report - Big Wastewater/Bigwater Story	382
7.14	Cyclone Gabrielle - Roading Recovery Update	410
7.15	Representation Review update and timeline	425
7.16	Petition - Speed reduction in OngaOnga	430
7.17	Resolution Monitoring Report	436
7.18	Reports from Joint Committees August - November 2023.....	440
7.19	Documents Executed under Common Seal.....	450
8	Chief Executive Report.....	454
	Nil	
9	Date of Next Meeting	454
10	Public Excluded Business	454
11	Time of Closure.....	455

- 1 **WELCOME / KARAKIA / NOTICES**
- 2 **APOLOGIES**
- 3 **DECLARATIONS OF CONFLICTS OF INTEREST**
- 4 **STANDING ORDERS**

RECOMMENDATION

That the following standing orders are suspended for the duration of the meeting:

- 21.2 Time limits on speakers
- 21.5 Members may speak only once
- 21.6 Limits on number of speakers

And that Option C under section 22 *General Procedures for Speaking and Moving Motions* be used for the meeting.

Standing orders are recommended to be suspended to enable members to engage in discussion in a free and frank manner.

- 5 **CONFIRMATION OF MINUTES**

Ordinary Council Meeting - 15 February 2024.

RECOMMENDATION

That the minutes of the Ordinary Council Meeting held on 15 February 2024 as circulated, be confirmed as true and correct.

**MINUTES OF CENTRAL HAWKE'S BAY DISTRICT COUNCIL
COUNCIL MEETING
HELD AT THE COUNCIL CHAMBER, 28-32 RUATANIWHA STREET, WAIPAWA
ON THURSDAY, 15 FEBRUARY 2024 AT 9.00AM**

UNCONFIRMED

PRESENT: Mayor Alex Walker
Deputy Mayor Kelly Annand
Cr Brent Muggeridge
Cr Tim Aitken
Cr Gerard Minehan
Cr Pip Burne
Cr Exham Wichman
Cr Jerry Greer
Cr Kate Taylor

IN ATTENDANCE: Doug Tate (Chief Executive)
Nicola Bousfield (Group Manager, People and Business Enablement)
Brent Chamberlain (Chief Financial Officer)
Dennise Elers (Group Manager Community Partnerships)
Dylan Muggeridge (Group Manager Strategic Planning & Development)
Phillip Stroud (Acting GM Community Infrastructure and Development)

Kim Anstey (Planning Manager)
Alison Bell (Strategic Communications Advisor)
Rebecca England (Project Manager)
Reuben George (Director Projects & Programmes)
Lisa Harrison (LTP Programme Manager)
Robert Hon (Environmental Waste Manager)
Riley Kupa (Recovery Manager)
Ben Swinburne (3 Waters Manager)
Annelie Roets (Governance Lead)

1 WELCOME / KARAKIA / NOTICES

Her Worship, The Mayor Alex Walker welcomed everyone to the meeting opened with a karakia.

The Mayor requested everyone to remain standing to commemorate the 1 year anniversary of Cyclone Gabrielle.

The Mayor also recognise the passing of former Councillor Mark Williams and wished his family our thoughts and prayers. A minute of silence was held.

2 APOLOGIES

There were no apologies received.

3 DECLARATIONS OF CONFLICTS OF INTEREST

There were no Declarations of Conflicts of Interest received.

4 STANDING ORDERS

LVED: 24.1

Moved: Cr Jerry Greer

Seconded: Cr Kate Taylor

That the following standing orders are suspended for the duration of the meeting:

- 21.2 Time limits on speakers
- 21.5 Members may speak only once
- 21.6 Limits on number of speakers

And that Option C under section 21 General procedures for speaking and moving motions be used for the meeting.

Standing orders are recommended to be suspended to enable members to engage in discussion in a free and frank manner.

CARRIED

5 CONFIRMATION OF MINUTES

RESOLVED: 24.2

Moved: Deputy Mayor Kelly Annand

Seconded: Cr Gerard Minehan

That the minutes of the Ordinary Council Meeting held on 14 December 2023 as circulated, be confirmed as true and correct.

CARRIED

Correction page 5 of the Minutes:

2023 Waipawa Building Society Scholarship: Her Worship, The Mayor welcomed Elyn Ross and ~~Elyn~~-Ella Malcolm to the meeting.

6 REPORTS FROM COMMITTEES

Nil

7 REPORT SECTION

7.1 RESOLUTION MONITORING REPORT

PURPOSE

The purpose of this report is to present to Council the Resolution Monitoring Report. This report seeks to ensure Council has visibility over work that is progressing, following resolutions from Council.

RESOLVED: 24.3

Moved: Deputy Mayor Kelly Annand

Seconded: Cr Exham Wichman

That the report be noted.

CARRIED

Mr Doug Tate introduced the report with discussions noting:

- Item 3 “Tukituki Swingbridge”: Councillors will note that it shows complete, but there is currently sitting an action on this item going forward.
- Item 5 “Adoption of Draft Statement of Proposal – Freedom Camping”: Officers busy reviewing the content of submissions which will be presented to council on the next steps forward at the 14 March 2024.
- Item 6 “Representation Review – Maori Representation”: Finalising pre-engagement with an online survey with the aim to present the 2024 timeline and next steps at the 6 March Council workshop. This is been supported by Warwick Lampp from Electionz.

7.2 CYCLONE GABRIELLE - RECOVERY UPDATE

PURPOSE

The purpose of this report is to provide the monthly formal update on progress on the recovery from Cyclone Gabrielle against the key four priorities and issues identified for the district through locality planning.

RESOLVED: 24.4

Moved: Cr Gerard Minehan

Seconded: Cr Jerry Greer

That the report be noted.

CARRIED

Report was introduced by Riley Kupa who gave an update on the progress made on recovery. The report was taken as read. Further discussions noted:

- Mr Kupa provided a summary of the report and noted that this week has been a week of reflection following the 1 year anniversary of Cyclone Gabrielle.
- Work continues with the Pōrangahau community around flood mitigation scheme.
- Question
- Question arose around the connection between stormwater modelling and land categorising

and river modelling in Pōrangahau and whether any progress has been made on the stormwater modelling connected to this work?

- Initial meetings were held with HBRC which identified CHBDC's assets within the community and how it fits in with the mitigation schemes for Pōrangahau. Further meetings also held with the CE of HBRC to confirm the project governance arrangements around this project.
- Expect to have a full detailed project plan early next week.
- Was requested whether a list of the 26 Bridges at risk of scour and erosion be shared with public to be open and transparent? The lists can be shared as it poses no risk to the community in terms of their traveling.
- The Projects Status reports notes all the funding, delivery, contractor performance and detailed summary of actions underway including HBRC river management gravel (Tukituki scheme review) and Land categorisation etc.

Due to livestream technical difficulties, the meeting adjourned from 9.35am and reconvened at 9.45am.

7.3 ENDORSEMENT OF THREE-YEAR PLAN 2024-2027 DIRECTION

PURPOSE

The purpose of this report is for Council to formally endorse the direction of the 3 Year Plan 2024 - 2027, in order for Officers to prepare the Consultation Document and supporting information for the draft Three Year Plan 2024 – 2027.

RESOLVED: 24.5

Moved: Cr Gerard Minehan
Seconded: Cr Brent Muggeridge

1. **That the report be noted.**
2. **That Council endorses the direction and draft estimated budget and rates requirement for the Three Year Plan 2024-2027 outlined in this report for the continued development of the Three Year Plan.**

CARRIED

Doug Tate introduced the item recognising the significant impacts Cyclone Gabrielle had on Council's infrastructure and roading network. Discussions traversed:

- Noting the challenges the district face as well as recognising the uncertainty around the financial pressures.
- The Three-Year Plan 2024-2027 propose areas of priority to prioritise investment in and sets out the financial implications of the plan.
- Mr Tate highlighted the overall approach proposed for the three-year plan including engagement with community.
- Noted the early work officers have done with Councillors in terms of the review of the Revenue and Financing Policy and other key policies, and in particular the significant trade-offs and implications on Council's budget.
- Key priorities have been highlighted i.e
 - Land Transport investment in particular,
 - Increasing urban stormwater investment and operational maintenance,
 - Focussing on Land Transport Recovery,
 - Continuing to prioritise #thebigwaterstory, continuing with drinking water risk and

- resilience Projects,
- Maintaining the strategy and approach to #thebigwastewaterstory and the completion of the associated river management reviews and
- Continuing to progress alternative funding and delivery models for three waters, including the Hawke's Bay Waters model.
- Gave an update on Council's Operating Expenditure for the Three-Year Plan 2024-2027 and associated challenges council faces.
- Key financial impacts that Council is unable to control of \$2.427 million across the total rates increase required of \$6.67m.
- The key uncontrollable costs includes (1) Higher interest costs, (2) higher loan repayments, (3) Landfill contract escalations, (4) insurance increases higher than inflation as well as (5) loss in fees forecast in resource and building consent activities.
- A number of service changes and options to mitigate and defer costs across the organisation to achieve the proposed Year 1 budget estimates have already been included.
- An update on Council's Capital Projects and Forecast Debt as well as outlining the proposed engagement topics in the Consultation Document.
- It was proposed to work through the 4 proposed topics and seeks suggestions and guidance from councillors which may assist council to make an informed decision.

7.4 PROPOSED AMENDMENTS AND UPDATES TO COUNCIL DELEGATIONS MANUAL

PURPOSE

The purpose of this report is to present to Council the recommendations to the Delegations Manual following legal reviews from Rice Speir and Asher Davidson.

RESOLVED: 24.6

Moved: Deputy Mayor Kelly Annand

Seconded: Cr Exham Wichman

That Council accepts and adopts the changes recommended in the Central Hawke's Bay Council Delegations Manual and requests that the Governance Structures and representation components are added to the policy review for policy refinement.

CARRIED
Against: Cr Tim Aitken

Dylan Muggeridge and Brent Chamberlain introduced the item noting Asher Davidson, Council's barrister joining online. Discussions noted:

- Minor changes are being proposed to the existing policy to account for legislation changes
- Highlighted the key changes being proposed i.e general changes warrant & legislation changes and District Plan delegations
- Dylan Muggeridge spoke on District Plan delegations noting that council is now moving into the appeals mediations phase which expects to begin from 5 March 2024.
- Updating the District Plan Delegations, will allow an officer to participate in mediation and any other alternative dispute resolution processes that may be directed by the Environment Court and to reach agreements to resolve appeals.
- Other minor changes proposed including updating the names of roles to reflect changes in Council's organisational structure.
- Council's Delegations Manual can be amended as the need exists and doesn't need to be on a three-yearly cycle.

The meeting adjourned at 10.41am and reconvened at 11.04am.

7.5 HALF YEAR FINANCIAL RESULTS FOR THE 2023/2024 FINANCIAL YEAR

PURPOSE

The purpose of this report is to provide Council with visibility of how Council's finances are tracking for the first six months of the 2023/24 financial year.

RESOLVED: 24.7

Moved: Cr Brent Muggeridge

Seconded: Deputy Mayor Kelly Annand

1. That the report be noted.

CARRIED

Brent Chamberlain introduced the report and gave a brief summary and overview on council's finances over the first six months of 2023/24 recognising the financial pressures. Further discussions traversed:

- The paper was written in two parts being (1) Half-year results and (2) Proposed fee change.
- Revenue down in budget (fees and charges, specifically Resource Consents, Building Consents and Solid Waste respectively).
- The largest driver of revenue shortfall is volume (Annual Plan volumes were set based on 2021/22 volumes which included additional volumes from wastewater pond desludging and a more buoyant building/house renovation market), and to a lesser extent price.
- 85% of council's total debt relates to 3 Waters and only being serviced by 50% of ratepayers connected to these services.
- Council's capital expenditure is below both budget and last year's levels reflecting the pause and wait approach Council has taken until some clarity appears as to what the recent election mean for the 3 waters reform programme.
- Council is currently compliant on its Treasury Policy.
- Question was asked what capital programmes are being delivered between now and the end of this financial year, particular the Renewals Programme.
- The Chief Financial Officer will provide a forecast towards the end of the year together with clarity on what capital programmes are being delivered this year.
- It was noted that full schedule of fees and attachments were missing as an attachment to the report.
- That council bring back a full report to the March 2024 council meeting on the proposed changes to Fees and charges relating to the transfer station and refuse bag pricing to take effect from 1 April 2024.

7.6 TREASURY MANAGEMENT POLICY REVIEW

PURPOSE

The matter for consideration by the Council is the review of its Treasury Management Policy ahead of setting the Three Year Plan budgets. This policy has been recommended for Adoption without change from the Risk and Assurance Committee from its meeting of 7 December 2023.

RESOLVED: 24.8

Moved: Mayor Alex Walker

Seconded: Cr Kate Taylor

That Council rejects the proposed recommendations from the Risk & Assurance Committee meeting held on 7 December 2023 and that Council requires some additional advice and analysis on the Treasury Policy, including advice and guidance from the Risk & Assurance Committee's Independent chair, to be reconsidered at the March 2024 Council meeting.

CARRIED

The paper was introduced by Brent Chamberlain with discussions noting:

- Debt forecasted to continue to grow – projecting by Year 3 of Council's Three-Year Plan 2024-2027, Council will be exceeding their current Treasury Policy settings and as a result, Treasury
- BanCorp presented at the Risk & Assurance Committee meeting in December 2023 and recommended some adjustments to the Treasury Policy settings and presented to Councillors today.
- It was recommended that the debt cap restriction lifting it from 150% to 200% of revenue, requiring Council to obtain an external credit rating and amend its treasury management policy to allow borrowing at a higher level.
- The bank's limit debt cap is currently to up to 175%, but a credit rating is obtained, Council can borrow up to 280%.
- The Risk & Assurance Committee at their December 2023 meeting, recommended to Council to adopt the revised Treasury Policy.
- Council rejected the recommendation as proposed and requested that officers come back to the March Council meeting to be reconsidered with some additional advice.

7.7 REVENUE AND FINANCING POLICY REVIEW

PURPOSE

The matter for consideration by the Council is the review of Council's Revenue and Financing Policy for inclusion in the 3 Year Plan consultation documents.

RESOLVED: 24.9

Moved: Cr Pip Burne

Seconded: Cr Exham Wichman

- 1. That Council accept the proposed changes to the Revenue and Financing Policy as recommended for inclusion in the Three-Year Plan Consultation Document and Supporting Information for public feedback.**

CARRIED

The report was introduced by Brent Chamberlain noting the minor changes made to the Policy as proposed from the Nov 2023 Council meeting. Discussions noted:

- This Policy is another key document for the Three-Year Plan 2024-2024 (or Long Term Plan)
- Following from the 15 Nov 2023 Council meeting, Council recommended a number of changes.
- Feedback from this meeting, two further changes were made being
 - (1) Commentary to include around Category 3 properties. Category 3 property buy-outs sections are now being removed from the policy.
 - (2) Section on swimming pools be reworded to ensure this was 100% private funding. The policy has been changed to suggest that the swimming pool inspections for those permanent council notified swimming pools are part of a targeted rate and that the targeted rate is 100% recovery of officer's time.
- Further clarity from the Nov meeting was sought about stormwater targeted rates, and in particular the network maps of properties in the stormwater zone. Commentary in the paper.

The meeting adjourned at 12.29pm and reconvened at 1.07pm.

8 CHIEF EXECUTIVE REPORT

8.1 ORGANISATION PERFORMANCE REPORT - QUARTER 2 UPDATE

PURPOSE

The purpose of this report is to present to Council the Organisation Performance Report – Quarter 2 for the period of 1 October to 31 December 2023.

This updated format of reporting also includes the non-financial quarterly reporting, previously reported separately to Council each quarter.

RESOLVED: 24.10

Moved: Deputy Mayor Kelly Annand
Seconded: Cr Kate Taylor

That the Organisation Performance Report for quarter 2 (1 October – 31 December 2023) be noted.

CARRIED

The paper was introduced by the Chief Executive, Doug Tate with discussions noting:

- This is the second time that this report also includes the quarterly non-financial performance results, normally reported on separately.
- LGOIMA requests are being reported again on in this document.
- This quarter, the Organisational key focus areas includes (1) Developing the Supplier Improvement Programme and its next steps. (2) Enhancing our visibility over contractor performance through shared Key Performance Indicators (KPI) and reporting. (3) Continued focus on the Land Transport Improvement Plan. This has included shaping the Activities direction of key procurement.
- Comments and feedback received taken as actions for the next report in May 2024.

9 DATE OF NEXT MEETING

RESOLVED: 24.11

Moved: Mayor Alex Walker
Seconded: Cr Brent Muggeridge

That the next meeting of the Central Hawke's Bay District Council be held on 14 March 2024.

CARRIED

10 PUBLIC EXCLUDED BUSINESS

RESOLUTION TO EXCLUDE THE PUBLIC

RESOLVED: 24.12

Moved: Cr Pip Burne
 Seconded: Cr Jerry Greer

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
<p>10.1 - Public Excluded Resolution Monitoring Report</p>	<p>s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p> <p>s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	<p>s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>
<p>10.2 - District Plan Review Key Project Status Report</p>	<p>s48(2)(a)(i) - the exclusion of the public from the whole or the relevant part of the proceedings of the meeting is necessary to enable the Council to deliberate in private on its decision or recommendation where a right of appeal lies to any court or tribunal against the final decision of the Council in these proceedings</p>	<p>s48(2)(a)(i) - the exclusion of the public from the part of the meeting is necessary to enable the local authority to deliberate in private on its decision or recommendation</p>
<p>10.3 - Ruataniwha Basin Tranche 2 Groundwater takes appeals - update and next steps</p>	<p>s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege</p> <p>s7(2)(i) - the withholding of the information is necessary to</p>	<p>s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would</p>

	enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	exist under section 6 or section 7
--	--	------------------------------------

CARRIED

RESOLVED: 24.13

Moved: Cr Pip Burne
 Seconded: Cr Jerry Greer

That Council moves into Public Excluded business at 1.22pm.

CARRIED

RESOLVED: 24.14

Moved: Cr Tim Aitken
 Seconded: Cr Exham Wichman

That Council moves out of Public Excluded business at 2.07pm.

CARRIED

11. TIME OF CLOSURE

The Meeting closed at 2.07pm.

The minutes of this meeting will be confirmed at the next Council meeting to be held on 14 March 2024.

.....
CHAIRPERSON

6 REPORTS FROM COMMITTEES

6.1 RECOMMENDATIONS FROM THE RISK & ASSURANCE COMMITTEE HELD ON 7 DEC 2023

File Number:

Author: Nicola Bousfield, Group Manager: People & Business Enablement

Authoriser: Doug Tate, Chief Executive

Attachments:

1. **Proposed Risk & Assurance Terms of Reference** [↓](#)
2. **Proposed Council Risk Appetite Settings March 2024** [↓](#)
3. **Risk Maturity Report CHBDC October 2023** [↓](#)

RECOMMENDATION

1. **That Council adopt the proposed changes to the Risk and Assurance Committee Terms of Reference, endorsed by the Risk and Assurance Committee.**
2. **That Council adopt the Risk Appetite Settings, recommended for adoption by the Risk and Assurance Committee.**

PURPOSE

The matter for consideration by the Council is to adopt the proposed changes to the Risk & Assurance Committee Terms of Reference and the Council Risk Appetite Settings, both of which have been endorsed by the Risk & Assurance Committee.

BACKGROUND

In 2023 Council undertook a Risk Maturity review involving all Elected Members, Council officers and the Risk & Assurance Committee. The review resulted in a Risk Maturity Report that contained a number of findings and recommended areas for improvements, many of which have already been implemented. The Risk Maturity Report was presented to the Risk & Assurance Committee in December 2023 where the Committee endorsed proposed changes to the Risk & Assurance Terms of Reference and endorsed the proposed Risk Appetite Settings, both of which are proposed to be adopted by Council. For reference, a copy of the Risk Maturity Report has also been attached which was presented to the Risk & Assurance Committee.

Officers note that the proposed decisions in this paper come ahead of the minutes from the December Risk and Assurance Committee meeting, due to the many month gap between Risk and Assurance which would have meant a delay in the implementation of these decisions.

DISCUSSION

Risk and Assurance Committee Terms of Reference

The proposed change to the Risk and Assurance Committee Terms of Reference for which officers are seeking Council to adopt is attached and is in-line with the recommendations and findings of the Risk Maturity Report specific to the Committee itself:

- *The Risk and Assurance committee's terms of reference need more detail and specificity, especially post-Cyclone Gabrielle.*
- *The committee meets infrequently (four times a year, including almost exclusive annual report meeting), considered too few to effectively manage risk at CHBDC.*

- *An independent member chairs the Risk and Assurance committee, providing real benefits to Council.*
- *Considering the impact of Cyclone Gabrielle and the generational impact this event has had to the district and ongoing changes in Local Government, it would be wise to review the Risk and Assurance committee membership annually, for the foreseeable future.*

In addition to the proposed change to the Terms of Reference, officers also note the recent resignation of the independent Chair of the Risk & Assurance Committee. The Committee intends to undertake a workshop (in line with Risk Maturity Report recommendations) to determine the skills and make-up required for the independent role and how that fits in ahead of recruitment for a new Committee member. This workshop will also be considered the annual review of membership as recommended in the Risk Maturity Report.

Council Risk Appetite Settings

The Risk Maturity Report found the previous risk appetite headings used in the Risk Management Framework were generic headings most Local Government organisations may use across New Zealand. The proposed changes give the risk appetite settings a Central Hawke’s Bay local context and align with Council’s “Our Strategic Direction”. It is considered this alignment will create a tighter context for risk discussions at Council and Risk & Assurance in the future.

The proposed risk appetite settings were discussed at the Council workshop in October 2023 and a draft of the 2023 risk appetite settings incorporating proposed headings, was presented and endorsed by the Risk & Assurance Committee in the 7 December 2023 meeting.

The proposed Risk Appetite Settings for Council to adopt are as follows:

Proposed	Risk Appetite
A Proud District	LOW
A Prosperous District	LOW
Strong Communities	MODERATE
Connected Citizens	LOW
Smart Growth	MODERATE
Durable Infrastructure	LOW
Environmentally Responsible	LOW

Officers note, that while each of the risk appetite settings above show a “global” risk appetite for each category, there are a number of specific “top” organisation risks that each have their own risk appetite setting. Depending on the context, the appetite of the risk may sit outside of the global risk appetite. Please see attached for a current list of the “top” organisation risks which includes a specific risk appetite for each that was developed following the workshop with Council in October 2023. This register will have items come on and off the risk register over time and the full level of detail and trends are reported to the Risk & Assurance Committee at every meeting.

At each Risk & Assurance meeting Officers will take the committee through a section of risks in the risk register in detail, this will allow the Committee to provide officers feedback on risk appetite settings as required.

DELEGATIONS OR AUTHORITY

As per the Risk Management Framework, Council have the delegation to approve, as required, the risk appetite settings annually (recommended by Risk & Assurance Committee).

OPTIONS ANALYSIS

The options presented to Council are straight forward, to adopt the proposed changes in the current form. Or, do not adopt the proposed changes and instead provide feedback for officers to consider with the Risk & Assurance Committee.

	<u>Option 1</u> Adopt proposed changes	<u>Option 2</u> Do not adopt proposed changes
1. Risk & Assurance Terms of Reference	That Council adopt the proposed changes to the Risk and Assurance Committee Terms of Reference.	That Council <u>do not</u> adopt the proposed changes to the Risk and Assurance Committee Terms of Reference.
2. Council Risk Appetite settings	That Council adopt the proposed Risk Appetite settings	That Council <u>do not</u> adopt the proposed Risk Appetite settings

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made;
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter;
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses;
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan;
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

NEXT STEPS

Officers will continue to work with the Risk and Assurance Committee and Council to implement the recommendations of the Risk Maturity Review.

RECOMMENDATION

1. **.That Council adopt the proposed changes to the Risk and Assurance Committee Terms of Reference, endorsed by the Risk and Assurance Committee.**
2. **That Council adopt the Risk Appetite Settings, recommended for adoption by the Risk and Assurance Committee.**



Appendix D Revised Terms of Reference for the Risk and Assurance Committee

Revisions in Red

RISK AND ASSURANCE COMMITTEE	
Membership	<p>Chair (Independent)</p> <p>Councillor (Deputy Chair)</p> <p>His/Her Worship the Mayor</p> <p>A second independent member may be appointed by the committee to ensure appropriate mix of legal and financial skills.</p>
Meeting Frequency	<p>The committee shall meet FOUR (4) times per year</p> <p>The committee shall meet FIVE (5) times per year with ONE (1) of those meetings dedicated to reviewing the Annual Report.</p>
Quorum	<p>As set by Standing Orders.</p>
Purpose	<p>The purpose of the Risk & Assurance Committee is to contribute to improving the governance, performance and accountability of the Central Hawke’s Bay District Council by:</p> <p>The purpose of the Risk and Assurance Committee is two fold:</p> <ul style="list-style-type: none"> • Provide assurance to key council policies, systems and controls • Provide governance on council risk. <p>Specifically:</p> <ul style="list-style-type: none"> • Ensuring that Council has appropriate financial, health and safety and internal controls in place for the purpose of managing, analysing, treating, monitoring and communicating assurance. • Ensuring that Council has appropriate management policies, procedures and practices for the purpose of identifying, analysing, evaluating, treating, monitoring and communicating risk. <p>Ensuring that the Council has appropriate financial, health and safety, risk management and internal control systems in place.</p> <p>Consider whether appropriate action is being taken by Management to mitigate Council’s risks.</p>



	<p>To determine, on an annual basis or more regularly depending on legislation and market forces, the risk appetite of CHBDC and to promulgate this to Council for ratification.</p> <p>Seeking reasonable assurance as to the integrity and reliability of the Council's financial and non-financial reporting.</p> <p>Providing a communications link between management, the Council and the external and internal auditors and ensuring their independence and adequacy.</p> <p>Promoting a culture of openness and continuous improvement.</p>
<p>Responsibilities</p>	<p>The Council delegates to the Audit and Risk Committee the following responsibilities:</p> <ul style="list-style-type: none"> • To monitor the Council's treasury activities to ensure that it remains within policy limits. Where there are good reasons to exceed policy, that this be recommended to Council. • To review the Council's insurance policies on an annual basis. • To review, in depth, the Council's annual report and if satisfied, recommend the adoption of the annual report to Council. • To work in conjunction with Management in order to be satisfied with the existence and quality of cost-effective health and safety management systems and the proper application of health and safety management policy and processes. • To work in conjunction with the Chief Executive in order to be satisfied with the existence and quality of cost-effective risk management systems and the proper application of risk management policy and processes, including that they align with commitments to the public and Council strategies and plans. • To provide a communications link between management, the Council and the external and internal auditors. • To engage with Council's external auditors and approve the terms and arrangements for the external audit programme. • To engage with Council's internal auditors and approve the terms and arrangements for the internal audit programme. • To monitor the organisation's response to the external and internal audit reports and the extent to which recommendations are implemented. • To engage with the external and internal auditors on any one-off assignments. • To work in conjunction with management to ensure compliance with applicable laws, regulations standards and best practice guidelines.














<p>Delegations</p>	<p>Subject to any expenditure having been approved in the Long Term Plan or Annual Plan the Audit Committee shall have delegated authority to approve:</p> <ul style="list-style-type: none"> • Risk management and internal audit programmes. • Terms of the appointment and engagement of the audit with the external auditor. • Additional services provided by the external auditor. • The proposal and scope of the internal audit. <p>In addition, the Council delegates to the Audit and Risk Committee the following powers and duties:</p> <ul style="list-style-type: none"> • The Audit and Risk Committee can conduct and monitor special investigations in accordance with Council policy, including engaging expert assistance, legal advisors or external auditors, and, where appropriate, recommend action(s) to Council. • The Audit and Risk Committee can recommend to Council: <ul style="list-style-type: none"> – Adoption or non-adoption of completed financial and non-financial performance statements. – Governance policies associated with Council’s financial, accounting, risk management, compliance and ethics programmes, and internal control functions, including the: Liability Management Policy, Treasury Policy, Sensitive Expenditure Policy, Fraud Policy, and Risk Management Policy. – Accounting treatments, changes in generally accepted accounting practice (GAAP). – New accounting and reporting requirements. The Audit and Risk Committee may not delegate any of its responsibilities, duties or powers.
<p>Professional learning and development</p>	<p>All members will participate in a Risk and Assurance Governance Training in the first year of membership.</p>

Proposed Council Risk Appetite Settings March 2024

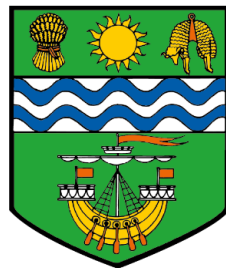
Proposed	Risk Appetite
A Proud District	LOW
A Prosperous District	LOW
Strong Communities	MODERATE
Connected Citizens	LOW
Smart Growth	MODERATE
Durable Infrastructure	LOW
Environmentally Responsible	LOW

Risk Title	Risk Description	Risk Appetite
Proud District - Central Hawke’s Bay is proud of its identity and place in our region and nation		
1. Council loses or reduces its credibility or social licence to operate	Council loses or reduces its credibility or social licence to lead the community through its actions or behaviours. Council leads its community through a mandate given to its elected members, should this be damaged, its ability to lead the community will be negatively impacted.	
Connected Citizens		
2. Business interruption	Business interruption caused by some unexpected event impacting on service delivery.	
a. Cyber Security interruption	Disruption to services impacting on the community and staff as the result of IT systems failure. Increasing sophistication of cyber security attacks may cause Council to be unable to defend a significant cyber-attack, resulting in an inability to communicate through normal channels, operate core functions or stand up a response, severely impacting Councils reputation and potential legal implications and /or fines.	
3. Inadequate civil defence response	Councils ability to reduce, be ready, respond or recover from future emergency events are not at the standard our community expects or deserve. Failure to respond adequately during a civil defence emergency results in undue harm to members of the community and delays in restoring the district to an operational basis.	
a. The risk of tsunami	Severe weather events and climate change effects impacting community. Sea level rise affects coastal communities resulting in loss or damage to private property and council facilities.	
b. The risk of a flooding event	Severe weather events that result in flooding (such as Cyclone Gabrielle) and climate change effects impacting community wellbeing.	

Prosperous District - is attractive to businesses, households and whānau that are actively engaged in, and contribute, to our thriving district.		
4. Unknown ongoing impact of Cyclone Gabrielle across Council	Cyclone Gabrielle has created a high level of uncertainty for Councils budgets, in particular the cost of recovery and level of government assistance. It has also impacted the delivery of strategic projects. This pressure has been on resourcing in particular where staff have been redeployed into recovery planning and on higher priority activities. The risk and impact to Council following this work is yet to be determined with the impending release of NIWA modelling expected early 2024 and will be followed by the development and updating of HBRC hazard mapping.	
a. Unknown Cyclone impact to community (Porangahau)	There is uncertainty on the path forward for recovery in impacted community areas, in particular Porangahau and it is unclear what Council's level involvement will be.	
5. Inability to demonstrate value for money to the rate payer	Services and projects delivered by Council do not demonstrate value for money for the district. Implementation of Council's Financial Strategy is not effective in guiding appropriate decision making to meet the financial pressures associated with maintaining the assets in a manner that is affordable to the CHB community. Breakdown in processes and monitoring mean that there is a major cost overrun in high-profile projects. Financial pressures have seen cost escalation, cyclone Gabrielle impacts.	
6. Central government funding uncertainty	Central government funding for programmes of work is reduced or changes causing second order impact to council plans, investments, projects or priorities. Central Govt funding that was previously committed has the potential to be removed causing uncertainty with project planning - including "better off" funding.	
a. Roading funding uncertainty	Although Waka Kotahi has recently approved the carry forward of the remainder of the Response funding until June 30 2024 at 100% significant investment is still required to repair damaged roads and funding beyond July 2023 is not certain.	
7. Council is unable to deliver Crown-funded projects	Financial constraints on Council, compounded by the impacts of Cyclone Gabrielle, are having second order impacts on Council's ability to deliver Crown-funded projects. The re-prioritisation of the capital works programme is having a flow-on impact on the deliverability of strategic projects - in particular the Waipukurau South Growth Precinct project which is part-funded by Kainga Ora.	
8. That rate increases are above forecast levels	Rate increases have the potential to be above forecast and consulted levels set in the 2021 Long Term Plan and as a result, are perceived as unaffordable to the rate payer.	
Strong Communities		
9. Inadequate staffing capacity and capability to deliver Council's objectives	People and workforce - capability challenges regarding the ability to recruit staff with the desired levels of skill and experience. Shortage of skilled staff impacts on ability to deliver services to the community.	
a. Inability to recruit business critical roles - specifically at ELT or 3rd tier management level	Council has specific hard to fill technical vacancies that are being seen at a national level - particularly the GM - CID, Water, Resource Consenting, Comms and Land Transport.	

<p>10. Health & Safety - Failure to create and maintain safe council facilities and a safe environment for the community and staff</p>	<p>There is a risk that CHBDC staff and contractors will be exposed to hazards that could lead to death or irreversible injury or illness or deterioration in health, during the course of their work. Failure to create and maintain safe council facilities and a safe environment for the community leading to death or serious injury.</p>	
<p>11. Unknown ongoing viability of community assets - Centralines Aquatic Centre</p>	<p>The ongoing viability of the Central Hawke's Bay District Community Trust is unknown. Should the Trust choose to fold then as per the Trust Deed it will default back to Council.</p>	
<p>Smart Growth</p>		
<p>12. Inability to service development that then hinders or reduces growth</p>	<p>External pressures posing significant impact on Council's ability to deliver services for BAU or not meet development targets. Should council not support growth to the level planned, then the risk is development in the region will not occur at predicted levels. The influx of development has also put pressure on the tangible infrastructure to adequately service the development and not have a negative impact on existing levels of service.</p>	
<p>a. Inability to deliver the water capital works programme</p>	<p>The changes to central govt, reform of 3 waters legislation and the development of a Hawke's Bay waters model (at least 2 years away), create huge uncertainty and financial difficulty due to the lack of debt "head room".</p>	
<p>13. Contracts value for money/performance is not achieved</p>	<p>In a small council with a limited budget all contracts must deliver benefits as described in documentation. The risk is that planned benefits do not materialise or do so at less than planned levels or value.</p>	
<p>a. Uncontrollable contractor challenges</p>	<p>Officers continue to be challenged by the constraints and contractor and material shortages in the external market with the rapid pace in which pricing estimates can change, including a significant increase in costs that weren't originally anticipated.</p>	
<p>14. Growth projections aren't realised as planned for in the LTP</p>	<p>The LTP makes predictions for district growth based on a series of known variables and assumptions based on expert advice and research. The risk is growth does not occur or occurs at lower levels than predicted</p>	
<p>Environmentally Responsible</p>		
<p>15. Council's inability meet its regulatory, legal or moral obligations</p>	<p>Councils obligations to the environment are not met either directly or indirectly, real or perceived to protect and steward the environment for its community.</p>	
<p>a. Failure to achieve drinking water legislative requirements</p>	<p>Failure to adhere to legislative requirements.</p>	
<p>b. Failure to meet wastewater consent conditions - discharge into waterways</p>	<p>Councils obligations to the environment are not met either directly or indirectly, real or perceived - with a specific focus on water quality and discharge into waterways. Currently Council is not meeting its consent conditions at the Waipawa, Waipukurau wastewater treatment plants.</p>	
<p>Durable Infrastructure</p>		
<p>16. Critical asset failure</p>	<p>The condition of Council's 3 waters assets vary from very good to very poor. Those in poor condition are at risk of failure. Failures are common. Significant funding has been tagged in the 2021-2031 LTP to address this risk but, until such time as renewals exceed time-based deterioration year by year, the risk remains and must be actively managed. Beyond 'physical failure' through wear and deterioration, Council also remains exposed to systems failure through inadequate design or operation of complex systems and plants.</p>	

<ul style="list-style-type: none"> a. Failure of drinking water main Takapau Road, Waipukurau b. Failure of water reservoirs in Waipawa and Waipukurau c. Failure of Tikokino Road (Waipawa) Drinking Water Plant due to flood d. Failure of State Highway 2 bore field 	<p>The Takapau Rd drinking water main supply is the only drinking water supply to Waipukurau. There is limited drinking water resilience should this main fail.</p> <p>Waipukurau and Waipawa have limited drinking water storage and limited resilience should one of the reservoirs fail.</p> <p>The Tikokino water treatment plant is located beside the Waipawa River and has flooded twice in the last 18 months. The Waipawa and Waipukurau Wastewater plants are located next to rivers also.</p> <p>The project to upgrade the State Highway 2 bore field, that produces the water to service the Waipukurau township, has taken much longer than anticipated and has not yet produced the benefits and outcomes expected. This has left operational risk with the current infrastructure being unable to be taken offline for servicing as it is required to run continuously in order to supply the expected level of service.</p>
17. Water resilience	
<ul style="list-style-type: none"> a. Waipukurau drinking water resilience b. Porerere Beach water resilience 	<p>Water resilience has been identified as a key project and series of initiatives within the LTP. The district suffers from multiple single points of failure in the district water system with resilience projects and initiatives aimed at reducing this. The risk is that these projects and initiatives do not occur as planned or in the time provisioned.</p> <p>Waipukurau township drinking water is reliant on one primary source and does not have resilience in back-up supply should this fail. Should the 2nd water supply project be rephased within the capital programme, this risk to water supply will continue.</p> <p>The existing water supply servicing the Porerere Campground does not meet the requirements of the new DWQAR's due to inadequate infrastructure to meet these rules</p>
18. Disruption of essential services	
<ul style="list-style-type: none"> a. Bridges failure with no alternate route available x 3 b. Routes significantly damaged by weather events c. Road asset damage due to weather 	<p>Asset failure results in service interruption to network services (waters and roading)</p> <p>Currently 3 bridges within the district are unusable and no alternative exist to divert traffic. Douglas Cutting, Titoki Road and Makaramu bridges.</p> <p>There are a number of routes that have been significantly impacted by either Cyclone Gabrielle or previous weather events and access is limited with high risk of deterioration or the alternative route is significant - this includes Cooks Tooth Road, Wimbledon Road, Tourere Road and Gwavas Road.</p> <p>As well as the damage sustained in Gabrielle, large parts of the roading network remain damaged from 2022 events. Combined, this creates a significant impact for our road users as well as a significant challenge for our teams of staff and contractors to recover from. Limited maintenance contracts that don't and can't account for the scale of repairs required.</p>



**CENTRAL
HAWKE'S BAY**
DISTRICT COUNCIL

Review of Risk Maturity

Central Hawkes Bay District Council

October 2023

**Document status**

Job #	Version	Written	Reviewed	Approved	Report Date
2838	DRAFT	Matt Boggs	Dan Bonifant		October 2023
2838	FINAL	Matt Boggs	Dan Bonifant		November 2023

© Morrison Low

Except for all client data and factual information contained herein, this document is the copyright of Morrison Low. All or any part of it may only be used, copied or reproduced for the purpose for which it was originally intended, except where the prior permission to do otherwise has been sought from and granted by Morrison Low. Prospective users are invited to make enquiries of Morrison Low concerning using all or part of this copyright document for purposes other than that for which it was intended.



Contents

Review Scope	1
Our approach	1
Stage 1: Project initiation (16 June – 31 July 2023)	1
Stage 2: Risk maturity review (1 August – 30 September 2023)	2
Stage 3: Improving risk maturity (October)	2
Our Findings	2
Risk management framework	3
Does Council possess a formal risk management framework?	3
Is risk management tailored to Council needs?	4
Does Council possess appropriate policies and processes?	4
Clear governance roles and responsibilities	5
Does Council have someone responsible for leading risk management?	5
Do staff and elected members receive the training and support that they need to carry out their risk management roles and responsibilities?	6
Does the Risk and Assurance committee possess some level of independent membership?	6
Top Risks or Risk categories	6
Did Council have a good view on its top risks?	6
Does Council possess both quantitative as well as qualitative view risks?	8
Summary	8
Improving Risk Management	9
Leadership and direction	9
Risk Appetite	9
Risk and Assurance terms of reference	10
Risk and Assurance committee membership	10
People and development	10
Training	10
Processes and tools	10
Prioritise putting in place a formal risk management framework	10
Risk Report	11
Risk register	11



Business performance	11
Workflow	11
Appendix A Workflow	1
Appendix B Indicative Risk Register Template	2
Appendix C Indicative Risk Report Template	5
Appendix D Revised Terms of Reference for the Risk and Assurance Committee	1
Appendix E Literature review, Interviews and Workshop	4

Figures

Figure 1: CHBDC 2022 Risk appetite settings	5
Figure 2: Top local government risks as identified by a selection of councils across New Zealand	7
Figure 3: Current and proposed risk headings	9
Figure 4: DRAFT CHBDC 2023 risk appetite settings	10



Review Scope

Central Hawkes Bay District Council (CHBDC) has undergone a risk “journey” as a result of the 2018 and 2022 CouncilMARK reviews. These reviews were extremely positive on CHBDC performance however the reviews identified areas for improvement relating to risk, and accordingly Council has responded. The creation of a Risk and Assurance Committee, the appointment of an independent chair to that committee, the creation of a comprehensive risk register and Elected Members and Senior Leadership Team (SLT) engaging in risk discussions are all evidence of this journey and response to the review’s findings.

Council has indicated that they are now ready to move to the next level on their risk journey. Specifically the desire to operationalise the current risk approach, add additional clarity organisationally. In essence add depth and additional tailoring to Councils current risk management approach that embraces CHBDC unique context. Council has guided that the review outcomes should aim to improve risk across council. These outcomes are loosely aligned with the language and approach of “Risk Maturity” as described in the Controller and Auditor General’s report on Local Government risk management practices¹.

Our approach

The approach employed is detailed below and is designed to ensure Council is adequately positioned for the 2025 CouncilMARK review:



Stage 1: Project initiation (16 June – 31 July 2023)

Stage 1 was the project initiation stage with a focus on gaining clarity on the desired outcome of the review, scope, governance and context of the journey Council has been on so far and coordination for the review approach. It consisted of the following activities:

- Review initiation meeting
- Literature and data review

¹ *Our Observations on Local Government Risk Management Practices*, Controller and Auditor-General of New Zealand dated October 2021.



Stage 2: Risk maturity review (1 August – 30 September 2023)

Stage 2 was the development of the risk maturity review. It involved a mixture of key stakeholder interviews, observation of the Risk and Assurance committee and review of key documentation and policy. It consisted of the following activities:

- Interviews with key stakeholders (interviews with SLT and key Risk and Assurance committee members). This portion of the review aimed to gain a subjective view on how risk is currently performing, and a sense of where key stakeholders feel there were opportunities and goals Council should be aiming for.
- Review of leadership and direction including observation of Risk and Assurance committee. This portion of the review looked at the governance elements of risk at Council as well as the “culture” of risk.
- Review of people and development. This portion of the review looked at the training, skills and education of those involved in risk at Council.
- Review of processes and tools. This portion of the review looked at how risk is monitored, reported and responded to, at Council.
- Review of business performance. This portion of the review looked at how risk is managed (strategic, project, enterprise) as well as business resilience and continuity.

Stage 3: Improving risk maturity (October)

Stage 3 was originally “to be confirmed” however as the project progressed elements of Stage 3 have been confirmed and developed to be included in this report. Specifically:

- An indicative DRAFT updated risk appetite setting
- An indicative DRAFT and revised risk register
- An indicative DRAFT risk report for the Risk and Assurance committee.

Outside of this report Morrison Low will provide an agreed level of support to assist in implementation of change. This will not be discussed in this report in any further detail.

Our Findings

Our findings draw insight, as discussed earlier, from the Controller and Auditor-General of New Zealand report: *Observations on local government risk management*² where they make several key observations, and categorise those observations into four areas:

- Risk management framework
- Clear governance roles and responsibilities
- Top risks or risk categories
- Improving risk management.

² *Our Observations on Local Government Risk Management Practices*, Controller and Auditor-General of New Zealand dated October 2021.



This report will use these headings, and the key questions underpinning them, to develop our findings and develop potential future opportunities for Council. It should be noted that this differs slightly from what was proposed, but has subsequently been cleared with the project sponsor. We believe that the new approach is better aligned with the Auditor-General approach. Further, by aligning with the Auditor-Generals approach we enable Council to refer to, and benchmark with, a common framework when comparing Council's performance with other councils in the region and nationwide.

In conducting the review one key point comes through regularly, the impact of Cyclone Gabrielle. The aftermath of Cyclone Gabrielle, a generational weather event, is a tipping point for change in risk and risk management. While Councils approach to risk is good, but as identified could improve, Cyclone Gabrielle has changed even that discussion. The impact of the cyclone cannot be overstated and many of the review's findings have a contextual undertone shaped by the cyclone and subsequent recovery activities.

Risk management framework

Does Council possess a formal risk management framework?

The current CHBDC Risk management framework document³ remains in DRAFT. This document should aim to be finalised as soon as practical. The DRAFT document is a good framework, and in many ways represents best practice for what a risk framework document should look like and address. However, it has two key omissions:

- It lacks context or tailoring for CHBDC. The framework could, with very little effort, be lifted and shifted into any council in the country. That lack of tailoring reduces the frameworks utility.
- It lacks a "how" section. There is a lot of "why" and "what" but the how to operationalise risk at Council and bring the concepts and approaches alive is missing.

While these two omissions are significant, they can be addressed outside the existing DRAFT document. One way to approach this could be to finalise the DRAFT framework and then set a timeframe (for example, 6 months), issue an appendix or equivalent to improve the context and operationalisation of the framework.

One area that should be corrected, as part of adopting and finalising the DRAFT framework, is the consistent error that appears throughout the document in assigning roles and responsibilities. Throughout the framework it assigns responsibilities to the Chief Executive and the Executive Leadership Team. The review considers this inappropriate. The Chief Executive is assigned a significant number of responsibilities (fourteen) for risk in the framework. This reflects a poor understanding of a Council Chief Executive's responsibilities across all portfolios, risk or otherwise. As it relates to risk the Chief Executive, in our opinion has one task:

Ensuring that council has appropriate management policies, procedures and practices for the purpose of identifying, analysing, evaluating, treating, monitoring and communicating risk.⁴

The SLT is assigned responsibility for twelve tasks regarding risk, again the review believe this is incorrect. The SLT provides the Chief Executive with information, evaluation, monitoring, communication ideas, fosters coherence and ensures alignment. Management groups, such as the SLT, should not be assigned risk

³ CHBDC Risk management framework document, v2, dated September 2022.

⁴ *Our Observations on Local Government Risk Management Practices*, Controller and Auditor-General of New Zealand dated October 2021, page 7.



responsibilities. Individuals or roles should be assigned risk responsibilities. Risk is best operationalised through individual leaders, not management groups and committees.

It should be noted that the framework also assigned risk responsibility to General Managers. In a certain sense this could be correct, and certainly in a larger organisation it may be appropriate. In CHBDC, with six risk owners and a Council wide risk sponsor the addition of General Managers to the mix appears to be an overkill and the review believes this should be removed from the framework.

Once these aspects are addressed, some transactional editorials are required to make the framework consistent and the framework should be adopted.

Risk is best operationalised through individual leaders, not management groups and committees.

Is risk management tailored to Council needs?

It is the reviews finding that risk management at Council would appear to lack local context or tailoring⁵. Councils approach to risk also appears to overlook the relative size and capability limitations of councils the size of CHBDC. The processes contained in the DRAFT framework document are close to best practice in one sense, but in another they are the same processes that the reviewer would expect to see in Wellington or Christchurch, councils much larger in size and scale. As a Council of 70+ staff, many managers are managing, leading and in some cases delivering services and support at the same time. These managers are responsible for multiple portfolios and responsibilities. To be effective, risk management at Council should tailor its approach to acknowledge staffing capacity and capability. This would likely look like a simpler and “lite” or scaled version of a typical risk management framework.

Does Council possess appropriate policies and processes?

The review looked at whether Council:

- Possessed a risk management policy
- Had appropriate processes to identify, analyse and evaluate risk
- Allocated risk leadership to individuals within the organisation
- Had a means to prioritise risk.

Council does possess appropriate policies, primarily through its DRAFT risk management framework, and this has been discussed in detail above.

It possesses appropriate processes to identify, analyse and evaluate risk and has allocated risk across Council to key leaders.

While Council had developed risk appetite settings and possesses a risk register, the risk register is pitched at too high a level for it to be considered effective. By way of example, one of the twelve key risks is listed as the water system and water system failure. This is too generalised for it to be useful for a council and specifically a council of CHBDC size. It should aim to lower the sight of the risk register one or even two

⁵ *Our Observations on Local Government Risk Management Practices*, Controller and Auditor-General of New Zealand dated October 2021, page 5.



levels down. For example, *the water treatment facility in Waipukurau is a risk given its location within a flood inundation zone* (hypothetical example only). Further the risk register feels too theoretical and lacks the operational detail Council could employ to monitor and treat risk at the right level. In the same vein as the observations on the DRAFT risk management framework, the risk register requires simplification and a “scaled” version in order for it to be truly useful.

The review found that the risk appetite settings set by the elected members appear to lack a process to integrate them into day-to-day risk management at Council. During the interview process it was evident that elected members felt the appetite settings provided council staff with guidance as to what elected members were risk aware on, and areas where they were risk adverse. However, this guidance appears to have not been translated into operational risk management, risk reporting or the responses of the Risk and Assurance committee. As a result it appeared to the review that all risks were managed and reported as if Council had a low risk appetite and that the settings were GREEN across the board. This is a missed opportunity to refine and focus Council’s risk lens, even more important given the small size of Council and its relative capacity.

Figure 1: CHBDC 2022 Risk appetite settings

Risk Appetite	
Leadership and Governance – operational	LOW
Leadership and Governance – strategic opportunities	HIGH
Financial Decision making - debt	HIGH
Financial Decision making – rates and spending	MIDDLE
Service Delivery – essential	LOW
Service Delivery – non-essential	MIDDLE
Asset and Project Management	HIGH
Health and Safety – death	LOW
Health and Safety – injury	MIDDLE
Public Health	LOW
The Environment	MIDDLE

Clear governance roles and responsibilities

Does Council have someone responsible for leading risk management?

The Chief Executive has assigned sponsorship of risk to a member of the SLT, one of the four General Managers. The risk sponsor within Council prepares a risk report and briefs the SLT and the Risk and Assurance committee when required across all aspects of risk with Council. In addition, as directed by the DRAFT risk framework, six risk owners have been identified across Council. While interviewees have indicated that risk owners present to the SLT and the Risk and Assurance committee where and when required, the evidence reviewed would indicate that this is infrequent.

Council has delegated the governance of risk to the Risk and Assurance committee. Management and Leadership has been delegated to the Chief Executive. The current Risk and Assurance committee terms of reference (TOR) focus heavily on finance, insurance, audit and the Annual Plan.

However it is the review teams opinion that the terms of reference for the committee are too silent on risk and that detail and specificity is required, especially post Cyclone Gabrielle.

Risk is therefore only discussed three times a year and then only as part of a full agenda.

The Risk and Assurance committee currently meets four times year. One of those meetings are used almost



exclusively for the Annual Report. Risk is therefore only discussed three times a year and then only as part of a full agenda. This meeting schedule is considered too infrequent to effectively manage risk at CHBDC.

Do staff and elected members receive the training and support that they need to carry out their risk management roles and responsibilities?

In interviews with the Mayor and Chief Executive it is clear that elected members do receive the support and training required, albeit infrequently. The risk maturity review along with facilitated support to develop the risk framework and risk appetite settings would indicate there is some support and training across Council. However there was little evidence that this was consistent and available across all of council to all staff and elected members. Consideration should be given to a regular training schedule, even if it is only once or twice a year, and the provision of additional support and information to staff and elected members.

Does the Risk and Assurance committee possess some level of independent membership?

Council has appointed an independent member to the Risk and Assurance committee and has further appointed that member as Chair. The independent member was selected based on their skills and experience and the needs of Council at the time and it is clear they are adding real benefit to Council in this capacity. Cyclone Gabrielle and the generational impact this event has had to the region, and the district, may now require Council to review its Risk and Assurance committee membership. Further given the amount of change occurring or planned to occur in Local Government now and over the next five years it would be wise to review the Risk and Assurance committee membership annually, for the foreseeable future.

Top Risks or Risk categories

Did Council have a good view on its top risks?

Council has set its risk appetite settings and has listed its key risks as:

- Water
- Waste
- Assets
- Health and Safety
- Emergency management
- Staff
- Business continuity
- Service delivery
- The environment
- Financial strategy

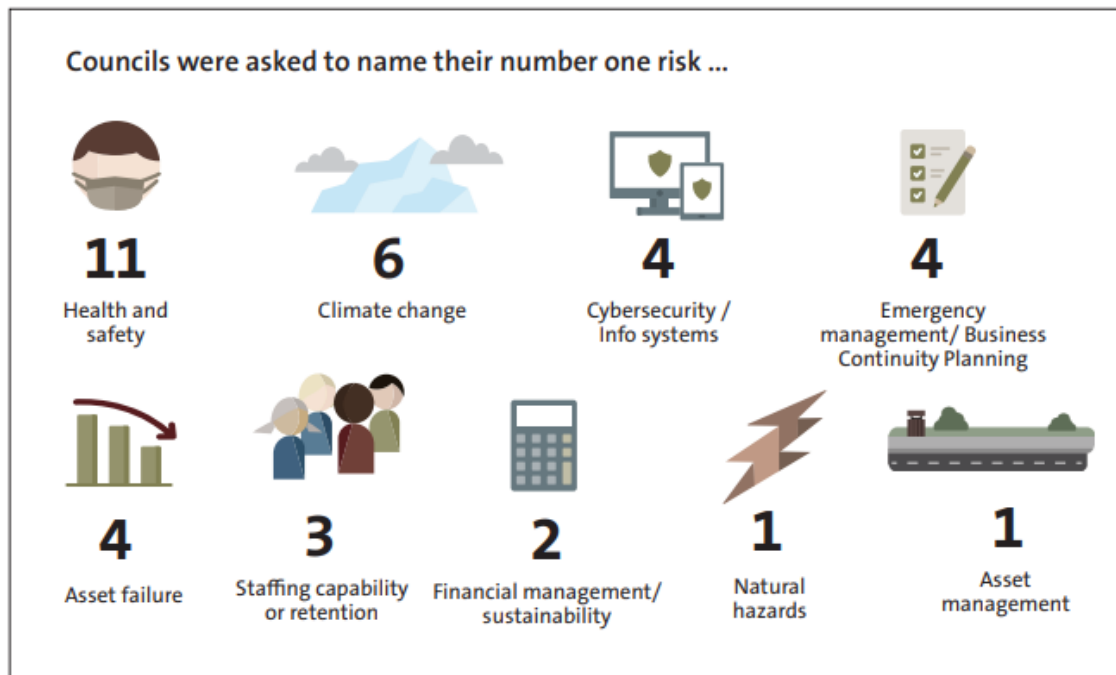
These risks are consistent with the Local Government sector risks across New Zealand.⁶

⁶ *Our Observations on Local Government Risk Management Practices*, Controller and Auditor-General of New Zealand dated October 2021, page 21.



Figure 2: Top local government risks as identified by a selection of councils across New Zealand

The top risks identified by councils were wide-ranging



In discussions with the Mayor, elected Members, the Chief Executive and SLT members there was real clarity on what the top risks were in Council. However the risks the key stakeholders described and the risks described in the risk register did not match. Broadly the risks described in the interviews were:

- Social licence and reputation
- Emergency management
- Service levels and services
- Support to district growth
- Staff
- Business continuity
- Value for money
- Councils ability to meet its regulatory obligations
- Critical asset failure

Further in describing the risks, key stakeholders provided quite specific information that indicated that they possessed a system view of risk across Council. This supports the review findings discussed earlier that the current risk register is pitched at too high a level and lacks the specificity required to operationalise risk at Council.



Does Council possess both quantitative as well as qualitative view risks?

Quantitative risk deals with numbers and statistics: outputs. Qualitative risk deals with words and meaning: outcomes. There was clear evidence that Council possessed a quantitative view on risk. What was not evident was a qualitative view. The appetite for qualitative measures was discussed in detail however as progressive improvement with Emergency Management as an early focus. It is our opinion that qualitative risk management should be a goal for Council but as a stretch target. Within the context of Council resources and the Councils risk maturity it should form the basis of the next reviews goals and targets.

Summary

In summary, council possesses a risk management framework and has clear governance roles and responsibilities, but they lack tailoring and context. This is best evidenced by the current risk register which lacks suitable fidelity to enable council officers to effectively manage and elected members to effectively govern. In addition Cyclone Gabrielle has changed the situation within the region with recovery likely to dominate council business and service for the foreseeable future. Therefore, Council could be considered to possess a good level of risk maturity, but improvements are required.



Improving Risk Management

As a result of the risk maturity review the following eight improvements are suggested for Council to consider and adopt where appropriate. The risk register and risk report improvements should be prioritised, enabling better governance, leadership and management discussions to occur and risk to be operationalised.

Leadership and direction

Risk Appetite

The elected members risk appetite setting activity of November 2022 is no longer valid given the devastation caused by Cyclone Gabrielle in the New Year of 2023. As a result of the workshop conducted in October 2023 two recommendations are made:

- Change the risk headings from the ones described in the DRAFT risk framework to the headings contained in the Long Term Plan 2018-2028.
- Redo the risk appetite settings.

Figure 3: Current and proposed risk headings

Current	Proposed
Leadership and Governance – operational	A Proud District
Leadership and Governance – strategic opportunities	
Financial Decision making - debt	A Prosperous District
Financial Decision making – rates and spending	
Service Delivery – essential	Strong Communities
Service Delivery – non-essential	
Asset and Project Management	Connected Citizens
Health and Safety – death	Smart Growth
Health and Safety – injury	
Public Health	Durable Infrastructure
The Environment	Environmentally Responsible

The October workshop discussed a refreshed risk appetite setting using the proposed headings. This DRAFT product considered not just each heading but each risk within that heading. The DRAFT product is below. This should be considered by the Risk and Assurance committee, refined where appropriate and APPROVED at the earliest opportunity by Council.



Figure 4: DRAFT CHBDC 2023 risk appetite settings

Proposed	Risk Appetite
A Proud District	LOW
A Prosperous District	LOW
Strong Communities	MODERATE
Connected Citizens	LOW
Smart Growth	MODERATE
Durable Infrastructure	LOW
Environmentally Responsible	LOW

Risk and Assurance terms of reference

A suggested modified Risk and Assurance terms of reference is contained in Appendix D. In overview it adds additional detail regarding risk. It is recommended that the committee should increase its annual meetings from four to five meetings per year. This should be considered by the Risk and Assurance committee, refined where appropriate and APPROVED at the earliest opportunity by Council.

Risk and Assurance committee membership

A number of contextual challenges face Council now and into the future:

- Recovery from the impact of Cyclone Gabrielle
- The range and depth of changes to Local Government over the next five years.

Given this context it is considered appropriate that Risk and Assurance committee membership is reviewed and reviewed annually there on in for the foreseeable future. The anticipated experience and skills anticipated to be required are in the areas of transport, waste and water.

People and development

Training

Council should aim to establish a series of appropriately sized and scaled annual training activities for both elected members and staff. The training should employ a scenario framework using the risk register and risk appetite settings to enable those attending the training to better contextualise risk in their business unit.

Processes and tools

Prioritise putting in place a formal risk management framework

Council should aim to re-edit the DRAFT risk management framework and publish to a FINAL version, by the end of 2023.



Risk Report

The risk report, currently a narrative driven report, should change to a A3 driven report that mixes both subjective and objective information and blending trend with risk appetite settings. An indicative DRAFT risk report is contained in Appendix C.

Risk register

The current risk register is too high a level and requires a tailored lowering of its sight to be useful to Council. Further the risk register should be simplified to accommodate the capacity and capability of a small council like CHBDC. An indicative DRAFT simplified risk register has been developed at Appendix B. The DRAFT risk register should be considered indicative. It has been developed with the Chief Executive and the Council's risk sponsor but would benefit from internal engagement with staff and elected members. The risk sponsor should engage internally with key risk owners to further develop the DRAFT. This DRAFT should be considered by the Risk and Assurance committee, refined where appropriate and APPROVED at the earliest opportunity by Council.

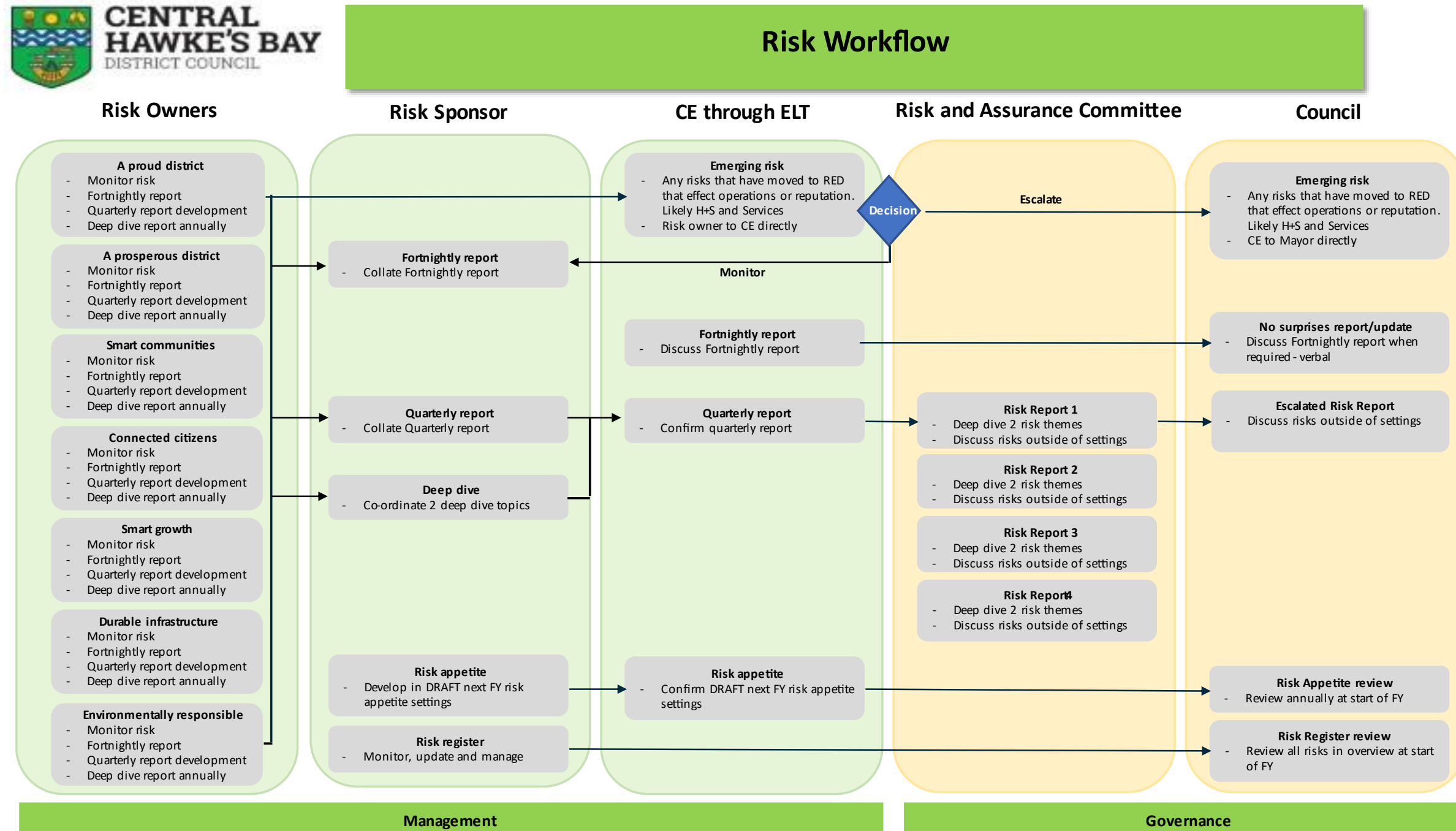
Business performance

Workflow

The DRAFT risk framework document, as discussed, provides a sound "why" and "what" for risk management but unfortunately lacks a "how". Appendix A provides an indicative and DRAFT workflow for risk and risk management within Council. The risk sponsor should engage internally with key risk owners to further develop the DRAFT. This DRAFT should be considered by the Risk and Assurance committee, refined where appropriate and APPROVED at the earliest opportunity by Council.



Appendix A Workflow





Appendix B Indicative Risk Register Template

Appendix B should be considered a template only. Several the rows have been completed to provide guidance only.

Risk No	Risk Description	Risk Appetite	Risk Owner - who is accountable	Inherent Risk	BAU Controls - what are we doing to minimise the risk	Current Risk	What has happened?	Escalate actions	What anticipated actions are there
Proud District - Central Hawke’s Bay is proud of its identity and place in our region and nation						X indicates above appetite settings			
	Council loses or reduces its social license to lead the community through its actions or behaviours								
	Councils ability to reduce, be ready, respond or recover from future emergency events are not at the standard our community expects or deserve								
	<ul style="list-style-type: none"> Specific focus on our most dangerous situation of a Tsunami 								
	<ul style="list-style-type: none"> Specific focus on our most likely situation of a flood 								
Prosperous District - is attractive to businesses. Households and whānau that are actively engaged in, and contribute, to our thriving district.									
	The ability to provide service levels and services to the district to the level required, now and in the future				Strategically - LTP, AP funding. Engagement with community on priorities, define essential and less essential services. Confirm service level settings with elected members. Operational - CE and ELT to agree to minimum staffing levels, monthly review of service levels and finance, pulse surveys with community	X	First order and second order impacts from cyclone Gabriel	CE for Amber and Red. R+A to note at Amber and escalate to Council to discuss if Amber begins to trend to Red or Amber endures for 2 quarters or more	Increase communication with community. CE to lead discussion with elected members to prioritise services and service levels. Review risk appetite with a time frame - likely until June 2024
	Councils ability to provide essential service delivery in key areas hinders or reduces growth					X			
	Land transport development								
	3 waters delivery								
	3 Waters - the future								
	Services and projects delivered by CHBDC do not demonstrate value for money for the regions citizens					X			
	CG funding for programmes of work is reduced or changes causing second order impact to council plans, investments or priorities								



Risk No	Risk Description	Risk Appetite	Risk Owner - who is accountable	Inherent Risk	BAU Controls - what are we doing to minimise the risk	Current Risk	What has happened?	Escalate actions	What anticipated actions are there
	That targeted rates increase is above forecast and consulted levels	Green		Yellow		Yellow (X)			
Strong Communities									
	People and workforce - capability challenges regarding the ability to recruit staff with the desired levels of skill and experience	Yellow		Yellow		Yellow			
	<ul style="list-style-type: none"> Specific focus on Planning, Land Transport, Management across Council of "technical" portfolios - Water, Waste, Contracts, PM, Transport 	Red		Yellow	CE and ELT agree to key roles within the organisation and establish a prioritisation list. Monthly updates on staffing at ELT, annual review of key roles REM, annual review of key roles list	Yellow (X)		CE for Amber and Red. R+A to note at Amber and escalate to Council to discuss if Amber begins to trend to Red or Amber endures for 2 quarters or more	If Amber endures for 2 quarters or more CE to begin review of REM for targeted roles or contractor support. Contractor support only an option if situation likely to improve within a FY
	The ability to secure contractor capability and capacity for essential council services to the service level desired	Yellow		Yellow		Green			
	Health & Safety - Failure to create and maintain safe Council facilities and a safe environment for the community and staff leading to death or serious injury	Green		Yellow		Green			
	Business interruption caused by some unexpected event impacting on service delivery	Green		Yellow		Green			
Smart Growth									
	Contracts value for money/performance is not achieved	Yellow		Yellow		Yellow			
	Smart growth doesn't happen as described and planned for in the LTP	Red		Yellow		Yellow			
	CHBDC role in supporting future development in the region is significantly impacted	Red		Yellow		Yellow			
Environmentally Responsible									
	Council unable to meet its regulatory, legal or moral obligations to protect and steward the environment for its community	Yellow		Yellow		Green			
	Focus on waste water	Green		Yellow		Green			
	Focus on water quality and discharge into waterways	Green		Yellow		Green			
Durable Infrastructure									
	Critical asset failure	Green		Yellow		Green			
	Main water pipe in location x	Green		Red		Green			
	Reservoir x, y, z	Green		Yellow		Green			
	section of water line x	Green		Yellow		Green			



Risk No	Risk Description	Risk Appetite	Risk Owner - who is accountable	Inherent Risk	BAU Controls - what are we doing to minimise the risk	Current Risk	What has happened?	Escalate actions	What anticipated actions are there
	Waste x, y, z				Regular and planned maintenance programme, ID of key components of waste system with a focus on crucial components, funding prioritised in LTP and AP and investment plan matches or is better than inflation, waste staff prioritised in staffing and recruitment priorities, REM at 100% or higher of market	X	Cyclone Gabriel has damaged the waste system. Remediation occurring but will take longer than 2 quarters to resolve	CE for Amber and Red. R+A to note at Amber and escalate to Council to discuss if Amber begins to trend to Red or Amber endures for 2 quarters or more	LTP 24 - 34 Investment planning in consultation document. CFO and CE to discuss. CE and Mayor to discuss. Council to discuss as part of LTP planning and guidance activities
	Water resilience				Major capital project funded inside the LTP	X	Cyclone Gabriel has damaged the water resilience further. Remediation occurring but will take longer than 2 quarters to resolve	CE for Amber and Red. R+A to note at Amber and escalate to Council to discuss if Amber begins to trend to Red or Amber endures for 2 quarters or more	LTP 24 - 34 Investment planning in consultation document. CFO and CE to discuss. CE and Mayor to discuss. Council to discuss as part of LTP planning and guidance activities
	Delivery of LTP projects								
	Delivery of AP projects								
	Disruption of essential services								



Appendix C Indicative Risk Report Template



Risk and Assurance Committee
Risk Status Report – Quarter X – 202X

Page
1 OF 2

Correct as at	Insert date prepared
Prepared by	Nicola Bousfield
Sponsor	Doug Tate

Proud District - Central Hawke's Bay is proud of its identity and place							
Risk description	Appetite	BAU actions	Trend				Current
			Q1	Q2	Q3	Q4	
Council loses or reduces its social license to lead the community through its actions or behaviours	Green						Green
Councils ability to reduce, be ready, respond or recover from future emergency events are not at the standard our community expects or deserve	Green						Green
Prosperous District - is attractive to businesses, households and whānau that are actively engaged in, and contribute, to our thriving district.							
Risk description	Appetite	BAU actions	Trend				Current
			Q1	Q2	Q3	Q4	
The ability to provide service levels and services to the district to the level required, now and in the future	Green						X
Councils ability to provide essential service delivery in key areas hinders or reduces growth	Green						X
Services and projects delivered by CHBDC do not demonstrate value for money for the regions citizens	Green						X
CG funding for programs of work is reduced or changes causing second order impact to council plans, investments or priorities	Green						Green
That targeted rates increase is above forecast and consulted levels	Green						X
Strong communities							
Risk description	Appetite	BAU actions	Trend				Current
			Q1	Q2	Q3	Q4	
People and workforce - capability challenges regarding the ability to recruit staff with the desired levels of skill and experience	Yellow						Yellow
The ability to secure contractor capability and capacity for essential council services to the service level desired	Yellow						Green
Health & Safety - Failure to create and maintain safe council facilities and a safe environment for the community and staff leading to death or serious injury.	Green						Green
Business interruption caused by some unexpected event impacting on service delivery.	Green						Green

Narrative for those risks outside of Risk Appetite settings

The ability to provide service levels and services to the district to the level required, now and in the future

Insert a narrative of what caused the risk to fall outside of appetite settings, what has been done to resolve the issue, what the resource bill will be and the timeframe the issue will be solved by

Ensure the narrative provides an indication of which risk owner is responsible and what actions, if any, governance is required to play in solving the issue

X – Indicates where the risk setting is worse than the Councils appetite. Note that trend is key here. Agreement between elected members and council officers is key in reporting. In some risk the trend of two (2) or more quarters will trigger a risk report. In others the breaching of the setting will trigger a report.

The risks contained in the risk report are the “rolled up” risks. The risk report has more detail and should be considered the prime reference.

Councils ability to provide essential service delivery in key areas hinders or reduces growth

Insert narrative

Services and projects delivered by CHBDC do not demonstrate value for money for the regions citizens

Insert narrative

That targeted rates increase is above forecast and consulted levels

Insert narrative



Risk and Assurance Committee Risk Status Report – Quarter X – 202X

**Page
2 OF 2**

Correct as at	Insert date prepared
Prepared by	Nicola Bousfield
Sponsor	Doug Tate

Smart growth							
Risk description	Appetite	BAU actions	Trend				Current
			Q1	Q2	Q3	Q4	
Contracts value for money/performance is not achieved							
Smart growth doesn't happen as described and planned for in the LTP							
CHBDC role in supporting future development in the region is significantly impacted							
Environmentally responsible							
Risk description	Appetite	BAU actions	Trend				Current
			Q1	Q2	Q3	Q4	
Council unable to meet its regulatory, legal or moral Obligations to protect and steward the environment for its community							
Risk description	Appetite	BAU actions	Trend				Current
			Q1	Q2	Q3	Q4	
Critical asset failure							
water resilience							X
Delivery of LTP projects							
Delivery of AP projects							
Disruption of essential services							

Narrative for those risks outside of Risk Appetite settings

Insert narrative



Appendix D Revised Terms of Reference for the Risk and Assurance Committee

Revisions in Red

RISK AND ASSURANCE COMMITTEE	
Membership	<p>Chair (Independent)</p> <p>Councillor (Deputy Chair)</p> <p>His/Her Worship the Mayor</p> <p>A second independent member may be appointed by the committee to ensure appropriate mix of legal and financial skills.</p>
Meeting Frequency	<p>The committee shall meet FOUR (4) times per year</p> <p>The committee shall meet FIVE (5) times per year with ONE (1) of those meetings dedicated to reviewing the Annual Report.</p>
Quorum	<p>As set by Standing Orders.</p>
Purpose	<p>The purpose of the Risk & Assurance Committee is to contribute to improving the governance, performance and accountability of the Central Hawke’s Bay District Council by:</p> <p>The purpose of the Risk and Assurance Committee is two fold:</p> <ul style="list-style-type: none"> • Provide assurance to key council policies, systems and controls • Provide governance on council risk. <p>Specifically:</p> <ul style="list-style-type: none"> • Ensuring that Council has appropriate financial, health and safety and internal controls in place for the purpose of managing, analysing, treating, monitoring and communicating assurance. • Ensuring that Council has appropriate management policies, procedures and practices for the purpose of identifying, analysing, evaluating, treating, monitoring and communicating risk. <p>Ensuring that the Council has appropriate financial, health and safety, risk management and internal control systems in place.</p> <p>Consider whether appropriate action is being taken by Management to mitigate Council’s risks.</p>



	<p>To determine, on an annual basis or more regularly depending on legislation and market forces, the risk appetite of CHBDC and to promulgate this to Council for ratification.</p> <p>Seeking reasonable assurance as to the integrity and reliability of the Council's financial and non-financial reporting.</p> <p>Providing a communications link between management, the Council and the external and internal auditors and ensuring their independence and adequacy.</p> <p>Promoting a culture of openness and continuous improvement.</p>
<p>Responsibilities</p>	<p>The Council delegates to the Audit and Risk Committee the following responsibilities:</p> <ul style="list-style-type: none"> • To monitor the Council's treasury activities to ensure that it remains within policy limits. Where there are good reasons to exceed policy, that this be recommended to Council. • To review the Council's insurance policies on an annual basis. • To review, in depth, the Council's annual report and if satisfied, recommend the adoption of the annual report to Council. • To work in conjunction with Management in order to be satisfied with the existence and quality of cost-effective health and safety management systems and the proper application of health and safety management policy and processes. • To work in conjunction with the Chief Executive in order to be satisfied with the existence and quality of cost-effective risk management systems and the proper application of risk management policy and processes, including that they align with commitments to the public and Council strategies and plans. • To provide a communications link between management, the Council and the external and internal auditors. • To engage with Council's external auditors and approve the terms and arrangements for the external audit programme. • To engage with Council's internal auditors and approve the terms and arrangements for the internal audit programme. • To monitor the organisation's response to the external and internal audit reports and the extent to which recommendations are implemented. • To engage with the external and internal auditors on any one-off assignments. • To work in conjunction with management to ensure compliance with applicable laws, regulations standards and best practice guidelines.



<p>Delegations</p>	<p>Subject to any expenditure having been approved in the Long Term Plan or Annual Plan the Audit Committee shall have delegated authority to approve:</p> <ul style="list-style-type: none"> • Risk management and internal audit programmes. • Terms of the appointment and engagement of the audit with the external auditor. • Additional services provided by the external auditor. • The proposal and scope of the internal audit. <p>In addition, the Council delegates to the Audit and Risk Committee the following powers and duties:</p> <ul style="list-style-type: none"> • The Audit and Risk Committee can conduct and monitor special investigations in accordance with Council policy, including engaging expert assistance, legal advisors or external auditors, and, where appropriate, recommend action(s) to Council. • The Audit and Risk Committee can recommend to Council: <ul style="list-style-type: none"> – Adoption or non-adoption of completed financial and non-financial performance statements. – Governance policies associated with Council’s financial, accounting, risk management, compliance and ethics programmes, and internal control functions, including the: Liability Management Policy, Treasury Policy, Sensitive Expenditure Policy, Fraud Policy, and Risk Management Policy. – Accounting treatments, changes in generally accepted accounting practice (GAAP). – New accounting and reporting requirements. The Audit and Risk Committee may not delegate any of its responsibilities, duties or powers.
<p>Professional learning and development</p>	<p>All members will participate in a Risk and Assurance Governance Training in the first year of membership.</p>



Appendix E Literature review, Interviews and Workshop

Literature review

The following literature was reviewed through Phase 1 and 2:

- DRAFT CHBDC Risk Framework dated November 2022
- Office of the Auditor General – *Our observations on local government risk management practices* dated October 2021

Project stakeholder interviews

The following stakeholder interviews were conducted during Phase 2

- Her Worship the Mayor – Alex Walker
- CE – Doug Tate
- GM People and Business enablement and Risk Sponsor – Nicola Bousfield
- CFO – Brent Chamberlain
- GM Strategic Planning and Development – Dylan Muggeridge
- GM Community infrastructure and Development – Josh Llyod
- Chair Risk and Audit committee – Neil Bain
- Member Risk and Audit committee – Tim Aitken
- Member Risk and Audit committee – Pip Burne
- Member Risk and Audit committee – Gerard Minehan
- HSE Global - Dan Davis
- BECA – Darren De Klerk

The workshop

As part of a standard elected member workshop on 11 October 2023 the review team was provided with a two hour window to discuss the risk maturity review scope, progress and develop a DRAFT and revised risk appetite setting. The following elected members and council staff were present:

- Her Worship the Mayor – Alex Walker
- CE – Doug Tate
- GM People and Business enablement and Risk Sponsor – Nicola Bousfield
- Chair Risk and Audit committee – Neil Bain
- Member Risk and Audit committee – Tim Aitken
- Member Risk and Audit committee – Pip Burne
- Member Risk and Audit committee – Gerard Minehan

7 REPORT SECTION

7.1 BETTER OFF FUNDING - UPDATE AND FUNDING DIRECTION

File Number:

Author: Dylan Muggeridge, Group Manager, Strategic Planning & Development

Authoriser: Doug Tate, Chief Executive

Attachments: Nil

PURPOSE

The matter for consideration by the Council is the allocation of Better-Off Funding, in the context of preparing options for public consultation on the Three-Year plan.

RECOMMENDATION

Option 1

1. Council allocates the Better-Off Funding as presented in option 1 – *Full allocation of Better-Off Funding* as presented in this report, subject to Government approval.
2. Council requests Officers to reflect this allocation of Better-Off Funding in the preparation of options for consultation for the Three-Year Plan. OR

Option 2

1. Council allocates the Better-Off Funding to the following projects only, subject to Government approval:
 - [List of projects selected]
 -
2. Council requests Officers to reflect this allocation of Better-Off Funding in the preparation of options for consultation for the Three-Year Plan.
3. Council requests Officers to prepare additional options for the allocation of the balance of Better-Off Funding. OR

Option 3

1. Council requests Officers to present alternative options for the allocation of Better-Off Funding.

BACKGROUND

Council resolved in September 2023 to apply to the Department of Internal Affairs for the 'Better-Off Funding', a package of \$2.5 billion put in place by the then Government to support the local government sector through the transition to the new water services delivery system (drinking water wastewater, stormwater) as part of the Three Waters Reforms.

Central Hawke's Bay had a total allocation of \$11.3 million, split across two tranches:

- Tranche 1 (July 2022): \$2.83 million.
- Tranche 2 (July 2024): \$8.5 million.

Council successfully applied for this funding, with a deliberate strategy and programme of work set for how to use the Better-Off Funding based on the availability of two tranches of funding. Central Hawke's Bay District Council applied for the First Tranche of Better-Off Funding in September 2022 (Resolution 22.75) and was allocated (contractually) the first Tranche of funding, \$2.83 million, in January 2023.

As part of ongoing changes to the Three Waters Reforms, the then Government cancelled the second Tranche of funding, meaning CHBDC would be left with \$2.83 million.

Following Cyclone Gabrielle, DIA and Crown Infrastructure Partners (who administers the Better Off Funding) gave the opportunity to Councils to re-allocate funding towards Cyclone Recovery activities. CHBDC took this opportunity to re-allocate \$250,000 towards coordination of its recovery efforts.

Council has the ability to further re-allocate the balance of Better-Off Funding, following the criteria set by the DIA.

This report presents options for Council to re-allocate this funding with a view to including decisions made by Council into the options for public consultation on the Three Year Plan currently being prepared.

DISCUSSION

Criteria for Better-Off Funding

The Department of Internal Affairs (DIA) set 3 criteria in 2022 for the allocation of Better-Off Funding projects/programmes of work. The three criteria are as follows:

- support communities to transition to a sustainable and low-emissions economy, including by building resilience to climate change and natural hazards.
- deliver infrastructure and/or services that enable housing development and growth, with a focus on brownfield and infill development opportunities where those are available.
- deliver infrastructure and/or services that support local place-making and community wellbeing.

Five projects were initially approved by Council and by DIA for Better-Off Funding:

1. Thriving Tamatea Places and Spaces – Community and Commercial Property Needs
2. Tamatea – Central Hawke's Bay's Capability and Capacity Programme
3. Development of a Tamatea Central Hawke's Bay Community Futures Investment Strategy
4. Driving Housing Outcomes in Tamatea – Central Hawke's Bay
5. Thriving Places and Spaces Quick Wins

Initially projects for consideration for funding excluded Land Transport or Three Waters infrastructure projects, however we understand from Crown Infrastructure Partners that Three Waters projects can now be considered for funding.

Following Cyclone Gabrielle, Council has had the ability to re-allocate funding toward Cyclone Gabrielle recovery activities, an option that is still currently available to Council.

Projects already committed for Better-Off Funding

Council has already committed \$140,000 for the development of a Master Plan for Russell Park in Waipukurau (as part of project 5 listed above), and also \$250,000 towards the co-ordination of Cyclone Gabrielle Recovery efforts for the 2023/24 financial year.

Better-Off Funding as part of the Three-Year Plan preparation

Council is currently preparing its budget for its Three-Year Plan, which needs to be finalised by 30 June 2024. As already signalled to the Central Hawke's Bay Community, the Three-Year Plan will contain some significant rates increases – over 20% on average – from 1 July 2024, in an environment where community is already facing significant cost of living and affordability issues.

In preparing the draft budget over the past several months, Council has already pulled many levers in order to limit the forecast rates increase as low as possible. This has included deferring capital works to outer years and considering, and in some instances reducing, the levels of service currently offered by Council.

The elected Council has identified that Better-Off Funding could be applied to ease the financial burden on the ratepayer (ie, lower the projected rates increase) if certain projects or programmes of work could be funded through Better-Off Funding rather than through rates. Council has also identified that progress could also be made on one of the Elected Member Priorities for this Triennium – Community Activation – by funding some tangible projects across Central Hawke's Bay through the Better Off Funding.

Elected Members therefore directed Officers to prepare options on how to re-allocate Better-Off Funding as part of the finalisation of the draft Three-Year Plan budget, based on three objectives:

1. Options to reduce impact on ratepayers (targeted ratepayers in particular) in the draft Three-Year Plan budget (Year 1 in particular).
2. Options to fund tangible “nice to haves”/community activation projects for community over the next 3 years.
3. Options to negate the loss of some levels of service already being deprioritised in the preparation of the draft Three-Year Plan budget.

Officers have prepared these options, which are outlined in the sections below.

Objective 1: Reducing the burden on the ratepayer

Officers have four projects which would fit within the Better-Off Funding criteria that would help to reduce the project rates (in particular targeted rates) increase in the first year of the Three-Year Plan:

1. Funding Council's proposed increase level of service in stormwater management following Cyclone Gabrielle - \$860,000.

Cyclone Gabrielle significantly impacted and exposed the vulnerability of Central Hawke's Bay's stormwater network. This project is an important component of Central Hawke's Bay's cyclone recovery plan that would see a step change in the management of the stormwater network through a significant increase in scheduled and planned maintenance of the open drain network. \$850,000 (85% targeted-rate funded and 15% general-rate funded) has currently been included in the draft Three-Year Plan budget for Year 1. If Better-Off Funding were to fund this project, this would reduce the projected average target rates increase by 7.3% and the general rate by 1.3%.

This project also includes \$10,000 to explore the possibility of bringing the delivery of this programme of physical works in-house, through the preparation of a business case.

Further to the information provided in workshop and through slides in 2023 and 2024, Officers have been asked to formally confirm what the additional stormwater funding investment proposed will deliver.

The works outlined will be subject to future contractor procurement, however it will be this level of maintenance the additional funding is intending to achieve:

Activity	Description
Open Channel Vegetation Removal	Vegetation clearance for major open drain channels including residential Pah flat, Eastern Interceptor, Bush Drain and Takapau Rd. 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	Open 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.

2. District Inflow and Infiltration (I&I) Project (Year 1) - \$150,000

Funding the targeted rate funded portion of this project (\$150,000 of \$300,000 total cost currently included in the draft Three-Year Plan) would fund the resource required to administer the rollout of defect notices to private property owners for which previous inspections have identified defects contributing I&I into to Council’s wastewater system. This funding will continue to also support ongoing private property inspections, in line with Council’s I&I strategy. If Better-Off Funding were to fund this project, this would reduce the projected average target rates increase by 1.5%.

3. Bulk Water Metering (Year 1) - \$50,000

This project would see the installation of in-reticulation network metering to provide data, which would support greater understanding of water usage, water losses, etc. This project is referenced as an action in Council’s Sustainable Water Management Plan (approved by Council February 2021). If Better-Off Funding were to fund this project, this would reduce the projected average target rates increase by 0.5%.

4. District Halls UV upgrades - \$100,000

As per new standards and regulations from Taumata Arowai (the Government’s water services regulator) upgrades in the drinking water treatment (UV) in rural halls are required to meet the new standards. The importance of having functioning and resilient halls is also an important feature of our cyclone recovery planning. This project would see the upgrades conducted for the rural halls that require it. \$100,000 (100% general rate funded) is currently included in the draft Three Year Plan Budget. If Better-Off Funding were to fund this project, this would reduce the projected average general rates increase by 1%.

The combined value of these 4 projects is \$1,160,000. Officers estimate that if Better-Off Funding were to fund these projects this would save:

- Approximately 9.3% on the projected average targeted rates increase and 2.3% on the general rate in Year 1 of the Three Year Plan.
- Approximately a \$260 average saving in Year 1 for the targeted ratepayer
- Approximately 4.2% on the projected average rates increase across the district.

Objective 2: Tangible community activation projects over the next 3 years

Elected Member Priorities for the current triennium contain a priority of “community activation”, which has an overarching aim to develop “a plan to address the challenges and opportunities we have in our Waipukurau and Waipawa town centres [...] and have enabled community ownership of our great place.”

Through the refinement of the draft budget for the Three Year Plan, a number of projects that were budgeted to make progress towards this priority were deprioritised and/or pushed out to be funded to later years in order to reduce the burden on the ratepayer in the next three years. This means there is effectively very little funding left in the draft budget to fund any projects to achieve this priority.

The Better-Off Funding offers an opportunity to progress some of these projects, in partnership with our community. The projects considered as part of this option are outlined below.

1. Harker Street Reinstatement - \$150,000

The flooding from the Waipawa River as a result of Cyclone Gabrielle significantly damaged the Southern end of Harker Street, meaning that this part of Harker Street has been closed since the Cyclone. Harker Street enables significant community wellbeing outcomes by providing access to the Waipawa swimming pool and Madge Hunter Park, as well as an alternative safe access to and from the Waipawa Primary School, clubs, campground, businesses and residences businesses along Harker Street. The Better-Off Funding would enable the reinstatement of both the protection (from vehicles) required to the KiwiRail-owned rail bridge, as well as the reinstatement of the pavement. The reinstatement of Harker Street would restore vehicle access, and would be designed in consultation with the community.

2. Waipawa town centre plan implementation - \$100,000

Cyclone Gabrielle significantly impacted Waipawa, in particular the Southern end of town / Madge Hunter Park area. In addition, as part of its Thriving Places and Spaces programme of work Council adopted town centre plans for both Waipukurau and Waipawa in 2022. This funding would enable progress to be made with recovery activities on places and open spaces at the Southern end of town, as well as enabling implementation of actions included in the town centre plan for Waipawa (eg, improved signage, landscaping, work on building facades etc). This funding would be complementary to the Streets for People funding from NZTA, which is focused on physical interventions along the main street of Waipawa to reduce traffic speeds and provide safer pedestrian crossing options. Implementation of the actions would be conducted in collaboration with the Waipawa community and businesses to contribute to local place-making.

3. Russell Park Master Plan - \$140,000

Council has already committed this funding from the Better-Off fund, with the master plan for Russell Park being close to being completed.

4. Russell Park Master Plan implementation - \$200,000

This funding would enable some of the actions identified in the Russell Park Master Plan (eg, changing rooms etc) to be tangibly progressed. The prioritisation of the actions and the best use of this funding would be determined in partnership with the Russell Park user group which has provided oversight and input in the design of the Master Plan. This funding could potentially also be used to leverage co-funding from other clubs and organisations (eg, Sport Hawke's Bay, Lotteries etc) to progress actions.

5. Community partnership activation – \$150,000

This funding would enable small tangible projects led by community groups and mana whenua across the district and actions from community plans (eg, Otane, Takapau, Ongaonga, Tikokino) to be progressed. This funding could also provide seed-funding for community groups and mana whenua to leverage complementary co-funding to progress specific projects. The mechanisms and processes for allocating this funding to specific projects are yet to be determined.

The sum total of these five projects is \$740,000. While these projects are not direct savings on the draft Three Year Plan budget, they are externally-funded projects that enable tangible projects to be progressed across town centres and the district without being at the expense of the ratepayer.

Objective 3: Maintaining levels of service - \$60,000

Through the preparation of the Three-Year Plan Council has provided direction that some level of service would need to be decreased and/or paused. One service which provides significant benefits to rural communities, the rural recycling trailers, was earmarked to be discontinued for the first year of the Three-Year Plan to reduce cost. Better-Off Funding would enable this service to continue, thereby delivering a service which contributes to local place-making and wellbeing outcomes for rural communities. The Better-Off Funding required to maintain this service is \$60,000.

Cyclone Gabrielle Recovery coordination - \$250,000

As discussed earlier in the report, Council in 2023 decided to re-allocate \$250,000 of Better-Off Funding to lead and coordinate Council's cyclone recovery activities, by funding two internal positions and some operational expenditure.

In preparing the Three Year Plan Council has provided direction to continue to fund the cyclone recovery activity for Central Hawke's Bay through the Better-Off Funding. While the workload required has decreased since the months following the cyclone, and part of one resource has been re-allocated to another activity (housing), there is still a significant amount of work to be undertaken, in particular with regard to:

- Leading and coordinating Resilience plans across Central Hawke's Bay's nine localities identified in the recovery plan.
- Supporting the Pōrangahau community through the categorisation process and the flood mitigation work led by HBRC.
- Coordination with the Regional Recovery Agency on Central Hawke's Bay's contribution to the regional recovery effort
- Leading and coordinating reporting on progress with the recovery to community, Elected Members and the Executive Leadership Team.

Elected Members have also requested that additional resource should be provided towards being able to better communicate and tell our Cyclone Gabrielle Recovery. Officers are therefore proposing to commit an additional \$250,000 from Better Off Funding to fund Year 2 of the Cyclone Recovery.

Housing - \$150,000

Driving Housing Outcomes in Tamatea – Central Hawke's Bay was one of the projects initially agreed by Council when it applied for the first Tranche of Better-Off Funding in 2022. The main purpose of this project was to identify and explore the most appropriate structure to co-ordinate and deliver housing outcomes in Central Hawke's Bay.

As a key part of the housing cyclone recovery activity for Central Hawke's Bay, a housing strategy was developed to accelerate the recovery to re-home people under the leadership of the Tamatea Housing Taskforce. The 'Our Homes' Strategy contains an action plan that will lead to the delivery of housing outcomes in the District. Council, alongside the other partners of the Tamatea Housing Taskforce has a lead role to play in progressing these actions. Officers are therefore recommending that \$150,000 of Better-Off Funding be allocated to this project, which will see an in-house resource dedicated to leading on the action plan contained in the Strategy, and some funding to deliver on actions contained in the strategy. While an exact list of prioritised actions this funding would progress is yet to be determined, this funding will provide Council's contribution to progressing actions in the short-term.

Progressing the Hawke's Bay Three Waters model - \$140,000

Council has previously expressed an interest in progressing the so-called 'Hawke's Bay Model' to provide for the enduring delivery of effective, safe and affordable water services. While a lot of work has already been conducted to assess the viability of the model, and that this model is likely to be made possible by new Government legislation, there is still a lot of work to do in order to be able to implement such a model. Currently Council has no budget allocated to contribute to the further development of the model. Officers are therefore recommending that \$140,000 of Better-Off Funding be allocated towards resourcing Central Hawke's Bay's contribution to progressing the Hawke's Bay Model.

Summary of the recommended option

The following table summarises the option recommended by Officers to re-allocate the Better-Off funding.

		Reducing rates increase	Community Activation	Maintain LOS	Recovery
Reducing the rates increase	\$1,160,000				
Stormwater yr1	\$860,000	X		*	X
Bulk water metering yr1	\$50,000	X		*	
I&I project yr1	\$150,000	X		*	
Hall UV upgrades	\$100,000	X	X	*	X
Community Activation	\$740,000				
Harker St reinstatement	\$150,000	*	X	X	X
Waipawa town centre	\$100,000	*	X	X	X
Russell Park Master Plan	\$140,000	*	X	X	
Russell Park Implementation	\$200,000	*	X	X	
Community partnership activations	\$150,000	*	X	X	X
Maintaining levels of service	\$60,000				
Recycling trailers (1yr)	\$60,000	*		X	
Recovery	\$500,000				
Recovery YR1	\$250,000	*		X	X
Recovery YR2	\$250,000	*		X	X
Progressing HB 3-Waters model	\$140,000	*		X	X
Housing	\$150,000	*	X		X
Admin (2 Yrs)	\$80,000				
Total	\$2,830,000				

Note that if Council agreed to re-allocate Better-Off Funding to the projects summarised in the table above, Officers would likely present these projects to Crown Infrastructure Partners and DIA to be administered as two packages in order to operationalise:

1. Recovery activities and 3-Waters Infrastructure	\$1,800,000
Stormwater network improvements	\$860,000
Bulk water metering year 1	\$50,000
I&I project year 1	\$150,000
Rural hall UV upgrades	\$100,000
Progressing HB 3-Waters model	\$140,000
Recovery year 1	\$250,000
Recovery year 2	\$250,000

2. Community recovery and activations	\$1,030,000
Harker St reinstatement	\$150,000
Waipawa town centre	\$100,000
Russell Park Master Plan	\$140,000
Russell Park Implementation	\$200,000
Community partnership activations	\$150,000
Housing	\$150,000
Recycling trailers	\$60,000
Programme administration	\$80,000

RISK ASSESSMENT AND MITIGATION

There are three key risks identified:

1. That the Crown disagrees with the re-allocation of funding as recommended in this paper. To mitigate this risk, officers have been working closely with Crown Infrastructure Partners (CIP) who administer the fund. CIP officials have provided verbal support for the projects as outlined in this paper, however final confirmation of the options (or any alternative options proposed by Council) is required from DIA.
2. That the criteria for the Better-Off Funding is changed, or that the Better-Off Funding is decreased or cancelled. Council has entered into contractual agreements with the Crown for the Better-Off Funding, therefore the risk of the funding being cancelled is likely to be relatively low. Council will continue to work with CIP to ensure that the projects recommended meet the criteria, even if these evolve.
3. There is a small reputational risk that Council will be perceived to be changing its approach to using the Better-Off Funding from a long-term transformational approach to one that is more focused on the short-term actions largely linked to Cyclone Recovery and 3-Waters projects. However, the proposed options address pressing issues for the Central Hawke's Bay community, in particular on focusing on recovering from Cyclone Gabrielle without imposing an additional burden on ratepayers.

FOUR WELLBEINGS

The purpose of the Better-Off Funding aligns completely with the delivery of the four well beings of local government. The options presented in this paper have a strong focus on the economic wellbeing of the community, on community partnership activations which will strengthen the social

and cultural contribution to deliver place-making across the district, and contribute to the environmental wellbeing of the district.

DELEGATIONS OR AUTHORITY

A Council decision is required on the re-allocation of Better-Off Funding.

SIGNIFICANCE AND ENGAGEMENT

In accordance with the Council's Significance and Engagement Policy, this matter has been assessed as significant. Council will be including how it wishes to re-allocate its Better-Off Funding as part of community engagement and consultation on the Three-Year Plan.

OPTIONS ANALYSIS

Option 1: Council approves to re-allocate Better-Off Funding towards the delivery of the projects presented in the table below, and include the relevant projects in the draft Three Year Plan options.

Reducing the rates increase	\$1,160,000
Stormwater yr1	\$860,000
Bulk water metering yr1	\$50,000
I&I project yr1	\$150,000
Hall UV upgrades	\$100,000
Community Activation	\$740,000
Harker St reinstatement	\$150,000
Waipawa town centre	\$100,000
Russell Park Master Plan	\$140,000
Russell Park Implementation	\$200,000
Community partnership activations	\$150,000
Maintaining levels of service	\$60,000
Recycling trailers (1yr)	\$60,000
Recovery	\$500,000
Recovery YR1	\$250,000
Recovery YR2	\$250,000
Progressing HB 3-Waters model	\$140,000
Housing	\$150,000
Admin (2 Yrs)	\$80,000
Total	\$2,830,000

Option 2: Council approves to re-allocate Better-Off Funding to only part of the projects presented in the table above, include these in the draft Three Year Plan budget, and requests officers to present alternative options for the quantum of un-allocated projects.

Option 3: Council does not approve the re-allocation of Better-Off Funding, and requests officers to present alternative options.

	<u>Option 1</u> Approve Better-Off Funding re-allocation as presented in this report (recommended)	<u>Option 2</u> Approve Better-Off Funding re-allocation of part of the projects	<u>Option 3</u> Don't re-allocate Better-Off Funding and request officers to present alternative options
Financial and Operational Implications	This option provides a reduction in the projected rates increase for the 2024/25 FY by approximately 4.2% on average (9.3% for the targeted rate), and enables the delivery of other projects using external funding rather than rate-funding.	Depending on the projects approved, this option would likely have positive impact on the draft Three Year Plan budget.	It is unclear how what financial and operational implications this option might have.
Long Term Plan and Annual Plan Implications	This option provides a reduction in the projected rates increase for the 2024/25 FY by approximately 4.2% on average (9.3% for the targeted rate), and enables the delivery of other projects using external funding rather than rate-funding.	Depending on the projects approved, this option would likely have positive impact on the draft Three Year Plan budget.	This option would likely mean that there would be no positive impact from Better-Off Funding on Year 1 of the Three Year Plan.
Promotion or Achievement of Community Outcomes	This Option would promote the achievement of community outcomes through the delivery of Cyclone recovery activities and community partnership activations across the district.	Depending on the projects chosen, this option would likely still have a positive impact and deliver cyclone recovery activities and positive community outcomes	Community outcomes would likely only be promoted or achieved when Council decides how to re-allocate Better-Off Funding
Statutory Requirements	This option enables Council to finalise the draft budgets for the Three Year Plan due by 30 June 2024.	This option enables Council to finalise the draft budgets for the Three Year Plan due by 30 June 2024.	This option enables Council to finalise the draft budgets for the Three Year Plan due by 30 June 2024.

Recommended Option

This report recommends **option 1** for addressing the matter.

NEXT STEPS

This report forms an important decision for the wider Three-Year Plan process and budget preparation. Depending on the option chosen by Council and on the projects to be funded through the Better-Off Funding, officers will adjust the draft budget and options to reflect these decisions.

Officers will also formally seek approval from Crown Infrastructure Partners for the projects, and to move on with implementation and administration of the different projects.

There is also an important communication piece that stems from this decision. Should Council accept the officers' recommendation, it will be important to weave into the Three-Year Plan

engagement and consultation that the Better-Off Funding is not only being used to reduce the impact on the ratepayer, but also to progress important cyclone recovery activities and improvements to 3-Waters infrastructure in the first year of the Three-Year Plan. The would also enable delivery of community activation projects in partnership with community which would otherwise not be funded through the Three Year Plan.

RECOMMENDATION

RECOMMENDATION FOR CONSIDERATION

Option 1

1. Council allocates the Better-Off Funding as presented in option 1 – *Full allocation of Better-Off Funding* as presented in this report, subject to Government approval.
2. Council requests Officers to reflect this allocation of Better-Off Funding in the preparation of options for consultation for the Three-Year Plan. OR

Option 2

1. Council allocates the Better-Off Funding to the following projects only, subject to Government approval:
 - [List of projects selected]
 -
2. Council requests Officers to reflect this allocation of Better-Off Funding in the preparation of options for consultation for the Three-Year Plan.
3. Council requests Officers to prepare additional options for the allocation of the balance of Better-Off Funding. OR

Option 3

1. Council requests Officers to present alternative options for the allocation of Better-Off Funding.

7.2 2024-2027 THREE YEAR PLAN UPDATE AND ENDORSEMENT OF OPTIONS

File Number:

Author: Lisa Harrison, LTP Programme Manager

Authoriser: Doug Tate, Chief Executive

Attachments:

1. **Consultation Document Options** [↓](#)
2. **Climate Action Joint Committee Funding Request** [↓](#)

RECOMMENDATION

1. That the report be noted.
2. That Council endorse the Better Off Funding Included/excluded options proposed in this report and the corresponding attachment as the basis for consultation options in the Draft Consultation Document for the Three-Year Plan 2024 – 2027.
3. That Council note that funding for the Climate Action Joint Committee is included in draft estimates that form the Draft Three Year Plan 2024 – 2027.

PURPOSE

The purpose of this report is to provide a general update on the Three-Year Plan and the seek the formal endorsement of options to form the Three-Year Plan 2024 -2027 Consultation Document.

A request for funding from the Climate Action Joint Committee is also noted.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as of some significance, noting it forms a critical basis for engagement with Community.

BACKGROUND

A substantial update on the Three-Year Plan 2024 – 2027 was presented to Council at is 15 February 2024 meeting, where it endorsed the overall direction and draft estimates for the Three-Year Plan. As further background and context that report can be found [here](#).

Since this meeting, Officers and Elected Members have been working hard collectively to develop the key policies, strategies and inputs to finalise the Three-Year Plan. Many of these are included in this Council Agenda for Councils overall endorsement and inclusion in the Three-Year Plan Consultation Document and/or supporting information.

With only weeks to go till Council formally adopts its Consultation Document proposed for 4 April 2024, a key decision is further endorsement of the consultation options. While Council considered the four proposed topics as part of Officers report on 15 February, this report provides further detail for Council to discuss and endorse to formalise the Consultation Document.

This next section of the report formally updates Councillors and Community on the next immediate decision points and presents the key options for Endorsement by Elected Members. It also discusses the funding request from the Climate Change Joint Committee in more detail.

DISCUSSION

Programme Update

The Three-Year Programme continues to move at pace, at Officers and Elected Members work with the special Severe Weather Emergency Recovery Legislation Act 2023 that provides for a Three-Year Plan, rather than a full 10 Year Long Term Plan.

Through February and early March has been a considerable programme of open workshops and a Council meeting that have developed the Three-Year Plan. The bodies of work in these sessions include:

Date	Activity
1 February	<p>Council Workshop</p> <p>At this Council workshop, Officers presented further work that has been completed on the Three-Year Plan since late December 2023. Councillors presented their feedback on options and other suggestions from a budget workbook that was developed for their feedback over the Christmas/New Year Break. The slides from this workshop can be found here.</p>
8 February	<p>Council Workshop</p> <p>Officers presented further information and clarification on questions from Councillors at the 1 February workshop. Officers presented further options and Elected members provided feedback for a budget estimated to be prepared and presented to Councils 15 February Council. The slides from this workshop can be found here.</p>
15 February	<p>Council Meeting</p> <p>At this Council meeting Council formally endorsed the direction and budget estimates for the Three-Year Plan in order for Officers to continue to build the critical policies and strategies that form the basis of the Draft Three Year Plan. This report can be found here.</p>
29 February	<p>Council Workshop</p> <p>This workshop session opened with a workshop on affordability where key community groups presented concerns and key opportunities to support their members, organisation and wider community in the three-year plan implementation, noting its potential financial impact.</p> <p>At this workshop Officers sought feedback on key strategies and policies including Officers including the Financial Strategy, Infrastructure Strategy, and Development Contributions Policy. A further workshop on Better Off Funding was also held to understand opportunities for this funding to support the Three-Year Plan. These key policies are included with the associated information as part of this Council agenda for Council to formally endorse.</p> <p>The slides from this workshop can be found here.</p>
6 March	<p>Council Workshop</p> <p>At this workshop further feedback and options were presented on Better Off Funding, a briefing on the Three-Year Plan, further feedback on Consultation options included in this report, updated Levels of Service for feedback, Draft Significant Forecasting Assumptions for final feedback ahead of being included for endorsement in the 14 March Agenda. A workshop session on the Significance and Engagement Policy also include in the 14 March Agenda was also included.</p> <p>The slides from this workshop can be found here.</p>

The next key steps as we progress forward include:

Date	Activity
14 March 2024	<p>Council Meeting</p> <p>This Council agenda includes the formal endorsement of many key inputs into the Three-Year Plan, developed over recent weeks including:</p> <ul style="list-style-type: none"> • Consultation options (in this report) • Endorsement of Draft Financial Strategy 2024 • Endorsement of Draft Infrastructure Strategy 2024 • Endorsement of Draft Development Contributions Policy 2024 • Endorsement of Draft Significant Assumptions • Endorsement of Activity Levels of Service and Performance Measures • Better Off Funding – Funding Direction. • Review of Significance and Engagement Policy. <p>Treasury Management Policy Review (Credit Rating Incorporation).</p>
19 March 2024	<p>Risk and Assurance Meeting</p> <p>The Risk and Assurance Committee will be provided with an overview of the Three-Year Plan Programme and overall will be asked to critically consider any key points of Risk on the Three Year Plan.</p>
20 March 2024	<p>Workshop</p> <p>For Councillors to workshop any feedback on the Consultation document and draft Three Year Plan.</p> <p>This workshop will also incorporate any feedback any feedback from the Risk and Assurance Committee for the wider Councils feedback.</p>
4 April 2024	<p>Council Meeting</p> <p>Adoption of Consultation Document for consultation.</p>
5 April to 6 May 2024	<p>Consultation and Engagement</p> <p>Formal consultation opens and runs over a four-week statutory timeline.</p>
22 May 2024	<p>Hearings</p>
30 May 2024	<p>Deliberations</p>
13 June 2024	<p>Council Meeting</p> <p>Adoption of Three Year Plan.</p>
27 June 2024	<p>Council Meeting</p> <p>Striking of the Rate for the 2024/2025 Year.</p>

The period of March and April are significant months for Officers to work through the substantial writing and development of the Three-Year Plan Consultation Document, associated supporting information and the overall engagement and formal consultation process. This will require a continued strong focus to see the overall project timeline and programme achieved.

Affordability Workshop

A key action identified in Elected Member Priorities for the 2022 – 2025 Triennium is the completion of an Affordability Review as part of the development of the Three-Year Plan/Long Term Plan. At Councils 29 November 2023 workshop, Morrison Low presented context on affordability in a Central Hawke's Bay context.

The key aspect of this presentation outlined that affordability ultimately is defined by a range of criteria, and the ability to support affordability is impacted by many factors, which many are outside of Councils direct control or influence. This presentation also made a particular note that

affordability is greater than just economic wellbeing, and collectively it impacts across all four of the wellbeing's, from reducing inequity, improving social outcomes and enhancing environmental outcomes and quality.

As part of a continued focus on affordability, a workshop on affordability was held at Councils workshop on 29 February. This included attendance from Federated Farmers, the Rural Support Trust, EPIC Ministries and College Leaders, CHB Budget Services, a representative from Te Taiwhenua o Tamatea's Ngā Komanawa, Heartland Services and the Disability and Positive Aging Network Lead. This workshop focussed on two areas being gaining an understanding of the impacts of the proposed rating increases and what options were available for Council to support community in the wider sense and explain the change. The key areas that were identified in this workshop included:

- **Advocacy:** The need to continue to advocate on community's behalf to central government and widely, on the ongoing impacts of Cyclone, rates rebate availability and access to government services (especially online and phone).
- **Continuing to repeat key messages:** A need to continue to remind people of the support and services available, look to the future including:
 - Sharing key services available on website, Facebook, and through our existing networks.
 - Recognising that this time too shall pass – this isn't the first challenge we have faced.
 - Reminding people of rates postponement and other tools available.
 - Using the network of networks more strongly to connect at an individual level.
 - Innovate or deteriorate – look at new opportunities and ways of doing things.
 - Recognising the important role of food for wellbeing.
- **Programmes and Initiatives:** Facilitating simple projects and activities including:
 - Continue to promote through library programmes supported by partners at no or no cost.
 - Supporting the CHB Volunteering page to connect residents with support agencies.
 - Create opportunities for agencies to create simple face to face or connectivity with members like in Covid.
 - Explore basic budgeting and managing financing courses, including online for community.
- **Central Hawke's Bay Long Term:** We stay focussed on keeping CHB a great lifestyle, looking to future industry to bring people and economic diversification to the district.

The key outcomes from this workshop will be documented up and included in the wider engagement and consultation plan but will be formally presented back to Council as the Three Year Plan programme continues to progress.

Stormwater Investment

Further to the information provided in workshop and through slides in 2023 and 2024, Officers have been asked to formally confirm what the additional stormwater funding investment proposed will deliver.

While this will be also specifically addressed in the consultation document, including what historical investment has achieved, the following breakdown of works/benefits expected from the proposed

investment is provided. This work programme is in accordance with professional advice received outlining an approach to stormwater network maintenance more closely aligned with industry practice and the wider stormwater strategy currently in development. Councillors will also note proposed new levels of service relating to stormwater that help articulate better the enhanced level of service that proposed funding will provide.

The works outlined will be subject to future contractor procurement, however it will be this level of maintenance the additional funding is intending to achieve:

Activity	Description
Open Channel Vegetation Removal	2-yearly vegetation clearance for major open drain channels including residential Pah flat, Eastern Interceptor, Bush Drain and Takapau Rd. 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	5 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.

Consultation Options

While Council has endorsed a draft budget estimate for the proposed Three Year Plan at its 15 February Meeting, Council has not yet formally approved this estimate for consultation or further endorsed the detail of the options that Council will be formally consulting on.

While this formal approval will occur as part of the Adoption of the Three Year Plan Consultation Document and supporting information on 4 April 2024, a key step in developing the Consultation Document is now formally endorsing the options for consultation to provide for the Consultation Document to be finalised.

Giving tangible options to community, is critical to enable them to understand the implications and trade-offs from a low or higher rates increase.

Officers report to Councils meeting of 15 February 2024 outlined four key challenge areas that engagement and consultation would focus on. These were:

1. Drinking and Wastewater Investment.
2. Stormwater Investment.
3. Land Transport Investment.
4. Other activities.

It is proposed that the four challenge areas will be supported by three overall budget options for the three years being rating options based on a low (less), central (endorsed budget) and high (more) rates option across the four areas. This approach is demonstrated in the table below:

Option	Rating impact	Land Transport	Drinking Water and Waste Water	Stormwater	Other Activities
Low Rates Option 1- Pay less, get less option	XX%	Less than the Central option	Less than the Central option	Less than the Central option	Less than the Central option
Central Rates Option 2	XX%	Central – preferred option	Central – preferred option	Central – preferred option	Central – preferred option
Higher Rates Option 3– pay more, get more.	XX%	Higher than the Central option	Higher than the Central option	Higher than the Central option	Higher than the Central option

This approach is based on the concept that community can choose to pay less and receive less or pay more and receive more than what is proposed in the central option. It is proposed that the three rates options are what Council will formally consult on in the consultation document, with the four areas providing supporting information to support the three rating options.

While this approach of more or less is proposed, it is however recognised that the central option still has a significantly higher rating requirement for similar and in many examples less services, despite the simplified concept of 'pay more/less get more/less'.

This overall approach differs from that taken in the 2021 – 2031 Long Term Plan Consultation Document, where we provided a preferred option and described the costs for alternate options. Instead, the three budget options will provide the ability to confirm what decreased or increased rates investment will achieve. and to be clear on what this level of investment will achieve. This overall approach is demonstrated in the table below.

There is a complication that the item contained in this agenda on Better Off Funding, will ultimately determine and impact which option Council endorses, being to use Better Off Funding to offset rates or not at this time. This is provided for with both options developed and included in this agenda in anticipation of this decision or not. The inclusion or not of Better Off Funding and the subsequent proposed options are outlined in the tables below. Please note these values will still be subject to change as the detail of the options are finalised.

Option – Including Use of Better Off Funding	Year 1	Year 2	Year 3
Low Rates Option 1- Pay less, get less option	17.5%	17.4%	11.3%
Targeted	21.3%	22.9%	12.6%
Non-Targeted	15.4%	14.3%	10.5%
Central Rates Option 2	20.1%	15.6%	10.9%
Targeted	22.8%	21.4%	12.6%
Non-Targeted	18.6%	12.2%	9.9%
Higher Rates Option 3– pay more, get more.	25%	11.1%	10.9%
Targeted	32.9%	12.1%	12.6%
Non-Targeted	20.6%	10.5%	9.9%

Option – Excluding the substantial use of Better Off	Year 1	Year 2	Year 3
Low Rates Option 1- Pay less, get less option	19.3%	14.3%	12%
Targeted	24.1%	16.6%	14.4%
Non-Targeted	16.6%	13.0%	10.5%
Central Rates Option 2	24.2%	11.7%	10.9%
Targeted	32.2%	12.8%	12.6%
Non-Targeted	19.8%	10%	9.9%
Higher Rates Option 3– pay more, get more.	28.3%	11.2%	10.6%
Targeted	39.2%	12.1%	12.0%
Non-Targeted	22.3%	10.7%	9.8%

The **attached** sheet and this report form the basis for Council endorsing the options that will be consulted on and included in the Consultation Document. The items listed in the attachment are provided to indicate the scale of increase/reduction required with each option. These are not final, however the extent of the financial saving is described. These will be further refined and developed for Councils feedback at the workshop on 20 March and for Councils final approval as part of the Consultation Document on 4 April 2024

On the basis Council endorses an approach, this will provide for Officers to continue with the development of the Consultation Document, recognising the small window that exists between Council providing feedback on the Consultation Document at workshop on 20 March and the Consultation Document being formally approved by Council on 4 April 2023.

If there are significant changes and variations to the proposed options in this report, this may require Officers to significantly rework areas of the draft budget estimates. In this instance, the timelines and work programme for the Three-Year Plan will need to be revisited and reported back to Council with urgency.

Climate Action Joint Committee Funding Request

In anticipation of this funding request from the climate action joint committee, a value had been included in the draft 2024 -2027 Three Year Plan estimates, consistent with feedback from Councils February budget workshops.

The funding request can be accommodated within the existing estimate already included in the Draft Estimates. Officers are continuing to work with the regional Officers and Executive to confirm the work programme, which is proposed to significantly focus on hazard reduction and resilience planning. This additional funding is expected to support the following initiatives:

- Climate Change Risk Assessment
- Risk Portal Update and Community Engagement
- Measurement and monitoring of regional carbon contributions
- Minor operational costs.

Further information on Compliance & Monitoring private/public split

In recent workshops, Elected Members asked for further information on the private/public split of sub-activities within the Compliance and Monitoring function to discuss “user pays” services, similar to the recent change made to move swimming pools to 100% private, i.e., the user pays for the entire service.

The recently reviewed Revenue and Financing Policy sets out the private/public split for the Compliance and Monitoring function which is set at 10-25% private funding, with the remainder from public funding.

Within the Compliance and Monitoring function is two sub-activities - the sub-activity Compliance & Monitoring (noise complaints, bylaw compliance) and sub-activity Territorial Authority (TA). (swimming pool inspections, earthquake prone buildings, processing of LIMs, compliance schedules and building warrant of fitness).

In particular, Elected Members asked for more information on LIMs within the TA sub-activity, what is the current private/public split? In short, the LIMs service is covering 100% of costs. But there are other activities within the TA that are not recovering 100% of costs, so the fees from LIMs offset these.

Based on forecast budgets as part of Three-Year Plan 2024, the TA sub-activity is sitting more favourably than the private/public split in the Revenue and Financing Policy and is forecast to achieve a 63% private and 37% public split. Meaning this activity has the ability to create an income through fees and charges for LIMs and other TA fees (such as property information memoranda, certificate of title and swimming pool inspections) versus the sub-activity Compliance & Monitoring (bylaws compliance, noise complaints) which does not have a method of generating income through fees and charges and is almost 100% rate payer funded.

From a global budget perspective, the fees generated in the TA sub-activity is off-setting the Compliance and Monitoring sub-activity and creating an overall private/public split of 24% private and 76% public split, meeting with Revenue and Financing Policy conditions.

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made.
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter.
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan.
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council or would transfer the ownership or control of a strategic asset to or from the Council.

NEXT STEPS

Officers will continue with the development of the Three-Year Plan 2024 – 2027 in accordance with programme outlined in this report.

RECOMMENDATION

1. **That the report be noted.**
2. **That Council endorse the Better Off Funding included/excluded options proposed in this report and the corresponding attachment as the basis for consultation options in the Draft Consultation Document for the Three-Year Plan 2024 – 2027.**
3. **That Council note that funding for the Climate Action Joint Committee is included in draft estimates that form the Draft Three Year Plan 2024 – 2027.**

Including the Use of Better Off Funding – Central Option 20.1%

Please note – detail of options not finalised.

	Land Transport	Water and Wastewater	Stormwater	Other activities		
				Solid Waste	Places and Open Spaces	Economic and Community Activities
<p>Pay Less, Get Less Option</p> <p>Total 17.5% Yr1 17.4% Yr2 11.3% Yr3</p> <p>Targ 21.3% Yr1 22.9% Yr2 12.6% Yr3</p> <p>Non Targ 15.4% Yr1 14.3% Yr2 10.5% Yr3</p>	<ul style="list-style-type: none"> Reduction in sealing programme by 20% meaning roads will deteriorate and pothole faster. Reduce gravel roading programme by 20%, meaning more corrugations and potholes. <p>While a reduction of \$500k in Year 1 only, a \$205k general rates reduction is only achieved, due to the 59% Funding Assistance Rate from Waka Kotahi.</p> <p>Existing planned funding in Year 2 and 3 in Central option remains.</p>	<ul style="list-style-type: none"> Reductions to operational funding across water and wastewater activities, focussing maintenance works to critical activities only. <p>Requires operational savings of \$150,000 in first year only. Return to normal levels in Year 2.</p> <p>Requires operational reduction of \$150k from the two targeted rates (estimated \$35 reduction per connected household)</p>	<p>There are no significant reductions available from this activity.</p>	<ul style="list-style-type: none"> There are no further available reductions available from this activity. 	<ul style="list-style-type: none"> Stopping and reducing mowing and open spaces services to achieve operational cost reductions of \$100,000 rebuilding this back over three years and fully funded again by Year 4. Close the Waipawa Library and/or significantly further reduce hours across other facilities to achieve the reduction in the general rate and introduce back in over three years, fully funded again by Year 4. <p>Achieve a reduction of \$340,000 on the general rate.</p>	<ul style="list-style-type: none"> Stopping or reducing economic development activities that support the local economy, such as the Spring Fling, and initiatives in our Economic Development Action Plan. <p>Requires an extra \$20k reduction ongoing.</p>
<p>Central Option with Better Off</p> <p>Total 20.1% Yr1 15.6% Yr2 10.9% Yr3</p> <p>Targ 22.8% Yr1 21.4% Yr2 12.6% Yr3</p> <p>Non Targ 18.6% Yr1 12.2% Yr2 9.9% Yr3</p>	<ul style="list-style-type: none"> Funding of \$2m remains set aside to support a bespoke 95% Funding Assistance Rate/Co Contribution for roading recovery over a five year period. No other recovery funding is in the Three Year Budget. We can start to address our backlog of roadside maintenance over 12 years. Reducing minor safety projects by half and increasing back over three years, to focus on the most critical areas of safety improvement. There are no new Seal extensions (dust) and new footpaths. 	<ul style="list-style-type: none"> Continuing with urgent replacement of end of life drinking water reservoirs in Waipawa and Waipukurau. Progressing with the Waipukurau Second Supply Resilience project. Minor upgrades for the Waipukurau Wastewater Treatment Plant to address growth, meaning projects such as the Waipukurau South Growth Precinct (Old Hospital site) can progress Delaying major Wastewater investment until the impacts of Cyclone Gabrielle are better understood (2027+) 	<ul style="list-style-type: none"> \$850,000 is funded through Better Off Funding. No rating impact in Year 1, will further impact Year 2 Improved stormwater management through an increased level of maintenance across Otane, Takapau, Waipawa and Waipukurau. Major capital projects to address network shortfalls in the networks in Waipukurau and Waipawa cannot be completed. 	<ul style="list-style-type: none"> Permanent closure of the Waipawa and Takapau Transfer Station. Rationalisation of opening hours at Porangahau Transfer Station. Retention of all Recycling Drop of Centres No changes to urban kerbside bag and recycling services. Rural Recycling trailer service funded through BOF Funding. 	<ul style="list-style-type: none"> Substantially maintain the current services across Councils services such as libraries, parks, museums, and pools, with some hour changes. Minor renewals remain funded, to ensure that assets do not significantly further deteriorate (noting that greater renewal investment than budgeted is required). Capital funding investment in new assets is delayed for the next three years, unless externally funded, with minor new funding for Russell Park the only new funding proposed in the three years. 	<ul style="list-style-type: none"> Continuing with key economic development activities, including the Spring Fling, with minor reductions across the activities.
<p>Pay More, get more option</p> <p>Total 25.0% Yr1 11.1% Yr2 10.9% Yr3</p> <p>Targ 32.9% Yr1 12.1% Yr2 12.6% Yr3</p> <p>Non Targ 20.6% Yr1 10.5% Yr2 9.9% Yr3</p>	<ul style="list-style-type: none"> Boost the Land Transport Programme by \$500k (one off Y1) <p>Achieves a total increase of \$500k, for \$205 increase in general rates.</p>	<ul style="list-style-type: none"> \$500k of additional critical water investment in made in Year 1 taking advantage of the BOF funding the then returning to proposed levels in the Cenral option for years 2 and beyond, 	<ul style="list-style-type: none"> One off additional investment of \$350k in Year 1 is made taking advantage of the BOF funding, and then returning to proposed levels in the Central option for years 2 and beyond. 	<ul style="list-style-type: none"> Keep Takapau Transfer Station Operational. Some operating hours may still be rationalised <p>Requires \$25k of extra general rate funding.</p>	<ul style="list-style-type: none"> No reduction in Library hours Applying additional funds of \$50k into deferred maintenance across community facilities. <p>Requires \$80k of extra general rate funding.</p>	<ul style="list-style-type: none"> n/a

Excluding the Use of Better Off Funding – Option 24.2%

Please note – detail of options not finalised.

	Land Transport	Water and Wastewater	Stormwater	Other activities		
				Solid Waste	Places and Open Spaces	Economic and Community Activities
<p>Pay Less, Get Less Option</p> <p>Total 19.3% Yr1 14.3% Yr2 12.0% Yr3</p> <p>Targ 24.1% Yr1 16.6% Yr2 14.4% Yr3 Non Targ 16.6% Yr1 13.0% Yr2 10.5% Yr3</p>	<ul style="list-style-type: none"> A further \$500k reduction in Land Transport activities from those described in the Central option is required. <p>This is a year one reduction only to reduce the Year 1 impact.</p> <p>While a reduction of \$500k, a \$205k general rates reduction is only achieved, due to the 59% Funding Assistance Rate from Waka Kotahi.</p>	<ul style="list-style-type: none"> A \$200K reduction to operational funding across water and wastewater activities, focussing maintenance works to critical activities only is required from that described in the Central Option <p>Requires operational savings of \$200k from the two targeted rates (estimated \$47 reduction per connected household).</p> <p>This is a year one reduction only to reduce the Year 1 impact.</p>	<ul style="list-style-type: none"> A \$700K reduction in stormwater rate is required above that described in the Central Option. This option takes investment back to pre cyclone levels in Year One, with new funding phased in over three years.. <p>\$700k is instead phased in over three years.</p>	<ul style="list-style-type: none"> There are no further available reductions available from this activity. 	<ul style="list-style-type: none"> Close the Waipawa Library and/or significantly further reduce hours across other facilities to achieve the reduction in the general rate and introduced back in over three years. <p>Achieve a reduction of \$240,000 on the general rate.</p>	<ul style="list-style-type: none"> Stopping or reducing economic development activities that support the local economy, such as the Spring Fling, and initiatives in our Economic Development Action Plan. <p>Achieves a reduction of \$20k on the general rate ongoing.</p>
<p>Central Option with No Better Off</p> <p>Total 24.2% Yr1 11.7% Yr2 10.9% Yr3</p> <p>Targ 32.2% Yr1 12.8% Yr2 12.6% Yr3 Non Targ 19.8% Yr1 10.0% Yr2 9.9% Yr3</p>	<ul style="list-style-type: none"> Funding of \$2m remains set aside to support a bespoke 95% Funding Assistance Rate/Co Contribution for roading recovery over a five year period. No other recovery funding is in the Three Year Budget. We can start to address our backlog of roadside maintenance over 12 years. Reducing minor safety projects by half and increasing back over three years, to focus on the most critical areas of safety improvement. There are no new Seal extensions (dust) and new footpaths. 	<ul style="list-style-type: none"> Continuing with urgent replacement of end of life drinking water reservoirs in Waipawa and Waipukurau. Progressing with the Waipukurau Second Supply Resilience project. Minor upgrades for the Waipukurau Wastewater Treatment Plant to address growth, meaning projects such as the Waipukurau South Growth Precinct (Old Hospital site) can progress Delaying major Wastewater investment until the impacts of Cyclone Gabrielle are better understood (2027+) 	<ul style="list-style-type: none"> Improved stormwater management through an increased level of maintenance across Otane, Takapau, Waipawa and Waipukurau. Major capital projects to address network shortfalls in the networks in Waipukurau and Waipawa cannot be completed. 	<ul style="list-style-type: none"> Permanent closure of the Waipawa and Takapau Transfer Station. Rationalisation of opening hours at Porangahau Transfer Station. Retention of all Recycling Drop of Centres No changes to urban kerbside bag and recycling services. Rural Recycling trailer service funded through BOF Funding. 	<ul style="list-style-type: none"> Substantially maintain the current services across Councils services such as libraries, parks, museums, and pools, with some reductions in hours. Minor renewals remain funded, to ensure that assets do not significantly further deteriorate (noting that greater renewal investment than budgeted is required). Capital funding investment in new assets is delayed for the next three years, unless externally funded, with minor new funding for Russell Park the only new funding proposed in the three years. 	<ul style="list-style-type: none"> Continuing with key economic development activities, including the Spring Fling, with minor reductions across the activities.
<p>Pay More, get more option</p> <p>Total 28.3% Yr1 11.2% Yr2 10.6% Yr3</p> <p>Targ 39.2% Yr1 12.1% Yr2 12.0% Yr3 Non Targ 22.3% Yr1 10.7% Yr2 9.8% Yr3</p>	<ul style="list-style-type: none"> Boost the Land Transport Programme by \$800k in the first and every subsequent year. <p>Achieves a total increase of \$800k, for \$328 increase in general rates.</p>	<ul style="list-style-type: none"> \$350k of additional critical water investment in the first and every subsequent year (Targeted rate impact) 	<ul style="list-style-type: none"> \$400k of additional urban stormwater investment across the urban areas in the first and every subsequent year. 	<ul style="list-style-type: none"> Keep Takapau Transfer Station Operational. Some operating hours may still be rationalised <p>Requires \$25k of extra general rate funding.</p>	<ul style="list-style-type: none"> No reduction in Library hours <p>Requires \$30k of extra general rate funding</p>	n/a

14 February 2024



Mayor Alex Walker
Central Hawke's Bay District Council
WAIPAWA

Tēna koe Alex

CLIMATE ACTION JOINT COMMITTEE FUNDING

At the Climate Action Joint Committee in December, the Committee considered a proposal to jointly fund regional climate action work over the next three years. The draft plan of work includes a climate change risk assessment and spatial-based risk explorer portal, ongoing monitoring of regional, district and city greenhouse gas emissions, and community grants for community-led climate action.

Estimated annual costs for the next three years were \$230,000 to be apportioned between the five partner councils. The funding split proposed was 25% (HBRC): 25% (HDC): 25% (NCC): 15% (CHB): 10% (WDC), but the fairness of this was queried on a per capita basis.

HBRC Chief Executive, Dr Nic Peet, has consulted each Council Chief Executive to decide a new funding split that takes on these concerns:

New funding split of 26% (HBRC): 26% (HDC): 26% (NCC): 11% CHBDC: 11% (WDC) (see table below).

The purpose of this letter is to keep you informed of this work programme and to ensure that allocations are made in each Partner Council's Long Term Plan to fund this important body of work.

Every effort has been made to keep these budget costs to a minimum. With increasing hazard probabilities under climate change and pressing needs to identify feasible decarbonisation pathways for industry and economic partners, we urge you to prioritise this funding. Approving this funding does not preclude the option that additional funding for one-off technical pieces of work may be requested subsequently if the need arises.

We would be grateful for your endorsement of this funding allocation and we look forward to ongoing collaboration in this future resiliency-focussed work.

Nāku noa, nā

A handwritten signature in blue ink that reads "Hinewai Ormsby".

Hinewai Ormsby
Chair of the Climate Action Joint Committee

A handwritten signature in blue ink that reads "Hayley Browne".

Hayley Browne
Deputy Chair of the Climate Action Joint Committee

Te whakapakari tahi i tō tātau **taiao**. Enhancing our **environment** together.


06 835 9200 | info@hbrc.govt.nz | 159 Dalton Street, Napier 4110 | Private Bag 6006, Napier 4142

hbrc.govt.nz

**Attachment – Proposed budget for high-level climate action
programme of work**

Climate Action Joint Committee budget	FY2023-24	FY2024-25	FY2025-26
Climate change risk assessment (data acquisition and risk modelling)	\$100,000	\$100,000	\$100,000
Risk explorer portal and community engagement	\$40,000	\$40,000	\$40,000
Measurement and monitoring of regional carbon contributions to climate change	\$20,000	\$20,000	\$20,000
Communication, engagement and events	\$20,000	\$20,000	\$20,000
Community grants for climate action / adaptation	\$30,000	\$30,000	\$30,000
Total Joint Committee costs	\$230,000	\$230,000	\$230,000
Proposed annual contributions			
HBRC, NCC, HDC (26%)	\$59,800	\$59,800	\$59,800
WDC, CHBDC (11%)	\$25,300	\$25,300	\$25,300

7.3 ENDORSEMENT OF DRAFT FINANCIAL STRATEGY 2024

File Number: COU1-1400
Author: Brent Chamberlain, Chief Financial Officer
Authoriser: Doug Tate, Chief Executive
Attachments: 1. [Draft Financial Strategy](#) 

PURPOSE

The matter for consideration by the Council is to receive and endorse the Financial Strategy for Central Hawke's Bay District Council covering the period of the 2024-2027 Three Year Plan.

RECOMMENDATION

That Council endorse the Draft Financial Strategy for the basis of building the Three Year Plan 2024-2027 and for inclusion in the Consultation Document Supporting Information.

EXECUTIVE SUMMARY

Council's financial strategy sets out the overall financial goals of the Council for the Three Year 2024-2027 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 Three-Year Plan period.

BACKGROUND

Council's financial strategy sets out the overall financial goals of the Council for the 2024-2027 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 three-year plan period.

This strategy is directly linked to the infrastructure strategy, and what Council's strategy is for assets replacement and asset growth through both levels of services changes and demand pressures.

The strategy considers several factors influencing the strategy, and the financial levers (Debt, Rates, Capital Program, Levels of Service) available to Council to influence the Councils financial health throughout and to the end of the 2024-2027 Three Year Plan.

DISCUSSION

The Council's draft Three Year Plan's strategy has identified the challenges that the district faces, including the affordability of Council services and the sustainability of the district economy. While all activities that are planned to move the district forward will have a financial component, the financial strategy focuses on the core financial actions.

The main areas of focus are Cyclone Recovery, Roothing Resilience, Community Activation, Housing, Growth Infrastructure, and Secure Water, while at the same time balancing the cost of this against what is affordable for the district. Part of this is ensuring that Central Hawke's Bay District Council makes the most of all funding opportunities presented that aren't ratepayer funded, such as the \$1.2 billion regional infrastructure fund and the Infrastructure Acceleration Fund.

The Financial Strategy starts with Council's current financial position, and then sets financial goals of where it would like Council's finances to be at the end of the Three-year plan.

These goals are directly linked to the infrastructure strategy, and what Council's strategy is for assets replacement and asset growth through both levels of services changes and demand pressures.

Factors influencing the strategy are:

- Cyclone Recovery – While Council has had some initial government funding to assist with repairing its roading network, over \$120m of repairs remain undone. The frequency of these weather events is also impacting Council's insurance costs (over \$229k in the last year alone).
- Three Waters Reform – With the change in government, there has been a policy shift away from the previous model to local water done well. This change in policy means that three Waters will remain a core Council activity at this time, and the capital program that begun in the last Long Term Plan will continue, albeit rephased due to Cyclone Gabrielle.
- Central Hawke's Bay as a district will continue to grow putting pressure on housing. Migratory trends across New Zealand will continue, as people look to affordable housing and make lifestyle choices. Northern Central Hawke's Bay is also becoming a commuter base for employment opportunities in Hastings and Napier.
- The New Zealand economy is weak and is still recovering from the aftereffects of the Covid pandemic. This has led to a period of high inflation and high interest rates. Construction costs have grown by over 25% over the last Long Term Plan, making our cyclone roading repairs and 3 waters upgrade program more expensive. On top of this Council was borrowing money at 2% pa 3 years ago, but as this debt rolls off its fixed period it is being reset at 6% pa. Council has over \$40m in debt, so this change alone has increased Council's interest cost by \$1.6m pa.
- The same financial pressures facing Councils are also impacting households, and household incomes having increased at the same rate as costs of living.

Many of the factors listed above are beyond Council's control, but Council can use certain settings in its Financial Strategy to assist with these difficulties. These levers include:

- The Rating System – what is Council's position on user pays versus rate payer funded.
- Infrastructure Strategy - what Council's strategy is for assets replacement and asset growth through both levels of services changes and demand pressures.
- Future Land Use Changes – is the Council zoning land appropriately to allow for and to encourage district growth. Does this align with District Plans and Spatial Plans to ensure that growth occurs where Council can service this growth.
- Development Contributions – where growth is occurring and new assets are required, development contributions is the mechanism that Council can use to ensure the cost for these new assets are collected from the developers rather than the burden falling on the existing ratepayers.
- After balancing the above, Council has the ability to pull several financial levers – Debt, Rates, Capital Program, Levels of Service. Each of these has the ability to impact the financial position of Council and the level of rates it requires, and the level of debt it will require.

Attached is the draft Financial Strategy for Central Hawke's Bay District Council covering the period of the 2024-2034 Three Year Plan.

RISK ASSESSMENT AND MITIGATION

The Financial Strategy and the Instructure Strategy sets out how Council will manage a number of risks from asset failure through to financial stress caused by high Council debts and/or rate payer stress caused by high rates.

FOUR WELLBEINGS

This financial strategy deals mainly with the economic wellbeing, that is it impacts both Councils and ratepayers' financial wellbeing. But obviously the infrastructure strategy (which is one of the key drivers of Councils finances) does have an impact on the environment, particularly when you are talking about solid waste and wastewater discharges.

DELEGATIONS OR AUTHORITY

This strategy informs officers where Councillors wish the Councils financial position to be at the end of the Three-Year Plan.

SIGNIFICANCE AND ENGAGEMENT

In accordance with the Council's Significance and Engagement Policy, this matter has been assessed as of some significance and forms the basis of financial assumptions contained in Council's 2024-2027 Three Year Plan.

OPTIONS ANALYSIS

Council has the ability to endorse the draft financial strategy for the basis of designing the 2024-2027 Three Year Plan, or Council can direct officers to rework some of the assumptions/sections contained in the strategy.

Recommended Option

This report recommends endorsing the draft financial strategy, for addressing the matter.

NEXT STEPS

Based on the recommendation, officers will amend any assumptions contained in the strategy as necessary and will continue to update the financials contained in the document as the Three-Year Plan budget is refined over coming months.

RECOMMENDATION

That Council endorse the Draft Financial Strategy for the basis of building the Three Year Plan 2024-2027 and for inclusion in the Consultation Document Supporting Information.



**CENTRAL
HAWKE'S BAY**
DISTRICT COUNCIL

Financial Strategy

Adopted: TBC
Review: 30/06/2027



Together we thrive! E ora ngātahi ana!

Contents

Executive Summary	3
Introduction	4
1. What is a financial strategy?	4
2. Council's long-term vision	4
Strategic context	5
3. Recovery from Cyclone Gabrielle	5
4. Three waters reform – what we know... ..	5
5. Growth in population	6
6. Economic growth	7
7. Affordability.....	11
8. Connections to the Infrastructure strategy	13
9. Development impact fees	14
10. Intergenerational equity	14
11. Financial strategy.....	15
12. What has happened since the 2021-31 long term plan?	16
13. A focus on debt.....	16
14. Financial limits	17
16. The three financial levers	18
17. Level of service statement.....	21
18. Insurance	21

Executive Summary

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. 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 2 years, Councils own insurances costs went up by 48% following Cyclone Gabrielle, Councils interest costs (on its \$40m plus debt) have gone from 2.5% per annum to a forecast 5.5% per annum for the first three years of this 3 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 (+24%), before settling into more typical levels of increases of 5%-12% 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 program. Now three years into that programme, Council is planning to continue with this program although it is subject to the 25% construction inflation pressures and debt servicing pressures described earlier. These impacts coupled with a rebuild of Councils roading network following Cyclone Gabrielle, sees Council proposing a capital expenditure budget of just over \$425m 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 program is more than the ratepayer can afford to fund in the year of construction, and the capital program is replacing assets with a life expectancy of 30+ years. Therefore to ensure inter-generational 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 1,270 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 the Council, and in particular the 3 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 10 years. We recognise the importance of planning for our long term future as the decisions we make today can have significant impacts on future generations.

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.

Affected councils advocated for an Order in Council 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 Councils 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 3 Year Plan are Cyclone Recovery, Rooding Resilience, critical water infrastructure replacements and upgrades. Critical to the districts 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 Hawkes 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. Councils external funding strategy is key to focusing on how this is achieved long term.

Strategic context

3. 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 government contribution to the region's roading recovery. Progress has been significant, focusing 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 Councils roading network back to pre-cyclone levels. The 3 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.

4. 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 under-investment, 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, futureproofed 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.

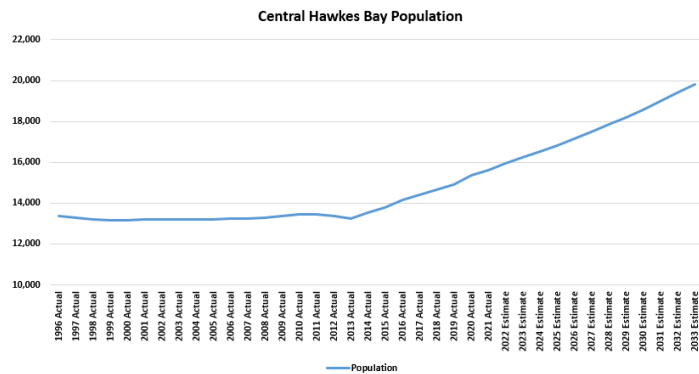
In this Strategy we have assumed that Council retains three water services for the next ten years. The reality is that if the Hawke's Bay Model is again accelerated, Central Hawke's Bay could form part of a regional water services entity as soon as 2027. While there are details to work through, what 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, how much it will likely cost, and ensure we budget what is needed for the renewal and operation of the assets.

5. Growth in population

The chart below shows the population growth projections, forecast in our adopted demographic projections supplied by Squillions¹The 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 10 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 1,270 new dwellings over the next decade (120 per year).



Source – [Framing the future of Central Hawke's Bay – August 2023](#)

¹ <https://www.chbdc.govt.nz/assets/Document-Library/Reports/Growth-Assumptions/FINAL-Growth-Assumptions-Squillions-State-of-the-District-2023.pdf>

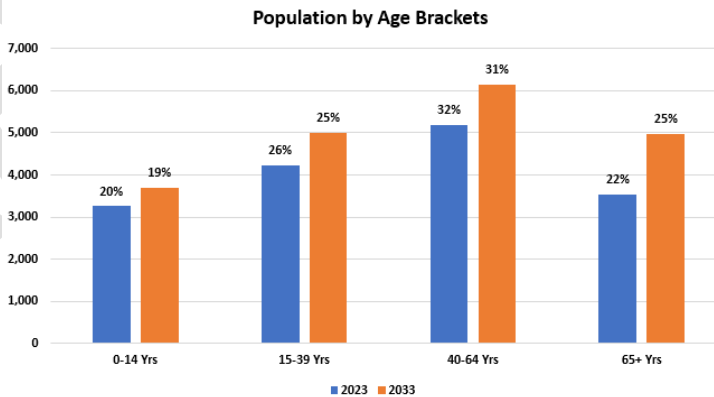
Document Owner: Brent Chamberlain Activity: Finance
 Adopted Date: 11/12/2021 Review Date: 9/02/2023 Document Approver: Doug Tate

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 the Council intends to meet the changing infrastructure needs of its community as the population ages.

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



Source – [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 10 years.

Projected growth in people and dwellings 2023-2033			
Medium scenario			
	People	Dwellings (high)	Dwellings (low)
Otane	290	110	100
Waipawa	470	180	160
Waipukurau	930	360	310
Takapau	180	70	60
Porangahau	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](#) (Medium Growth population, but two levels of household size)

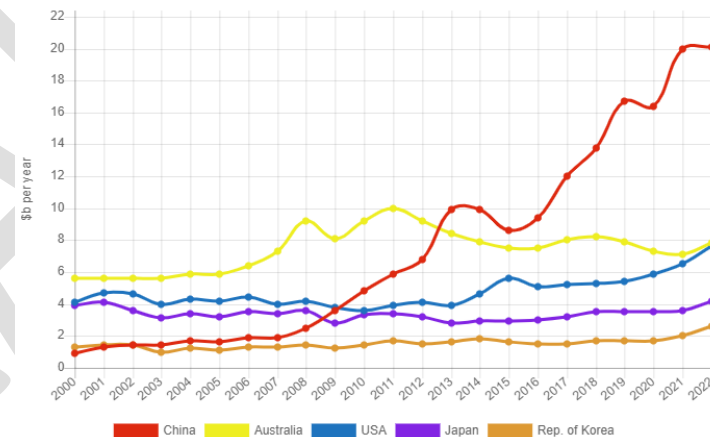
The predicted growth in the number of dwellings is the key forecasting tool that we use to support our expectations for ratepayer growth.

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

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)

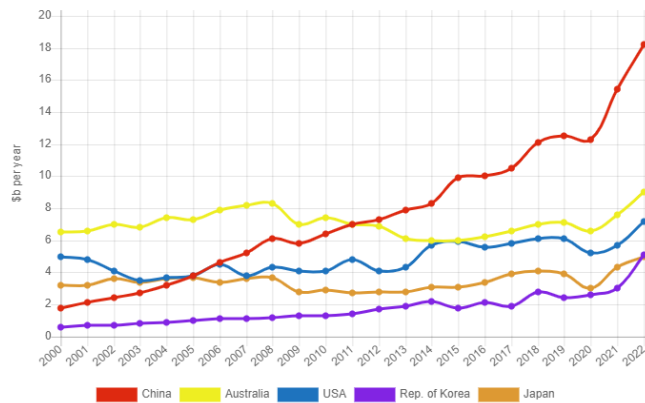


New Zealand economy also rebounded following the Covid-19 pandemic. Being isolated from its trading partners, the lack of shipping, and cost of freight particularly badly impacted New Zealand. Inflation following Covid-19 hasn't dropped as quickly as the rest of developed world and as a result New Zealand's 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 National lead coalition government formed and in early 2024 have 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)

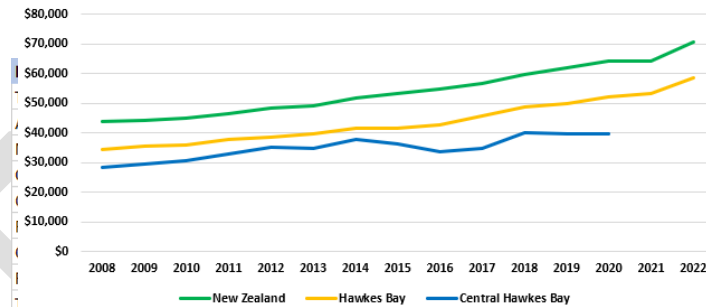


Source – Statistics NZ (year to December 2022))

Central Hawkes 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.

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

GDP per Capita



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%

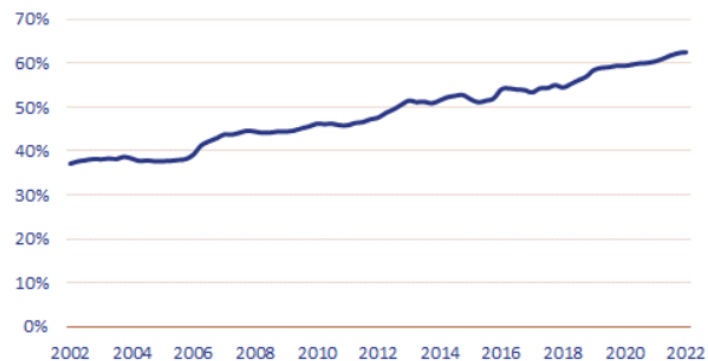
Central Hawkes Bay remains largely an agriculturally based economy with agriculture accounting for over 30% of its total GDP, along with manufacturing supporting this agricultural sector accounting for a further 14% of GDP.

Source – MBIE Regional Economic Activity Tool

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

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

The best of both worlds
Share of residents drawing income from outside the district



Source - [Framing the future of Central Hawke's Bay - August 2023](#)

DRAFT

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](#)

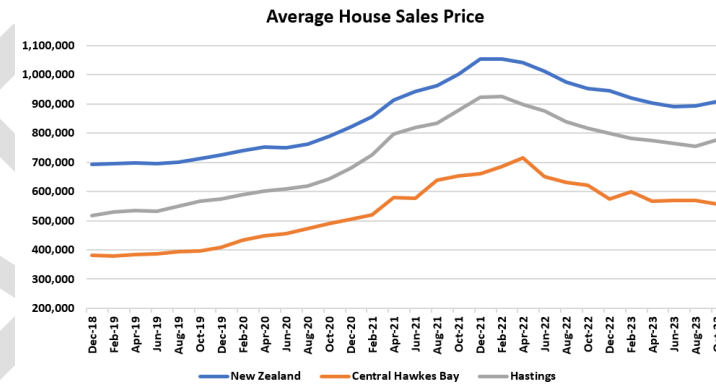
6. Affordability

When a Council considers affordability it is typically thinking of rates or fee 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 impact on other areas of wellbeing, and rates and fees shouldn't be considered in isolation.

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



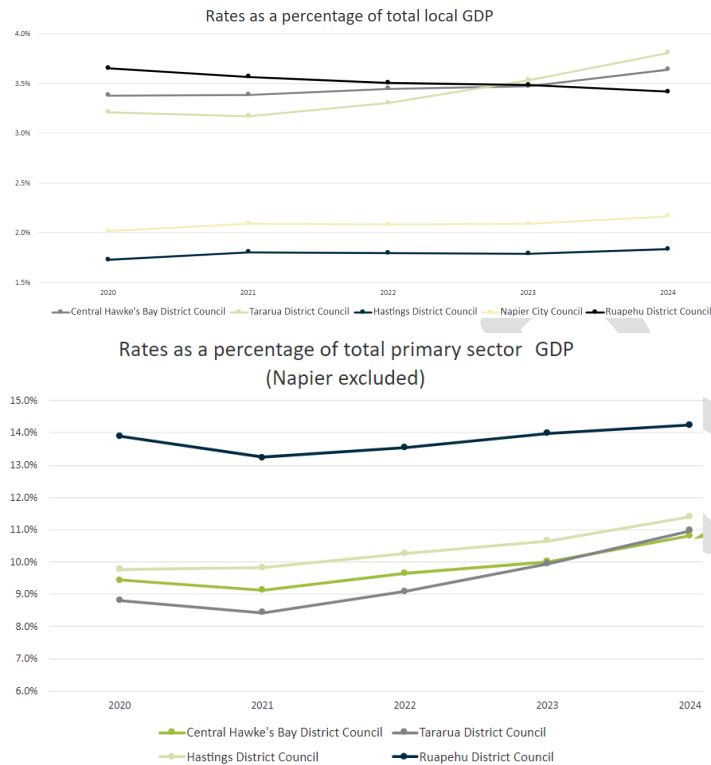
Diagram Source – Morrison Lowe



Rates affordability

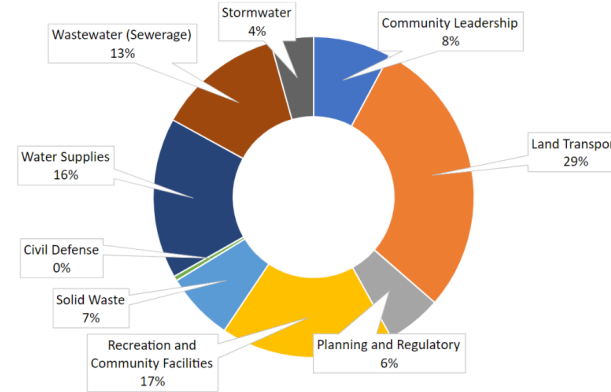
The following two charts indicates the levels of Council's rates as a percentage of the districts GDP (both regional GDP and rural GDP) when compared with the other local councils and other similar sized councils.

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



The graph below shows where Council's rates revenue is spent (source 2023 annual report). Most of your rates is spent delivering infrastructure (Roads, Solid Waste, and Water) at 69 cents in every dollar. This is also the area that has been under invested 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....



7. 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 Hawkes 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 10 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:

- To replace the existing wastewater plants at Otane, Waipawa, and Waipukurau with a single upgraded sewage treatment plant in Waipawa. This has partially been achieved last Long Term Plan with the Otane and Waipawa plants already being joined. Work is ongoing on joining Waipukurau to this network, but this involves river crossings involved so it will be a long term solution (budgeted at \$70m over the next years). In the meantime shorter term upgrades to the DAF unit at Waipukurau will be undertaken. In addition wastewater plants at Takapau and Porangahau are also scheduled to be updated in the next ten year period.
- A second water supply to feed Otane, Waipawa, and Waipukurau is currently being built with a new central reservoir capable of feeding both between Waipawa and Waipukurau (\$19m budget). The reservoirs in Waipawa and Waipukurau are due for replacement over the next 5 years (an \$13m investment). With some funding from Government an improved flood bank to protect the Waipawa/Otane 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 6 years.

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

The 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 also is being factored into future water and roading upgrades being planned over the next 10 years.

This infrastructure strategy has been built into Councils 3 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 3 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 the Council publicly notified the updated 'decisions' version of the Proposed District Plan.

Currently there are 9 appeals were received on the decisions on submissions on the Proposed District Plan and are being worked through.

8. Development impact fees

Development impact fees are a combination of:

- development contributions required under the provisions of the Councils development contributions policy (as amended in the 2024-27 3 Year Plan); and
- financial contributions provided for under the Resource Management Act 1991 and the Council's district plan (part E).

Development contributions

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

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

As required by the Local Government Act 2002, we are reviewing our current development contributions policy and we are consulting on any changes that we propose as part of the 3 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 Councils proposed Capital program. This will require a corresponding lift in development contributions require per new Household Equivalent (HUE).

Financial contributions

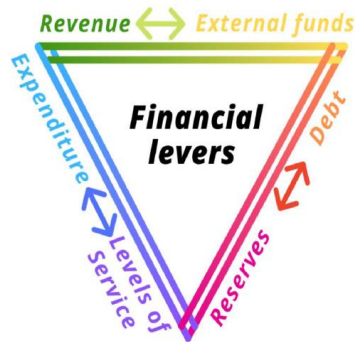
Financial contributions consist mainly of reserves contributions, which are used to fund reserve development activities, such as the management of natural areas and the creation of recreation resources.

9. 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'.

10. 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.



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 your 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 Program.

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 Levels of Services 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.

11. What has happened since the 2021-31 long term plan?

The major focus of the 2021-2031 Long Term Plan 'Facing the Facts' was focused on catching up on the years of underinvestment in primarily Council's 3 Waters infrastructure, but also setting a platform for future three waters and community facilities investment.

This Long Term Plan period saw a 12-year program 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 program, 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 programs have been rephased from the original programme of having all wastewater out of rivers by 2033. Council continues to work with the other Hawkes Bay Councils to explore the merits of forming a Hawkes Bay Council Controlled Entity to deliver 3 Waters across the entire Hawkes Bay District, but this 3 year plan assumes Central Hakes Bay District Council continues to deliver 3 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 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 the Council and was unforeseen when setting the Long Term Plan three years ago. Nearly 12 months on Council still faces uncertainty about the funding assistance for its roading repairs, is bearing additional recovery costs, and the flood protection and final land categorisations for the township of Porangahau yet to be completed. There also remain 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.

12. A focus on debt

The Council has shown leadership by actively chasing external funding such as the Infrastructure Acceleration Fund, realising that with the limited number of Rate Payers 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 \$237 (which is beyond it's current allowable debt cap). This is because of the legislative requirement to replace the Waipawa, Waipukurau, and Otane Waste Water treatment ponds, replace 3 reservoirs which are at the end of life, add resilience to the district 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, will rates to be kept within the proposed limits without affecting the current levels of service. However, due to both drinking water standards, waste water discharge consents, and Cyclone damage this isn't going to be possible.

The Council has recently updated its treasury management policy, which sets out a framework for the 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 the Council can borrow.

13. Financial limits

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

Measure	2024-2034 3 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 Councils 2024/25 3 Year Plan budgeted revenue of \$74.6m (excluding development contributions) this would make Council's debt cap \$111.9m (or \$149.2m 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 Councils own internal Treasury Management Policy currently precludes this) which is a maximum of \$208.9m.

The above calculation are based on Council's current revenue budget, however over the course of the 3 Year Plan Council's revenue will increase which will increase Council's ability to borrow.

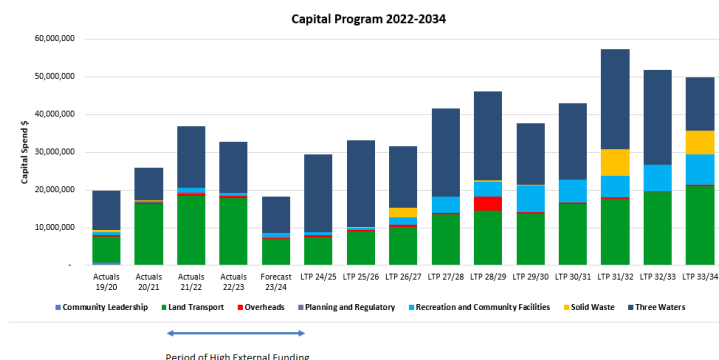
Based on the 10 Year Plan debt and revenue profiles currently in the proposed budgets, Council will exceed its existing treasury policy debt limit of 150% of revenue at the end of year 5, on the assumption of future land transport recovery funding being realised. At this point Council will need to obtain 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 take a minimum of 6 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.

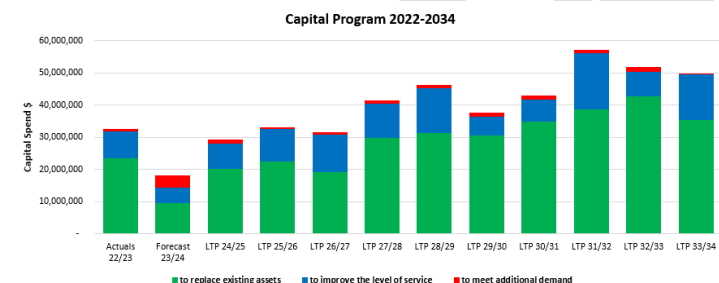
15. The three financial levers

Capital expenditure

The Council’s proposed capital expenditure budget of just over \$421m for the first 10 years provides the key focus for the 2022-2034 asset management plan.



The forecast capital expenditure for the 10 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 the NZTA and the Infrastructure Acceleration Fund.



The capital expenditure programme is driven by the infrastructure strategy, which prioritises a programme of capital work necessary to meet the ongoing needs of the community. The infrastructure strategy is constructed from the activity

management plans for our core infrastructure (roads, three waters and solid waste, as well as some of our community facilities), which considers the age, condition and useful lives of our assets, and the costs of renewing and/or upgrading them.

Therefore, a key part of the financial strategy is to balance the requirements of the infrastructure strategy with the financial limits that the Council is proposing to work within. The infrastructure strategy covers a 30-year period (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.

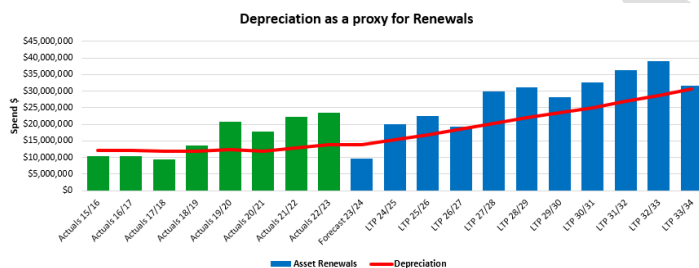
There are two main areas of capital expenditure – renewals and upgrades. Asset renewals are paid for by rates-funded depreciation. Upgrades may be required either as a result of growth or because we need to increase the level of service of a particular asset. Upgrades that are required as a result of 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 2024-34 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.



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

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

For the Council, the estimated cost of renewals is significantly more than the forecast depreciation for the earlier part of the asset management plan. This reflects the fact that the 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 program 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 10 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 3 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 the Council's goal of capping debt growth is to be achieved.

Funding depreciation

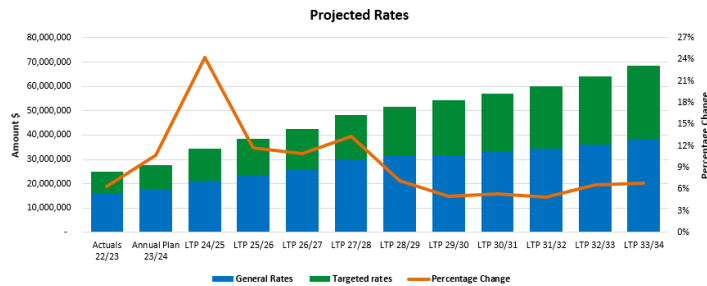
Including depreciation in our operating expenses each year is a way of ensuring ratepayers pay their fair share, and only their fair share, of the assets they use and benefit from – it ensures intergenerational equity.

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

Because Council is having to catch up on renewals in years 1 to 9 of the asset management plan, the Council has no capacity to fully fund depreciation in this 3 year plan although the intention is that this policy needs to be reviewed in future LTP's to ensure that Council remains on top of renewals once they have caught up on the back log.

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.



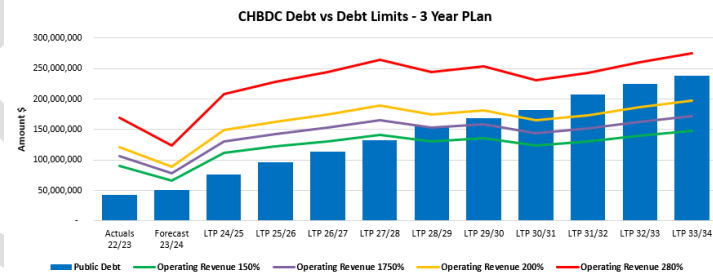
The cost of construction projects has grown by 25% over the past 2 years, Councils insurances costs went up by 48% following Cyclone Gabrielle, Councils interest costs (on its \$40m plus debt) have gone from 2.5% pa to a forecast 5.5% pa for the 3 Year Plan (which is a 220% increase), and Council is 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 3 Year Plan (+24%), and can then settle back into more typical levels of increases of 5%-12% pa on average for the remaining 9 years of the forecast. The chart above shows our forecast rates increases and highlights the rates increase attributable to targeted rates (mainly a 3 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 3 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 Councils capital program.

The non-funded depreciation also means that the 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 Councils Treasury Management Policy. The solid purple line represents our current non-credit rated borrowing limit as set out by Councils 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.



While this graph shows is that Council won't need a credit rating till year 5 of the 10 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 2 years to year 3 of the plan. Council will need to monitor this debt to revenue ration throughout the 3 year plan to ensure compliance with its treasury policy and will need to the policy again as part of the next Long Term Plan 2027-2037 if it is to deliver the current proposed 10 year capital program.

Water debt currently accounts for 84% of Councils total debt, and while it was hoped at the time of writing the 2021-2031 Long Term Plan that the Labour Government's 3 waters reform was going to see this debt (and the corresponding assets) passed to a new water entity, however this is clearly no longer going to happen. However the 5 Hawkes 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 Governments model, so this 3 Year Plan assumes 3 Waters remains the responsibility of Local Councils.

Security for borrowings

Our liability management policy (part of our treasury policy) has recently been updated. The Council's external borrowings and interest rate risk management instruments will generally be secured through a Debenture Trust Deed. Under a Debenture Trust Deed, the Council's borrowing is secured by a floating charge over all Council rates levied under the Local Government Rating Act. The security offered by the Council ranks equally with other lenders. From time to time, and with Council approval, security may be offered by providing a charge over one or more of the Council's assets.

Investments

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

16. Level of service statement

As outlined in this strategy, for the 3 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 3 Year Plan. No new activities are being planned.

17. Insurance

The Central Hakes Bay District Council, together with other Hawkes Bay Councils, and Manawatu/Wanganui LASS, and Bay of Plenty LASS, collectively purchase insurance for their respective assets on a combined basis. This syndicate was provides scalability to the benefit of accessing wider domestic and off-shore insurers.

The Council is facing a number of emerging potential financial risks. They include an increase in insurance premiums due to the perception of increased risk profile for the Hawkes Bay Region following the Kaikōura and Christchurch earthquakes and Cyclone Gabrielle.

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

7.4 ENDORSEMENT OF DRAFT INFRASTRUCTURE STRATEGY 2024

File Number:

Author: Doug Tate, Chief Executive

Authoriser: Doug Tate, Chief Executive

Attachments:

1. **Draft Infrastructure Strategy 2024 - 2034** [↓](#)
2. **Three Year Plan - Major Projects and Programmes Summary** [↓](#)

PURPOSE

The matter for consideration by the Council is the endorsement of the Draft Infrastructure Strategy.

RECOMMENDATION

1. That Council endorse the draft Infrastructure Strategy for the basis of building the Three-Year Plan 2024-2027 and for inclusion in the Consultation Document Supporting Information.

BACKGROUND

Legislative Context

Council is in the process of developing its 2024 – 2027 Three Year Plan. A key input into the Three-Year Plan/Long Term Plan (and a requirement under the Local Government Act) is a 30year Infrastructure Strategy.

Central Hawke’s Bay District Council along with several other Councils impacted by Cyclone Gabrielle have been given dispensation to not complete a full Long Term Plan, instead a Three Year Plan under the Severe Weather Emergency Recovery (Local Government Act 2002—Long-term Plan) Order 2023.

Similarly, to the altered requirements for the Long Term Plan, the special legislative provisions for affected Councils permit the production of an altered Infrastructure Strategy – different from the requirements typically defined in the Local Government Act. Key points for the Infrastructure Strategy in the new special legislation 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.

Accordingly, this Infrastructure Strategy is prepared to cover a 10-year period and the strategy applies to Councils management of infrastructure supporting the delivery of three waters, land transport, solid waste and parks and property services across Central Hawke's Bay.

DISCUSSION

Overview

Council have prepared an Infrastructure Strategy (the Strategy) in line with the special legislative requirements. The Strategy is designed to identify significant infrastructure challenges and to identify the principal options for managing those challenges and the implications of those options.

The Strategy is also designed to provide oversight of planned works to recover the districts infrastructure from the devastating impacts of Cyclone Gabrielle, as well as damage caused by Cyclone Hale and the wet winter of 2022.

The Strategy follows a similar structure and format to the previous strategy developed in 2021, aligning Council objectives and outcomes with a number of principles for infrastructure management, a number of focus areas and an array of work programmes and projects.

The Strategy, recognising the significant damage to infrastructure caused by weather events in 2022 and 2023, and recognising the recovery works still required to restore infrastructure, places special focus on both recovery and resilience, with the Strategy defining resilience for infrastructure 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."

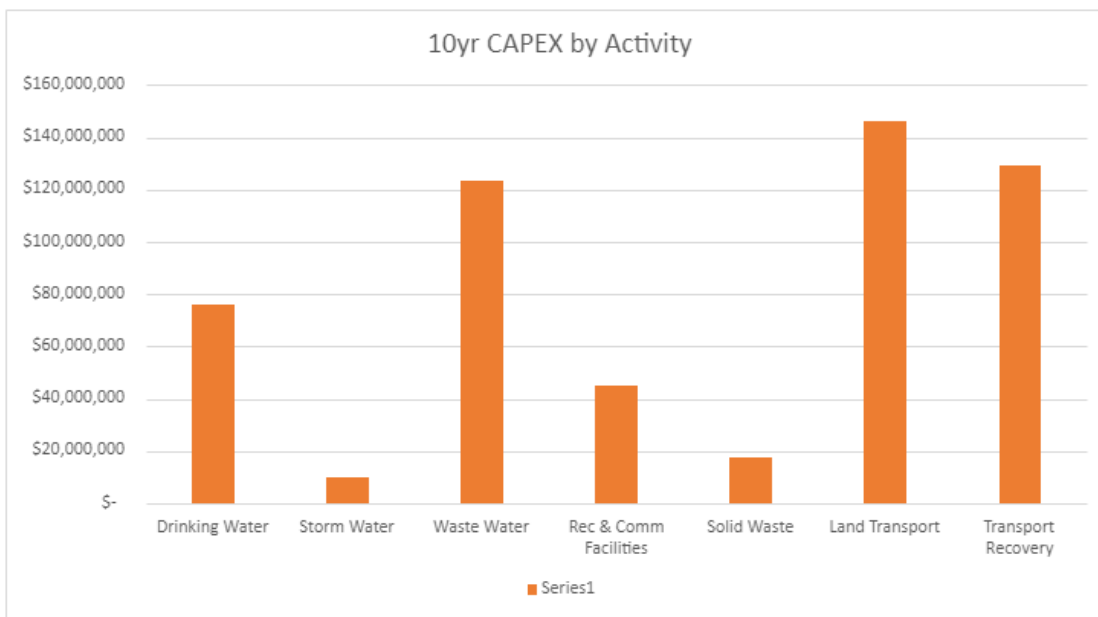
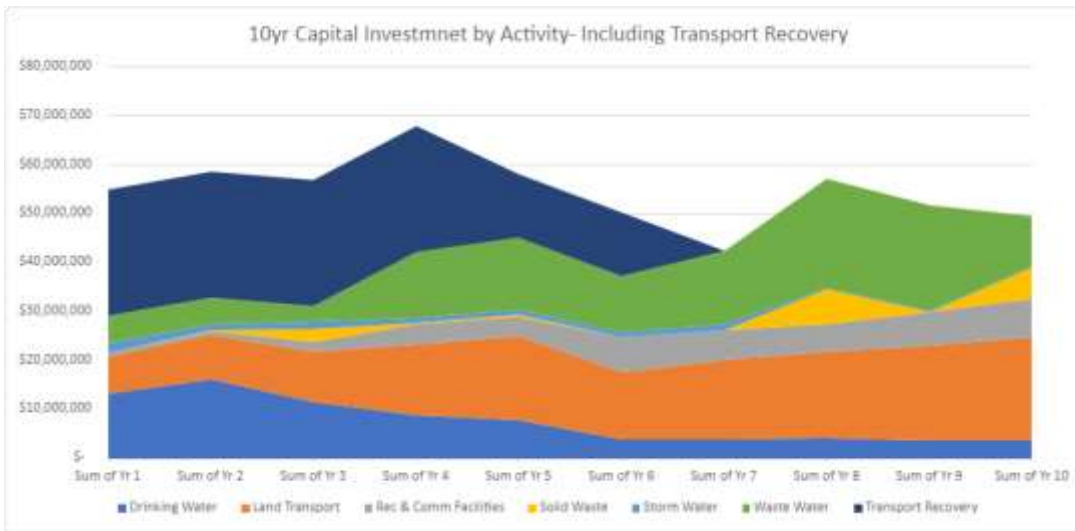
Resilience challenges and opportunities are highlighted within the Strategy and programmes of work have been developed to address resilience shortcomings and to improve resilience.

The Strategy also covers the topic of 3 Waters Reform and the uncertainty that exists with respect to the ongoing ownership and management of waters assets across New Zealand.

Work Programmes and Investment

Based on the primary infrastructure challenges identified, the following work programmes, and associated investment requirements have been identified through the Strategy.

The total work programme identified for delivery through the Strategy is shown in the chart below. This chart includes an indicative phasing of the \$129M worth of transport recovery works over the first six years of the Strategy.



The significant infrastructure challenges/opportunities identified and being addressed in the Strategy are:

Resilience and Recovery

Significant investment (>\$250,000) identified to improve the resilience of infrastructure in the term of this strategy are listed in the table below. The ‘financial category’ represents the category recorded in Councils 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.

PROJECT / PROGRAMME	FINANCIAL CATEG ORY	ACTIVITY	EXPENDITURE (YEARS 1-10)
Transport Recovery Programme	Renewals	Transport	129,000,000
Waipukurau Second Supply	Levels of Service	Drinking Water	18,671,942
Customer water meters (DemandManagement)	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 Fund	Renewals	Drinking Water	18,617,566
Reticulation renewal including pipes & other retic Rate Fund	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 firefighting improvements	Renewals	Drinking Water	932,745
Waipawa firefighting 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
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
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	Storm Water	382,895
Waipukurau CBD Flooding Upgrade	Demand	Storm Water	350,000

PROJECT / PROGRAMME	FINANCIAL CATEGORY	ACTIVITY	EXPENDITURE (YEARS 1-10)
Reticulation renewal including pipes & other retic Rate Fund	Renewals	Storm Water	1,340,604
Waipukurau Shortfalls in existing assets Loan Funded	Renewals	Storm Water	1,340,132
Proactive open drain performance improvements Loan Funded	Renewals	Storm Water	1,148,684
Reticulation renewal including pipes & other retic Loan Fund	Renewals	Storm Water	949,277
Below ground asset reactive renewals Rate Funded	Renewals	Storm Water	556,469
Waipawa Shortfalls in existing assets Loan Funded	Renewals	Storm Water	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
Districts I&I Project	Renewals	Wastewater	2,297,369

Renewals

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).

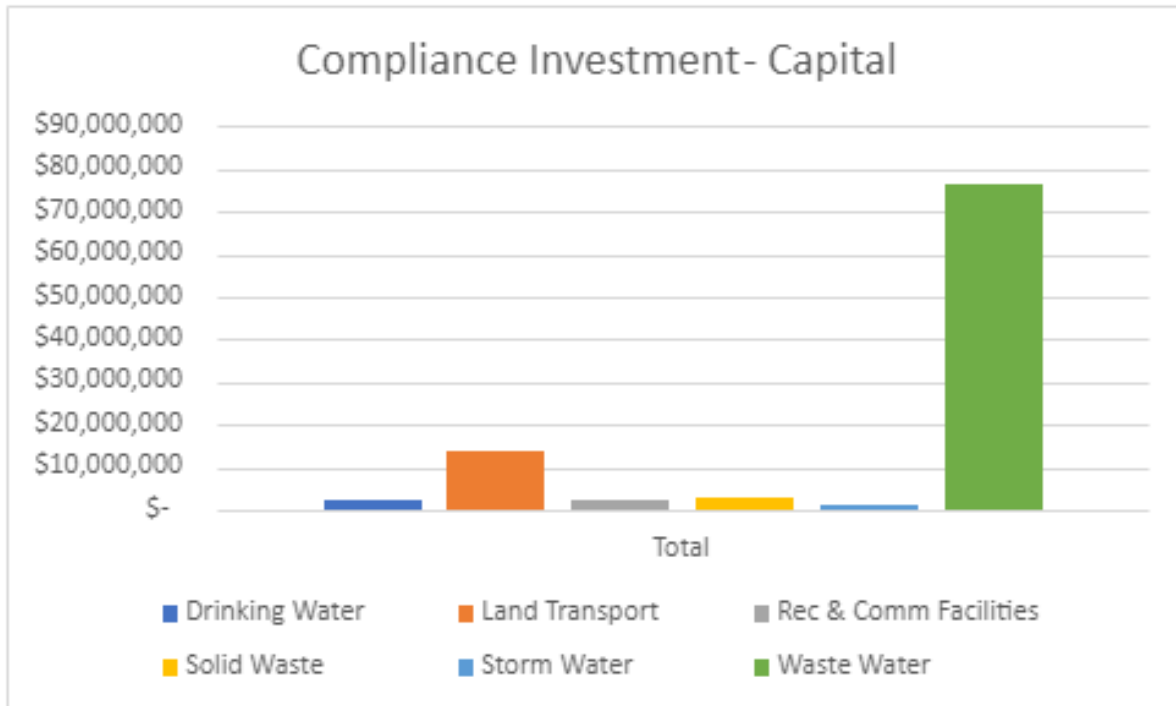
Renewals are applicable to all asset classes covered within the scope of the Strategy and typically include:

ASSET CLASS	TYPICAL RENEWAL ACTIVITIES
3 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.

Compliance

The costs to comply with new and existing standards continue to place strain on Councils resources. Council has chosen to make every effort to comply with standards in all cases and the Strategy provides the outline of continued investment in infrastructure to continue to comply.

The impact of compliance related costs is felt most heavily with respect to 3 waters infrastructure. While ‘compliance’ is not a typically reported against category at a project or programme level, it is possible to split out compliance related projects for these activities. The chart below shows the split between compliance-driven and non-compliance-driven investment for the three waters activities over the 10-year period.



Key compliance requirements across the activities include:

- Adherence to the Drinking Water Standards (including now for community halls and campgrounds)
- Resource consents for wastewater discharges and drinking water takes.
- Seismic performance (earthquake strengthening).

Growth and Demand

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 3 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 3 waters infrastructure in an area of Waipukurau called the Waipukurau South Growth Precinct (the old hospital site). This precinct, once infrastructure is upgraded, will be capable of accommodating up to 950 new homes over 10 – 20 years.

Levels of Service

Councils 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 Councils 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.

Key Level of Service projects/programmes (>\$250k) are shown below:

PROJECT / PROGRAMME	ACTIVITY	EXPENDITURE (YEARS 1-10)
TEP / PHU wastewater treatment and discharge upgrade	Wastewater	26,134,248
Waipukurau Second Supply	Drinking Water	18,671,942
LT Sub Minor Capital Improvements	Land Transport	11,593,198
District Landfill New cell for Landfill extension	Solid Waste	8,885,600
TKP wastewater treatment and discharge upgrade	Wastewater	6,212,805
Transfer Station Building of a replacement station WPK&WPA	Solid Waste	4,802,100
New WPK Library Building Construction and FFE	Rec & Comm Facilities	3,382,922
Customer water meters (Demand Management)	Drinking Water	2,607,517
LT Unsub Traction Seal	Land Transport	2,377,784
Recycling Building of the first phase of a CHB Re-use/Recovery	Solid Waste	2,358,000
CHB Municipal Theatre EQ Strengthening	Rec & Comm Facilities	1,286,880
Installation of testable boundary backflow preventers	Drinking Water	1,251,058
Waipukurau water mains	Drinking Water	1,237,750
Waipukurau Memorial Hall EQ Strengthening	Rec & Comm Facilities	1,155,420
Works output from CMP Rate Funded	Storm Water	987,149
McGreevy street drain treatment devices	Storm Water	772,725
Bulk Water Metering	Drinking Water	572,471
Waipawa water mains	Drinking Water	465,250

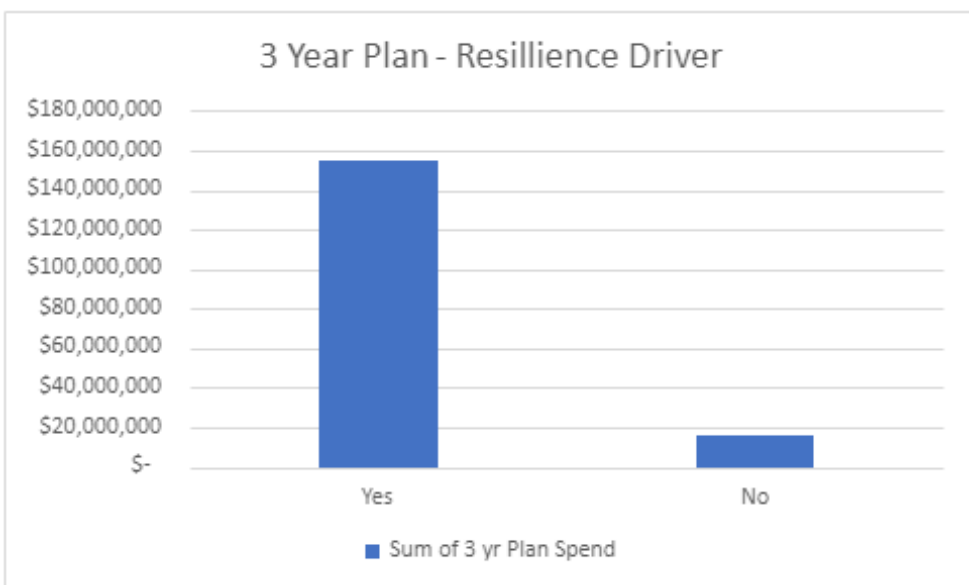
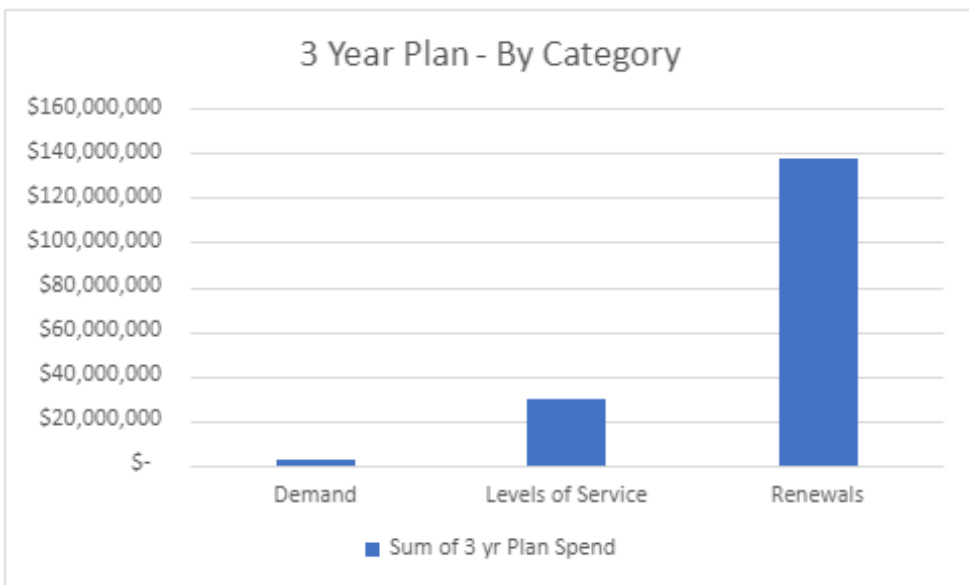
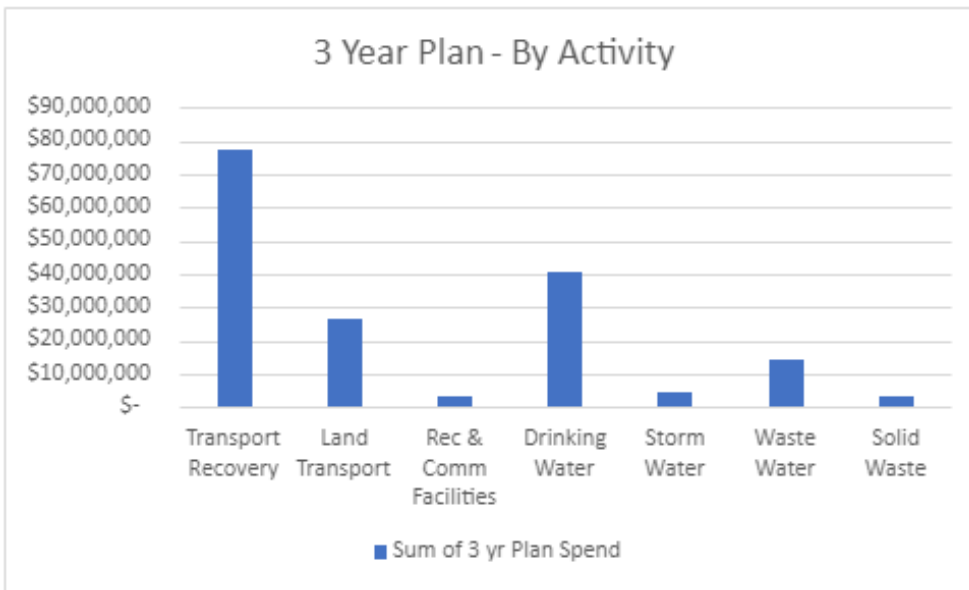
Investment Within the 3yr Plan Period

The Strategy presents a ten year programme of work to address identified challenges and opportunities with infrastructure. The projects and work programmes have been developed through asset management planning processes respective to each activity and asset class and have been phased and scheduled to balance risk in the asset and affordability and deliverability ie you can't do everything in year 1.

The table (**as attached**) provides an overview of the projects and programmes that have significant investment (>\$250k) within the period of the Three Year Plan (2024 – 2027).

The **attached** projects and programmes comprise the majority of planned investment in the first three years of the Strategy – the period of the 3 Year Plan. The charts below breaks down the first three years investment in Infrastructure from the Strategy, to show the planned investment by activity and by financial category. Resilience projects are also shown – recall that this is a not a financial category in Councils systems, so those projects tagged as having a resilience driver are also categorised as Renewal, Levels of Service of Growth/Demand.

Total capital investment in infrastructure in the 3year period, as set out in the Strategy totals \$170,160,141.

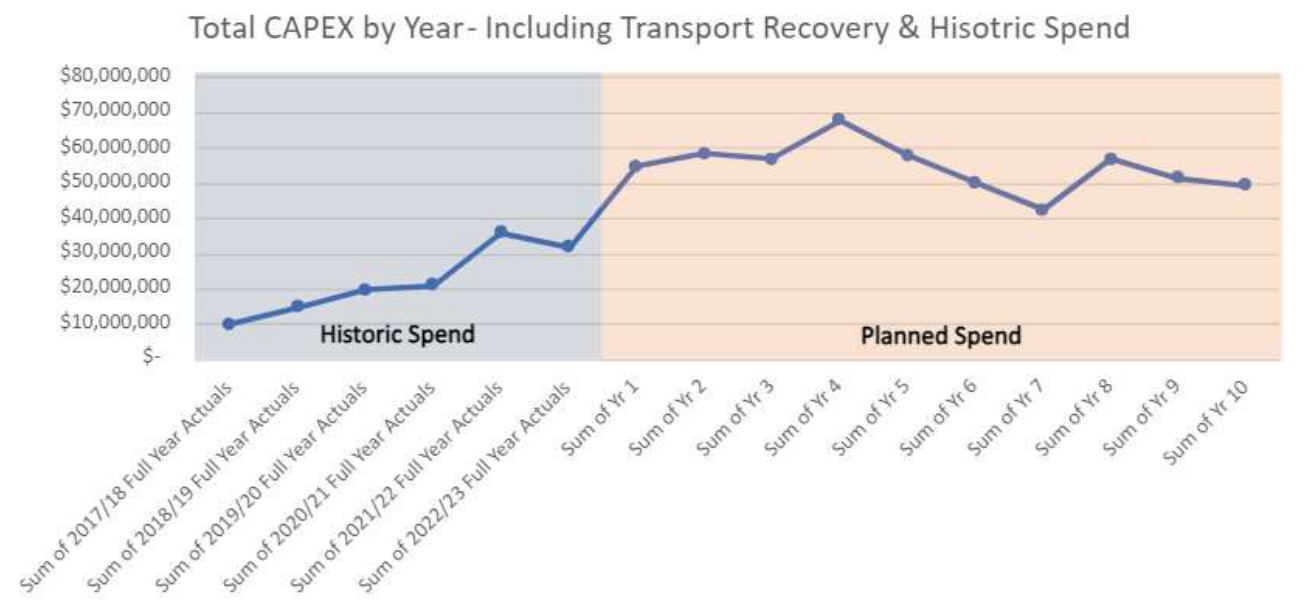


Deliverability

The Strategy presents an ambitious work programme, made especially high in the first six years due to the transport recovery works.

While it is planned that the majority of the financial burden for the transport recovery works is carried by NZTA or Central Government in some other way, it is Council teams that will need to plan for and manage the works and Council contractors that will need to physically deliver the works. This all alongside the other non-recovery work outlined in the Strategy.

The chart below shows total capex requirements for the 10yr period of the Strategy, against historic expenditure totals, including the six-year phased transport recovery works, against historical expenditure/delivery. The chart shows clearly that Council have never delivered as much capital work as is planned in Year 1 of the Strategy.



To deliver the large programme of work, Council will need to review its planning and delivery functions and leverage every available opportunity to scale-up. New contracting models and arrangements will need to be investigated and implemented and Council teams will need to grow alongside the work programme or be externally engaged to deliver the programme.

RISK ASSESSMENT AND MITIGATION

The primary risks associated with the Strategy, its creation and endorsement/adoption relate to the uncertainty of future and funding created by the transport recovery works and the 3 waters reform.

The accuracy of the information used to create the Strategy and the associated investment programmes is also a key contributor of risk.

Key assumptions / information sources are expanded upon further below in the table.

ASSUMPTION / INFORMATION	USE / IMPACT / RISK	RISK MITIGATING FACTORS
Transport recovery works will cost \$129,000,000, they will be 95% funded by Waka Kotahi and will be delivered within 6 years starting in July 2024.	Should the works cost more, not be funded at the assumed amount, or take longer to construct, then Council and its community will be required to revisit plans, timelines, and budgets.	Council is prioritising engagement with NZTA, and with Ministers, to ensure funding. As much work as possible, within current available funding limits, has been completed to define the scope of works for the programme.
Asset metadata (includes asset type, location, age, connectivity, condition).	Asset data is used to inform bottom-up and top-down investment decisions. The most critical is asset type and age as these are highly weighted in models for 3 waters and land transport assets.	The more highly weighted asset information (type and age) have a good level of confidence.
Level of Service Stability.	Confidence in the levels of service expected from infrastructure is critical in designing the various asset bases and investment programmes. Any changes in levels of service in most cases require a change in planning and investment.	The LTP provides confidence in the levels of service for at least the short-medium term period.
Growth Projections.	The effects of growth in terms of demand volume and type are considered when planning for infrastructure.	Recent growth modelling work is well-timed to inform infrastructure investment decisions however still holds some variability.
Legislation.	Legislation drives a number of service levels across infrastructure categories.	The infrastructure programmes have assumed a steady increase in legislative requirements and budgeted accordingly. E.g., the wastewater investment in treatment and discharge exceeds existing legislative requirements.
Ownership of Assets.	Applicable mostly to 3 waters assets, the Strategy has been built on the assumption that council will continue to own and operate its assets. An assumption has also been made that NZTA will continue to fund a portion of investment into land transport assets.	The likely change to this assumption is that council may no longer manage 3 waters assets. This would be seen as not having major negative impact on the Strategy.

ASSUMPTION / INFORMATION	USE / IMPACT / RISK	RISK MITIGATING FACTORS
Workforce Capacity and Capability to Deliver.	It has been assumed that programmes created in order to manage infrastructure are deliverable.	There is confidence through the existing relationships and work programmes in progress that the proposed programmes are deliverable however some changes to planning and procurement will be needed.
Funding Ability.	Councils' ability to fund the programmes contained in the Strategy present a major risk to Council / Community.	See Financial Strategy.

FOUR WELLBEINGS

The Infrastructure Strategy touches a significant portion of what Council delivers and how it interacts with its communities. Accordingly, it has potentially large positive or negative impacts upon each of the four wellbeing's.

Social

The Strategy considers the creation and maintenance of infrastructure vital to the social institutions of Central Hawke's Bay. Primary infrastructure providing safe and clean water, transport infrastructure connecting citizens and dedicated open spaces all support social interaction and wellbeing.

Cultural

The Strategy ensures investment in community infrastructure that is key to our urban centres. Infrastructure plays a key supporting role in the creation of community centres and in turn community itself which is an important part of creating connectedness, sense of place and identity. Further, there are listed programmes of work within the Strategy designed specifically to meet cultural expectations such as the removal of wastewater from our waterways.

Environmental

The Strategy promotes investment in assets to protect and enhance our natural and built environment. Stated as an objective of the Land Transport Strategic Framework, listed as a key outcome of the Wastewater Investment Programme, Focussed through investment in Parks and Reserves and at the forefront of all investment in Solid Waste services.

Economic

The Strategy sponsors long-term investment in assets to ensure their performance and economic sustainability. Investment levels are set to maintain long-run performance and investment is smoothed in all cases to ensure affordability where possible. Importantly the Strategy links closely with the Financial Strategy.

DELEGATIONS OR AUTHORITY

The Infrastructure Strategy is a requirement of the Local Government Act and must be endorsed by Council.

SIGNIFICANCE AND ENGAGEMENT

In accordance with the Council's Significance and Engagement Policy, this matter has been assessed as being of some significance.

OPTIONS ANALYSIS

The two primary options available to Council are:

Option 1 Endorse the Draft Infrastructure Strategy

This option sees Council endorse the draft infrastructure strategy as set out in the attachment.

Option 2 Endorse the Draft Infrastructure Strategy with changes.

This option sees Council endorse the draft infrastructure strategy as set out in the attachment albeit with changes. If the changes are significant, this may require significant rework of Councils Three Year Plan on the basis the Strategy outlines the overall infrastructure investment approach of which the Three-Year Plan has been developed.

	<u>Option 1</u> Endorse the Draft Infrastructure Strategy	<u>Option 2</u> Endorse the Draft Infrastructure Strategy with changes.
Financial and Operational Implications	There are no financial implications with endorsing the Strategy beyond the actual investment in infrastructure outlined within the Strategy itself. Operationally the Strategy provides Officers with clear direction to continue to manage the assets.	There are no financial implications with this option. Operationally Officers will need to work very quickly to make any substantive changes to the Strategy in order to bring it back again to move forward with the Three-Year Plan.
Long Term Plan and Annual Plan Implications	The Infrastructure Strategy forms a key contribution to the Three-Year Plan and endorsing it now is in line with the wider Three-Year Plan work programme and timelines.	As above, Officers will need to work very quickly to make any substantive changes to the Strategy in order to bring it back again to move forward with the Three-Year Plan within planned timelines.
Promotion or Achievement of Community Outcomes	The Strategy is considered to directly promote the achievement of community outcomes through the delivery of safe and reliable infrastructure.	Any feedback provided and changes required will be considered against community outcomes.
Statutory Requirements	It is a requirement under the Local Government Act for Councils to produce a 30yr Infrastructure every 3 years. Under the SWERLA legislation, Central Hawke's Bay has the ability to produce a 10 year only strategy.	It is a requirement under the Local Government Act for Councils to produce a 30yr Infrastructure every 3 years. Under the SWERLA legislation, Central Hawke's Bay has the ability to produce a 10 year only strategy.
Consistency with Policies and Plans	The Strategy is consistent with relevant plans including Asset Management Plans, Activity Management Plans and key internal strategies.	To be advised based on feedback from Council.

Recommended Option

This report recommends **Option one – endorse the Draft Infrastructure Strategy** for addressing the matter.

NEXT STEPS

If Council endorses the Draft Infrastructure Strategy, these will be included as part of the Three-Year Plan Consultation Document for community to provide feedback on during the consultation period being 4 April – 5 May 2024 prior to any finalisation to be included in the final Three-Year Plan document.

RECOMMENDATION

1. **That Council endorse the draft Infrastructure Strategy for the basis of building the Three-Year Plan 2024-2027 and for inclusion in the Consultation Document Supporting Information.**



**CENTRAL
HAWKE'S BAY**
DISTRICT COUNCIL



Draft Infrastructure Strategy

2024 - 2034



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 (the 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 Councils 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 10 year period and applies to Councils 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 in a period where 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 build 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 the Council's long-term asset management planning processes within relevant asset and activity management plans. Current models predict storms of greater frequency and intensity in the future for much of New Zealand and we are already experiencing these in our district with particularly noticeable impacts on our roading assets. Beyond roading, climate and environmental change will particularly impact the Council's water, wastewater and stormwater assets.

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 3 waters services for almost a decade. Much work has been completed in the Region, collaboratively, to understand the costs and benefits of various types of reform options.

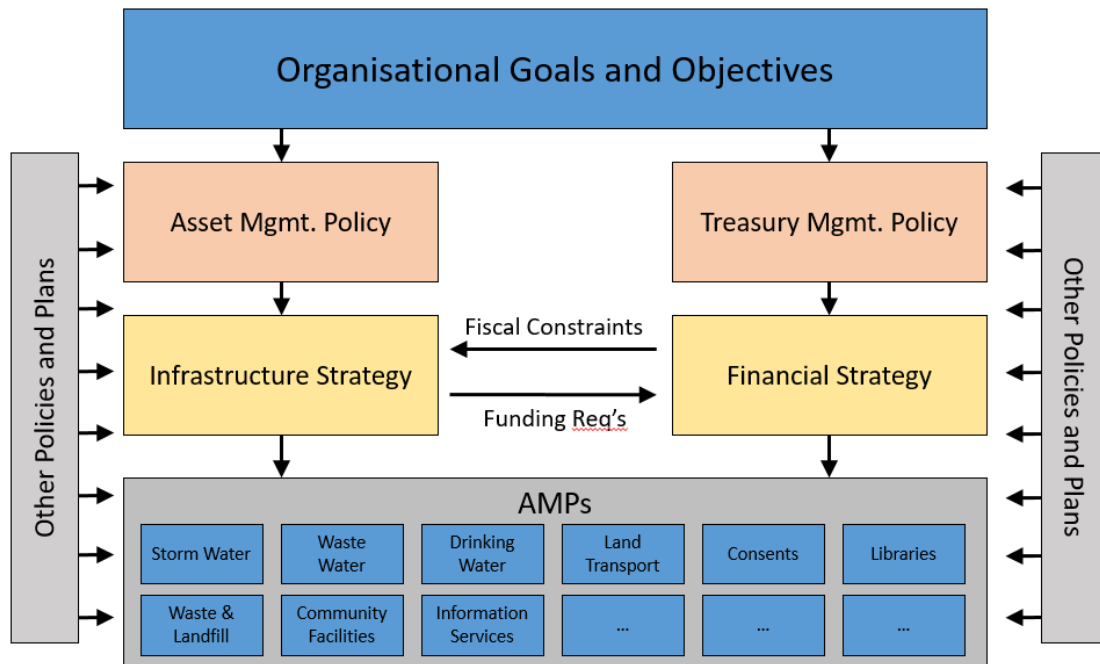
The recent repealing of 3 Waters legislation and the reform of central government-led workstreams, has left many New Zealand councils uncertain about what next with respect to reform. The new Government announced on 14 December 2023 a new direction for water services – 'Local Water Done Well'.

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 3 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 3 waters assets for the period of the Strategy (10yrs). 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 Councils broader planning and direction-setting framework and the relationships between it and other artefacts of that framework are illustrated below.



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, that 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 are requiring 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 5-10year 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	There is not clarity about 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 need 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	Develop a purpose-built transfer station	~\$7.16M in year 8 of the strategy	What facility will best meet the needs of users, in	Prior to the investment, Council will work



Project / Programme	Infrastructure challenge/opportunity	Planned investment	Uncertainty	Decisions to be made
recovery facility creation	and re-use & recovery centre		market conditions of the time	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 commit to the below listed principles for managing infrastructure. These principles are intended to guide decision making at a strategic and operational level and most importantly provide clarity to Asset Managers in creating their unique Asset Management Plans for respective asset classes.

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 programs so that disruption to our residents is minimised and that projects or programmes of work are as cost effective as possible. In simple terms this means that Council will take every effort to ensure that through its careful planning we are not sealing a road one year and digging it up the next to replace a pipe.

Principle 2 – No Band Aids

If a job is worth doing it is worth doing right. Investing ratepayer’s funds to repair, renew or upgrade infrastructure carries a burden of responsibility. Council will ensure that infrastructure investment decisions do not chase a quick or easy fix but instead provide a long-term solution to identified challenges.

Principle 3 – Enabling Smart Growth

Growth is a critical component of Central Hawke’s Bays current success. Council, through its investments in infrastructure wish to enable and support growth where possible. ‘Smart’ growth is the term that Council have given to describe growth that makes sense for Central Hawke’s Bay in the broadest of terms. This means growth that supports our residents, supports the environment, supports the economy and is deliverable with our infrastructure. Enabling this growth means removing barriers and planning ahead collaboratively.

Principle 4 – Community and Environmental Bottom Lines



Council have committed to delivering infrastructure that is beyond the minimum requirements of our various regulating bodies in many cases. Regulatory compliance is a must, but Council will exceed this where possible to meet community and environmental requirements and ambitions through its investment in infrastructure.

Principle 5 – Fiscal Responsibility

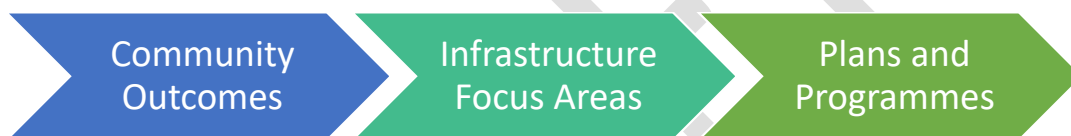
Council will act within its own financial means and ensure that infrastructure investment decisions are financially sustainable for Council and its community.

Principle 6 – Innovation and Technology

Council will leverage innovation and new technology to improve levels of service and reduce cost through its investments in infrastructure.

Design of this Strategy

This Strategy is configured in a logical flow progressing in detail and specificity. It begins with an acknowledgement of targeted community outcomes ex Project THRIVE and then discusses key areas of focus for infrastructure investment and planning and then details at a high level the programmes of investment over the 30year 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:

*The outcomes we want to achieve
- Our Objectives -*



- A proud district.
- A prosperous district.
- Strong communities.
- Connected citizens.
- Smart growth.
- Environmentally responsible.
- Durable infrastructure.

DRAFT



Infrastructure Focus Areas

To meet the challenges identified with managing Council infrastructure, 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 the 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 the 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 Councils 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:

3 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 Porangahau wastewater treatment plant
- major repairs and clearance of open stormwater drains

Transport (Note update closer to the final adoption of the CD with other projects completed)

- Clearance of >1,000 minor slip/debris sites
- Repairs of XX bridges
- 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 Councils website in our regular monthly reporting to Council on recovery which can be found [here](#).

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 occur begin. For now, little can be done on these damaged sites and therefore the priority of Councils asset managers and contractors is to keep the sites safe and secure and the be ready to commence repairs as soon as funding becomes available.

In this Strategy, Council have 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 6 year period with a heavier loading in the first 4 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 Councils 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 Councils 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 assets 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 table below. The 'financial category' represents the category recorded in Councils 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.

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 Fund	Renewals	Drinking Water	18,617,566
Reticulation renewal including pipes & other retic Rate Fund	Renewals	Drinking Water	12,295,825

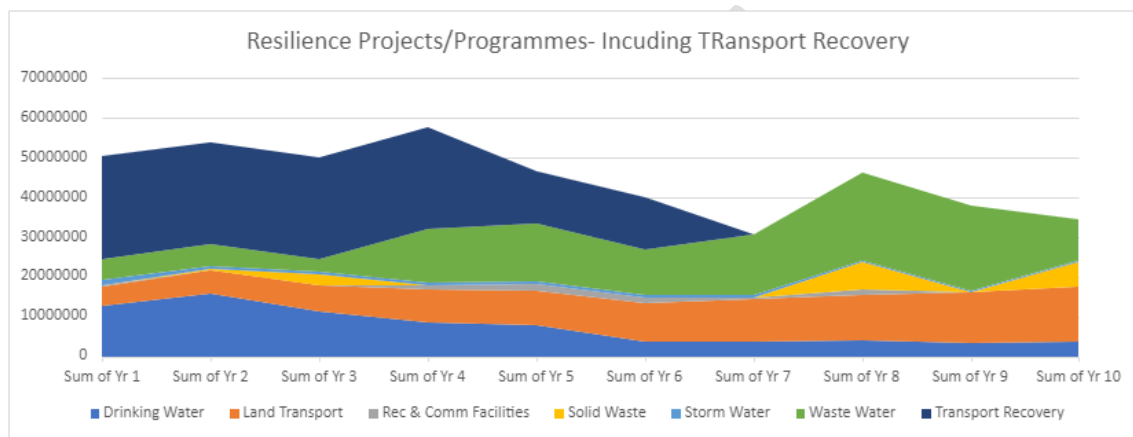


Project / Programme	Financial Category	Activity	Expenditure (yrs 1-10)
Pukeora Reservoir Replacement	Renewals	Drinking Water	7,759,732
Waipawa Reservoir Replacement	Renewals	Drinking Water	3,693,800
Great North Rd - High St Main Replacement	Renewals	Drinking Water	2,575,000
SH2 Replacement AC Main (Risk)	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
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
Tfr 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
Otane Shortfalls in existing assets	Demand	Storm Water	382,895
Waipukurau CBD Flooding Upgrade	Demand	Storm Water	350,000
Reticulation renewal including pipes & other retic Rate Fund	Renewals	Storm Water	1,340,604
Waipukurau Shortfalls in existing assets Loan Funded	Renewals	Storm Water	1,340,132
Proactive open drain performance improvements Loan Funded	Renewals	Storm Water	1,148,684
Reticulation renewal including pipes & other retic Loan Fund	Renewals	Storm Water	949,277
Below ground asset reactive renewals Rate Funded	Renewals	Storm Water	556,469
Waipawa Shortfalls in existing assets Loan Funded	Renewals	Storm Water	382,895
TEP / PHU wastewater treatment and discharge upgrade	Levels of Service	Waste Water	26,134,248
TKP wastewater treatment and discharge upgrade	Levels of Service	Waste Water	6,212,805



Project / Programme	Financial Category	Activity	Expenditure (yrs 1-10)
WPK WPA OTN wastewater treatment and discharge upgrade	Renewals	Waste Water	68,441,865
Reticulation renewal including pipes and other retic	Renewals	Waste Water	19,463,987
District I&I Project	Renewals	Waste Water	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.



The following approaches are used across Councils 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 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
3 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:

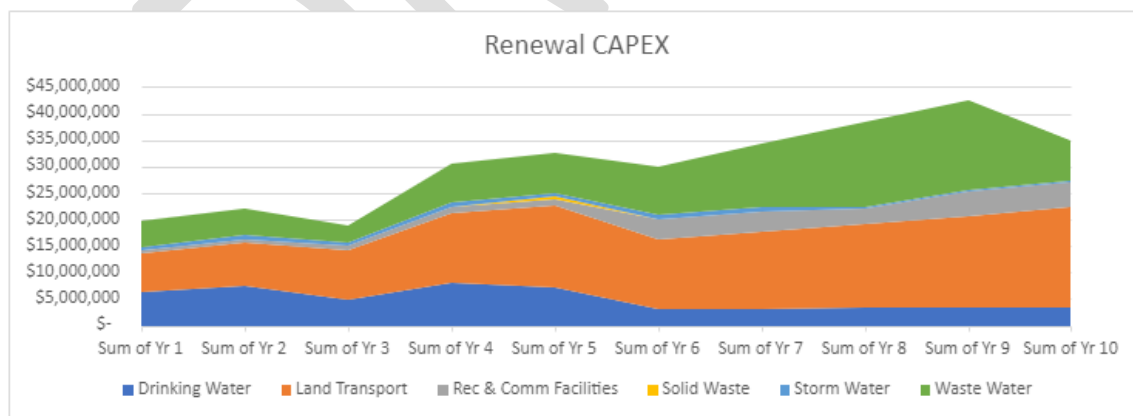
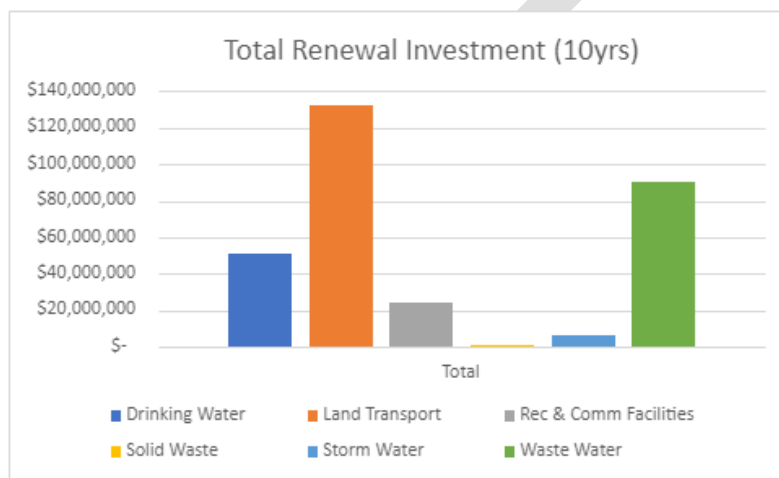
Asset Class	Average Asset Age (yrs)	Average Asset Remaining Useful Life (yrs)
Drinking Water Reticulation	40	44
Waste Water Reticulation	52	41
Storm Water Reticulation	39	53
Transport Assets	Drainage	25
	Footpaths	33
	Sealed Surfaces	8
	Sealed First Coats	26
	Sealed Base Course	27
	Sealed Sub Base	28
	Unsealed Wearing Course	4.5
	Unsealed Pavement	NA
	Bridges	56



	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 2024 3 Year Plan, 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.

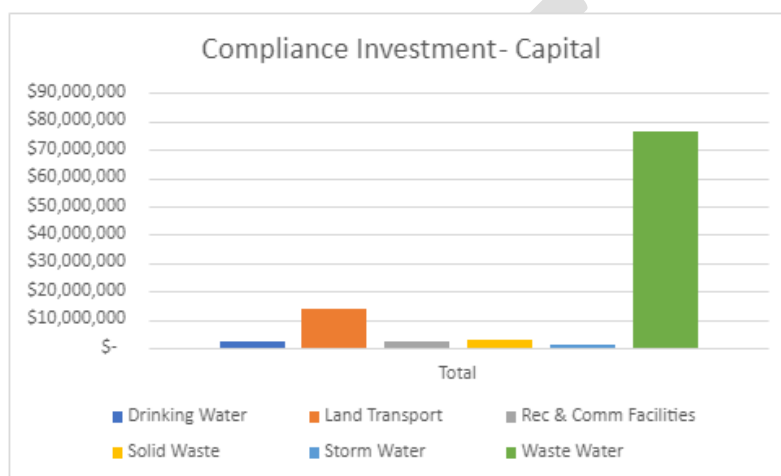




Focus Area 3 : Meeting New and Existing Compliance Standards

The costs to comply with new and existing standards continue to place strain on Councils resources. Council has chosen to make every effort to comply with standards in all cases and the Strategy provides the outline of continued investment in infrastructure to continue to comply.

The impact of compliance related costs is felt most heavily with respect to 3 waters infrastructure. While 'compliance' is not a typically reported against category at a project or programme level, it is possible to split out compliance related projects for these activities. The chart below shows the split between compliance-driven and non compliance-driven investment for the three waters activities over the 10year period.



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, waste water, storm water as well as the operative and closed landfills.

Council consider that all assets/activities that require resource consent are largely already consented in some form. That is, Council does not plan in this Strategy or other Strategies/Plans to invest significantly in new consents for activities that are not already consented. With that said however, the nature of consents and consented activities is changing rapidly and as Councils existing activities continue to grow in scale and scope, the complexity of consenting is growing in turn.

The following table provides an overview of Councils 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.
Porangahau 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 Otane 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.
Otane 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 are 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

DRAFT



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 3 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 3 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:



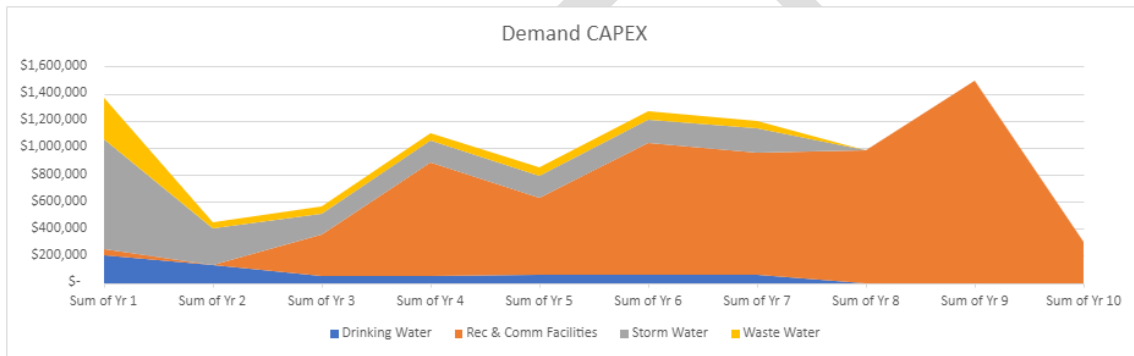
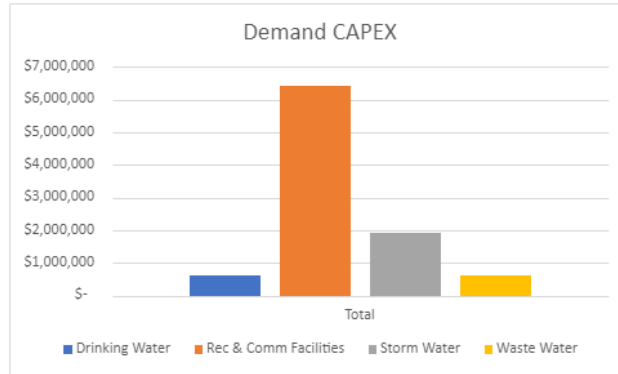
The ISP work contained three primary growth scenarios that could be utilised for further modelling, analysis and planning.

Council in its most recent growth assumptions have adopted the ‘medium’ growth scenario, which still sees growth a higher than long term historical levels. These are detail 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 Districts three main urban centres (Otane, Waipawa and Waipukurau) beyond these however, the growth projections are more widely applicable.



The charts below shows planned infrastructure investment to accommodate growth (referred to as Demand in Councils financial reporting system) over the 10 year period.

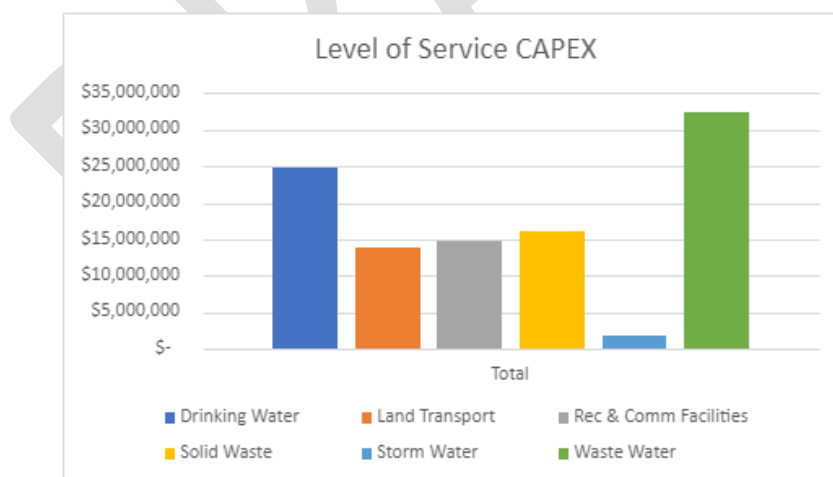
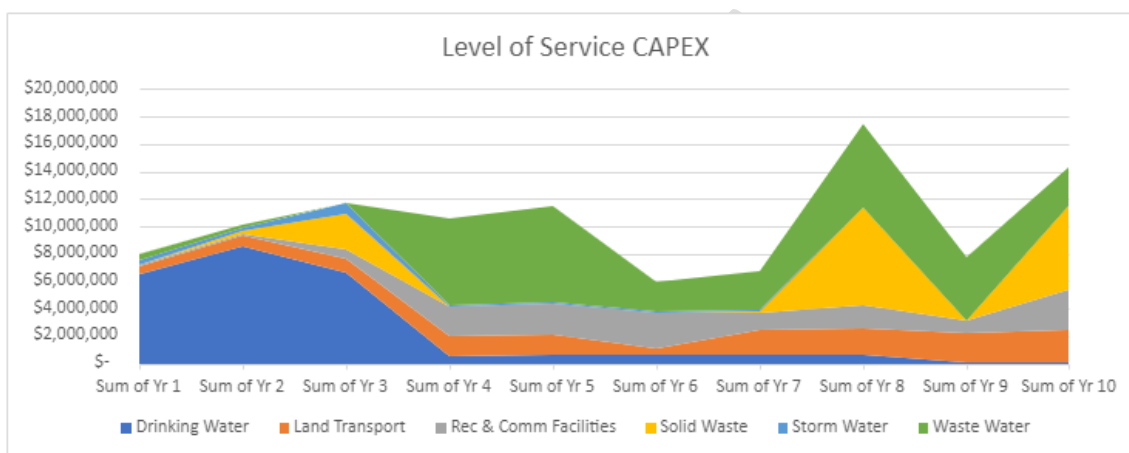




Focus Area 5: Delivering Against Current and Future Levels of Service

Councils Long Term Plan (this year the 3yr 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 Councils 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 charts below.



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 Councils 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 Councils and Communities 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 Councils 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 are 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 are 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 work particularly close with the other Hawke's Bay Councils to leverage resources and ideas. Beyond Hawke's Bay Council are involved in numerous National and sub-National working groups and forums to promote collaboration and innovation and the sharing of ideas. For infrastructure it is common for Council to leverage the work of others with respect to procurement or design and construction. A key priority for partnership with other Councils remains the focus on moving forward with options to reform the 3 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 has begun to form 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.



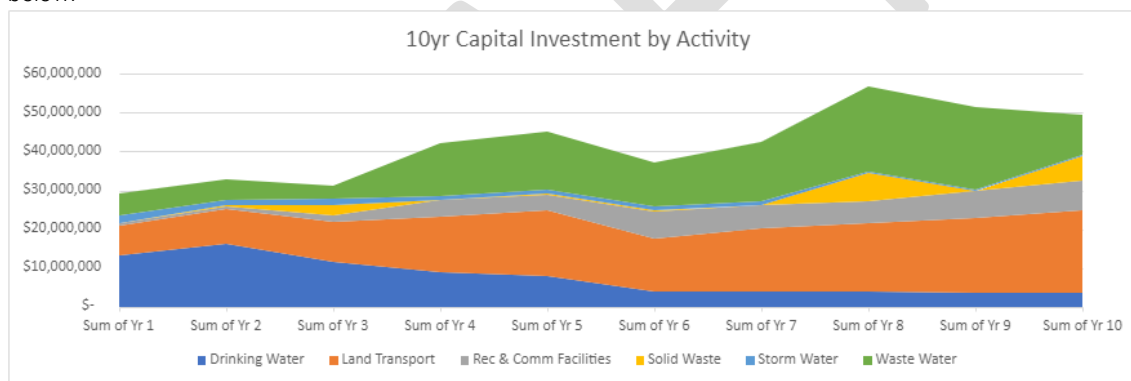
Asset Class Plans

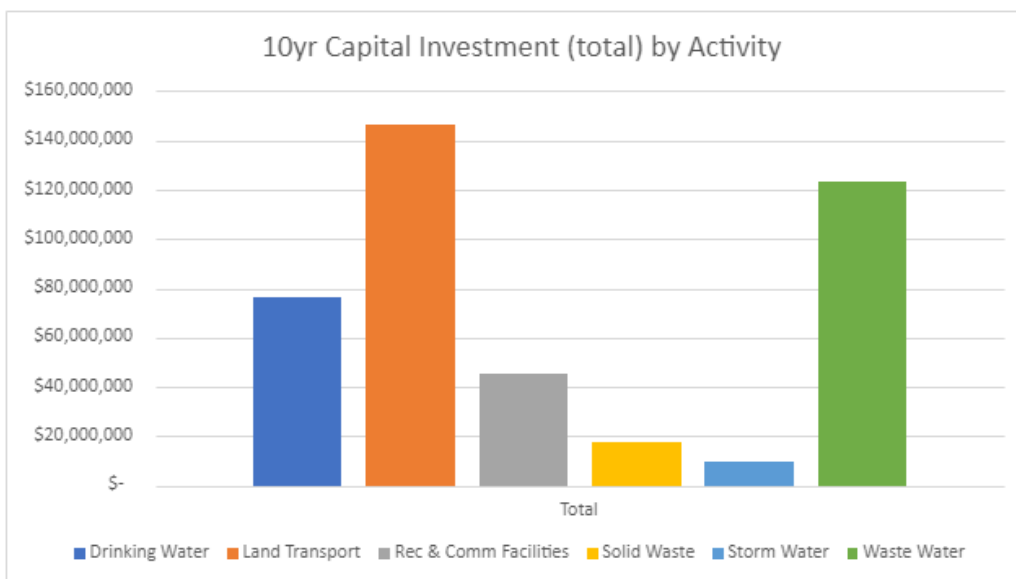
This strategy provides the overview of Council's most likely scenario for the management of its infrastructure. This scenario has been determined by:

- Including the funded capital and operating budget forecasts from the draft 2024-27 3 Year Plan. The timing of projects and budget provisions have been informed by the 30-Year AMPs.
- Identifying projects through the 3 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 3 years have the most detail and confidence as the greatest amount of planning has taken place. The investments identified between 4 and 10 years are an outline and have a reasonable degree of confidence.

The estimated requirement for capital investment over the next 10 years has been prepared and is shown below.





The chart below compares forecast spend, as per the direction of this Strategy over the 10yr period, with historic capital spend over the previous 6 years. This is a useful comparison when considering Council, and its contracted partners, ability to deliver against the capital programme.

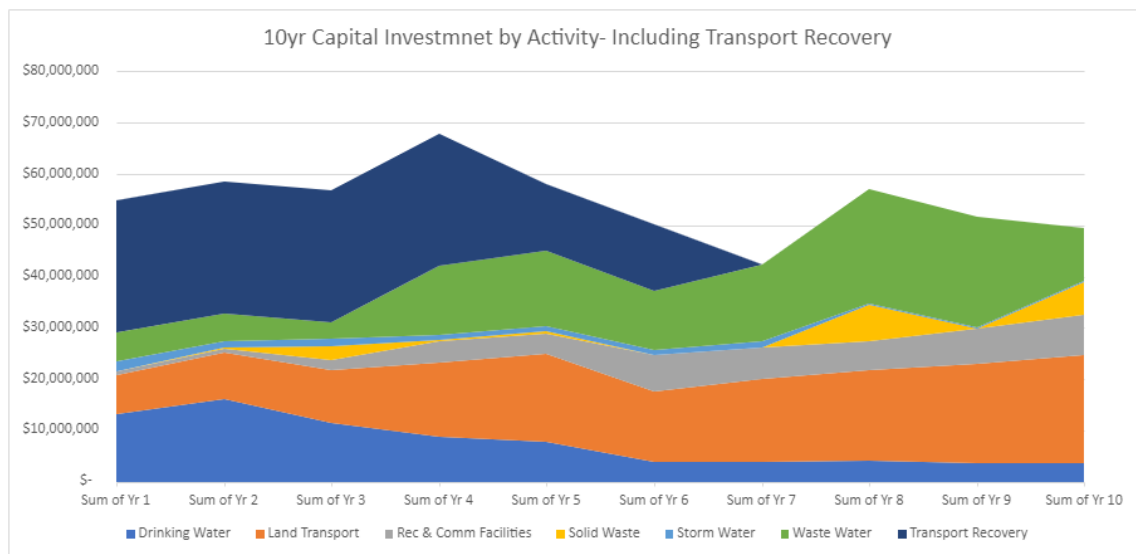


The forecasted expenditure from 2024 to 2034 represents a period of significant investment that during the period, begins to exceed previous levels of investment. The most significant contributors to investment during the period are the wastewater treatment and discharge scheme upgrades, improvements 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 ~\$129M).

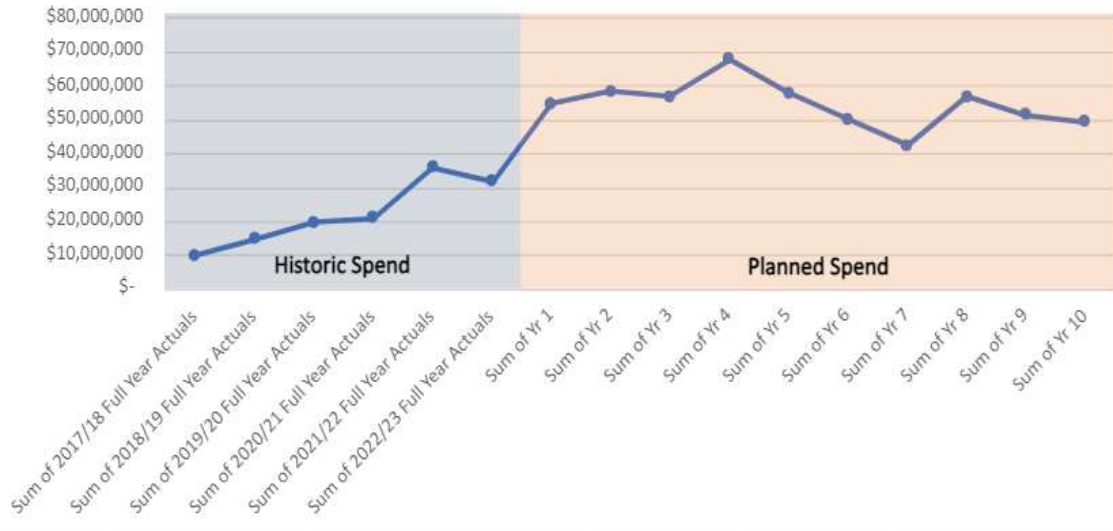
The chart below shows a potential phasing of the required transport recovery works over the first 6 years of the plan with a 2-1 weighting in the first 4 years of delivery compared with the final 2.



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 10yr period of the Strategy, against historic expenditure totals, including the 6yr phased transport recovery works, against historical expenditure/delivery.



Total CAPEX by Year- Including Transport Recovery & Hisotric Spend



Council’s Financial Strategy has been updated through the development of the 2024-27 3 year plan alongside the development of this Infrastructure Strategy. The Financial Strategy has a 10-Year horizon and helps the Council and the community to understand the long-term financial impacts and sustainability of the Council’s budget and plans. The Financial Strategy describes the impact on debt and rates of the Council’s budget.

DRAFT



WATER

There are seven registered public water supply systems in the district; Otane, Waipawa, Waipukurau, Takapau, Porangahau, Te Paerahi and Kairakau. The Otane and Waipawa schemes share 2 extraction points and treatment plants and a common reservoir and are sometimes referred as one supply. This is the same for Porangahau 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 the Councils 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.

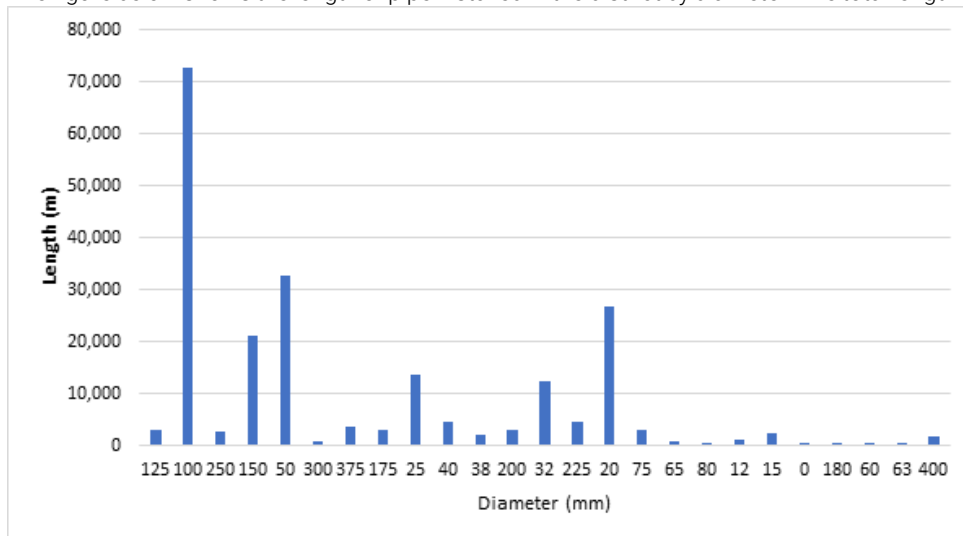
1. to set an appropriate long-term reticulation renewal budget
2. to provide a prioritised list of renewal candidates on a pipe by pipe basis

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

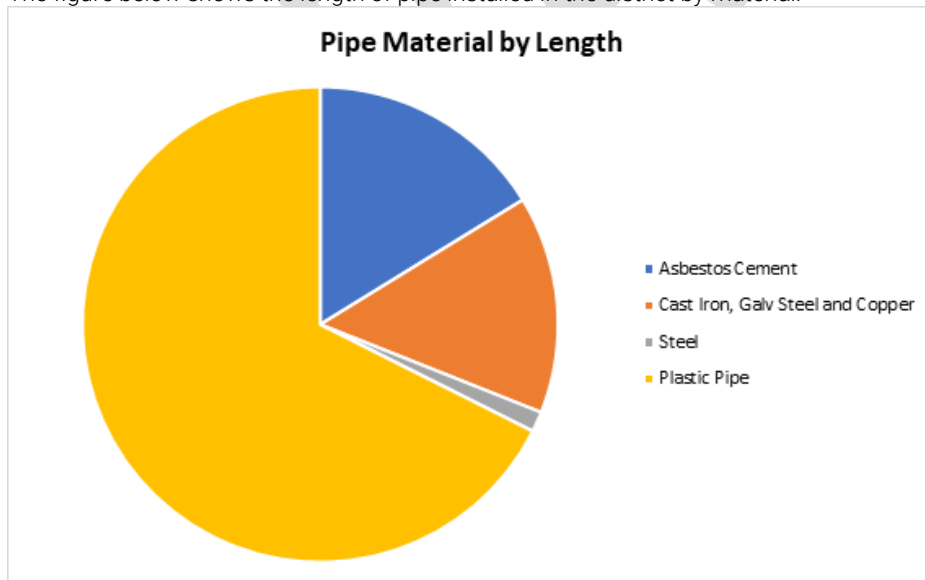


The figure below shows the length of pipe installed in the district by diameter. The total length of pipe is 203km.

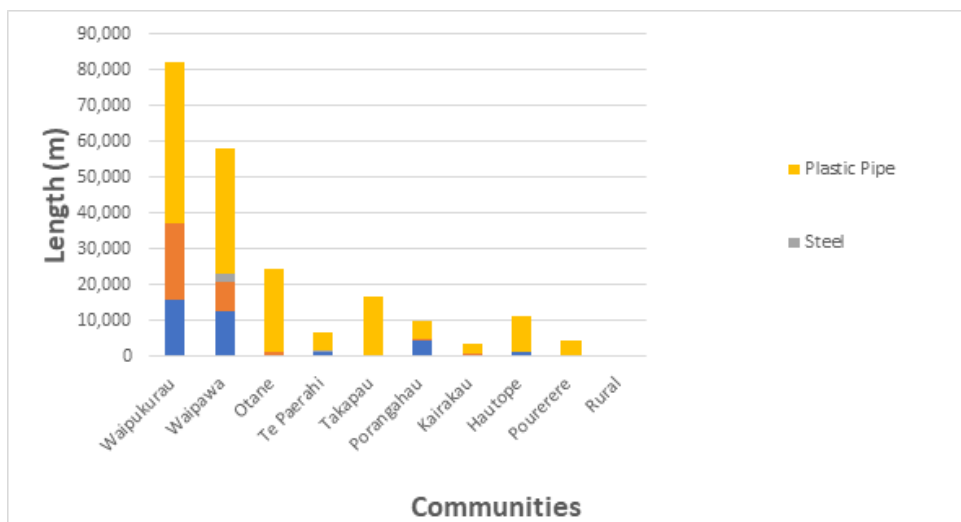


The largest cohort of pipe is 100 mm diameter. There are also significant lengths of pipes smaller than 100 mm diameter pipe that are used for service connections. This is typical for smaller schemes each individually servicing a community.

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

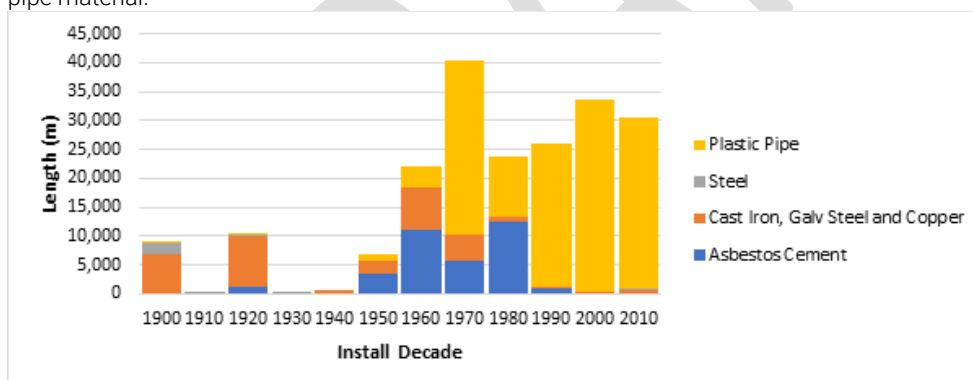


Over half of the pipe network is UPVC or MDPE. The proportions of the network likely to have condition-related performance issues are cast iron (CAST I), asbestos cement (AC, AC-E and AC-F), and galvanised steel (GI). The figure below shows the distribution of pipes between each scheme.



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

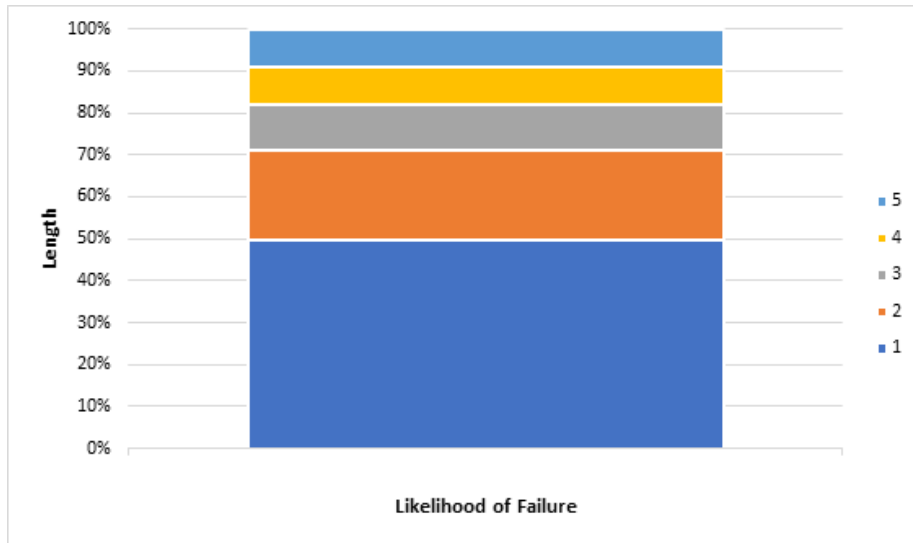
The figure below shows the length of pipe installed during different decades and is coloured according to the pipe material.



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.

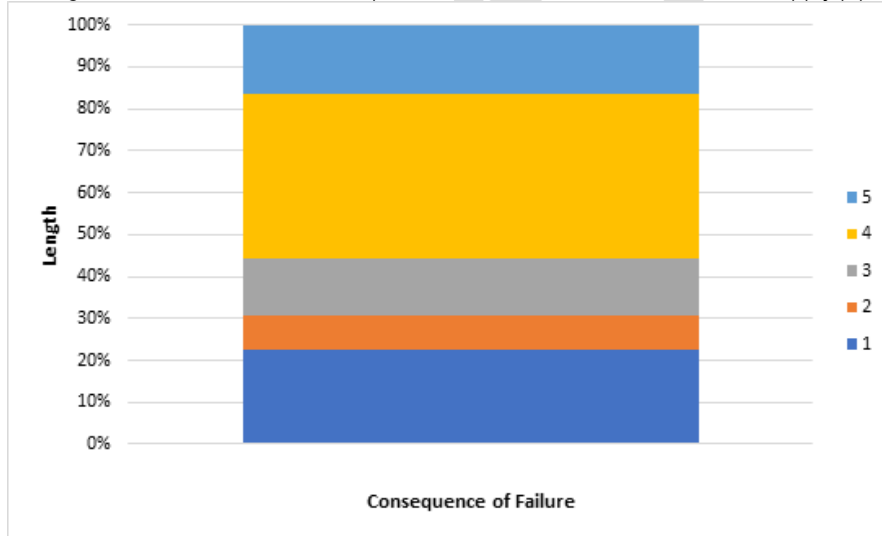
Council currently uses asset age and pipe type as key metrics for determining the likelihood of failure of reticulation assets.

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

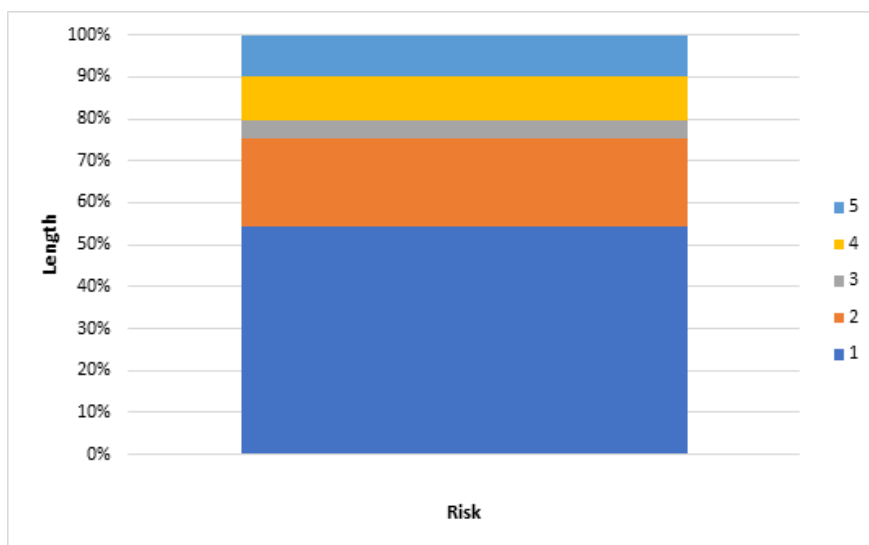


Council’s criticality framework has been applied to determine the consequence of failure for each asset.

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

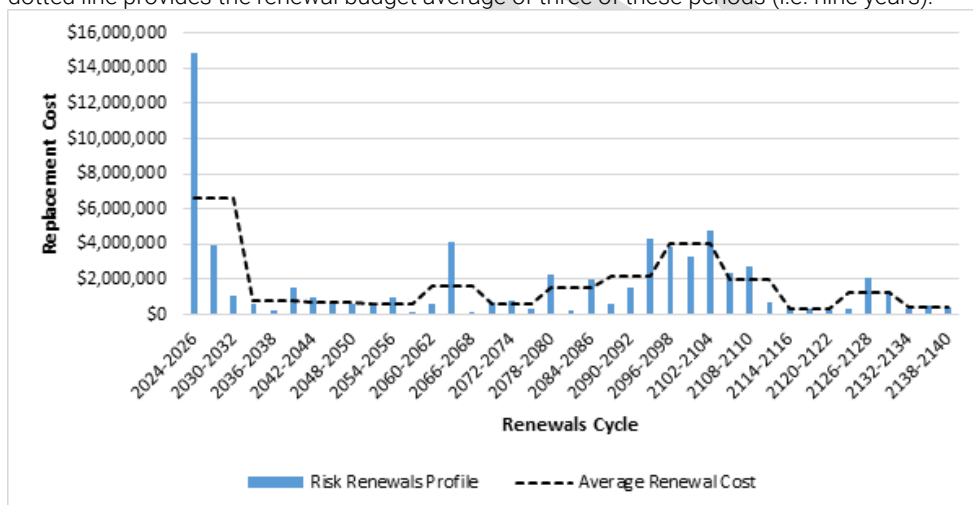


The risk score is calculated by multiplying the LoF score and the CoF for each asset. The figure below shows the failure risk profile for water supply pipes.



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).



Investing in renewal at the level indicated by the dotted average renewal cost line works out at \$2.7M per 3 year year 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 & Otane

- Johnson Street WSTP
- Otane Water Supply Reservoirs
- Tikokino Road WSTP
- Waipawa Water Supply Reservoirs

Waipukurau

- Waipukurau Water Pumping Stations
- Waipukurau Water Supply Reservoirs
- Waipukurau WSTP

Takapau

- Takapau Water Supply Reservoirs
- Takapau WSTP

Porangahau & Te-paerahi

- Porangahau Water Supply Reservoirs
- Porangahau WSTP

Kairakau

- Kairakau Water Supply Reservoirs
- Kairakau WSTP

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, 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

WASTE WATER

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 Waste Water Strategy that sets out the long term aspirations and plans for the upgrade of treatment and discharge schemes, and by effective asset management and renewal planning which primarily focuses on the reticulation network.

There are six wastewater schemes in the district: Otane, Waipawa, Waipukurau, Takapau, Porangahau, 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. Otane’s waste is now piped to Waipawa for treatment and discharge following the completion of a pipe installation project in 2023.

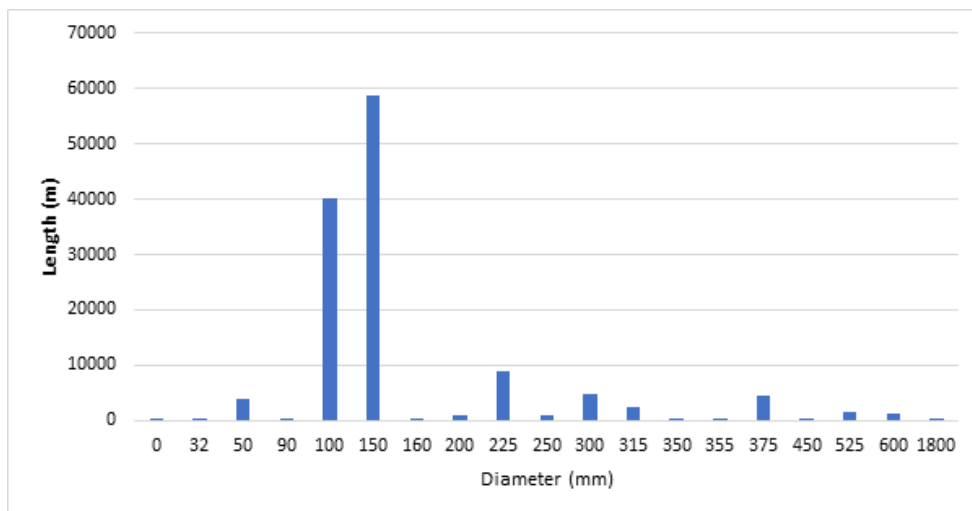
Reticulation

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	Target asset renewal at locations to replace older brittle materials with new flexible materials and jointing systems
Reducing reactive maintenance	Prioritising pipe renewal based on risk and begin collecting maintenance data in a form that supports renewal decisions
Increase maturity and transparency of investment decision-making	Use the risk based outputs of the renewal criteria and integrate with growth and improvement criteria
Relying on age-based condition assessment criteria for decision-making	Targeting CCTV inspection to increase the evidence base for specific renewal project decisions

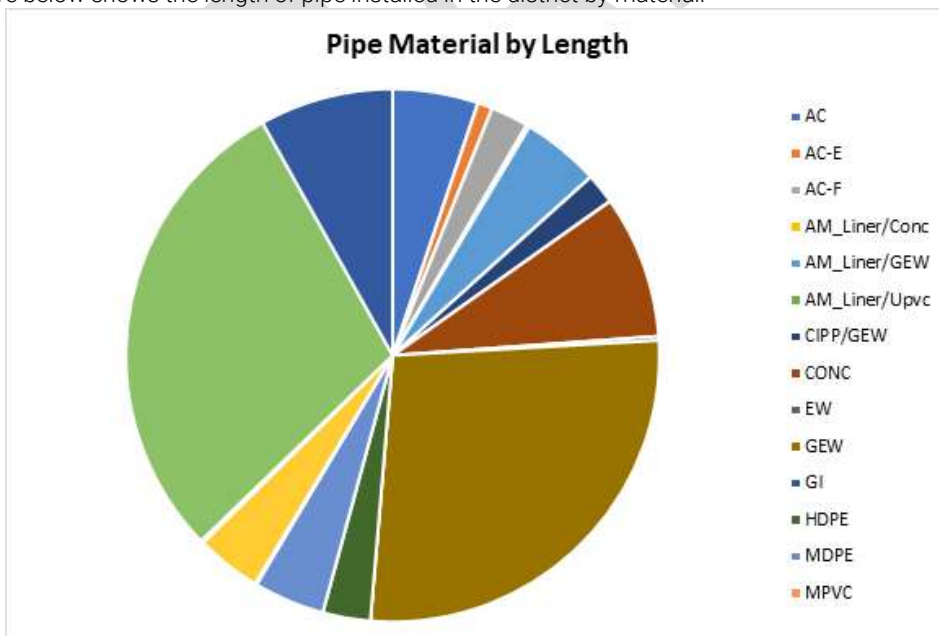


The figure below shows the length of pipe installed in the district by diameter. The total length of pipe is 128 km.



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

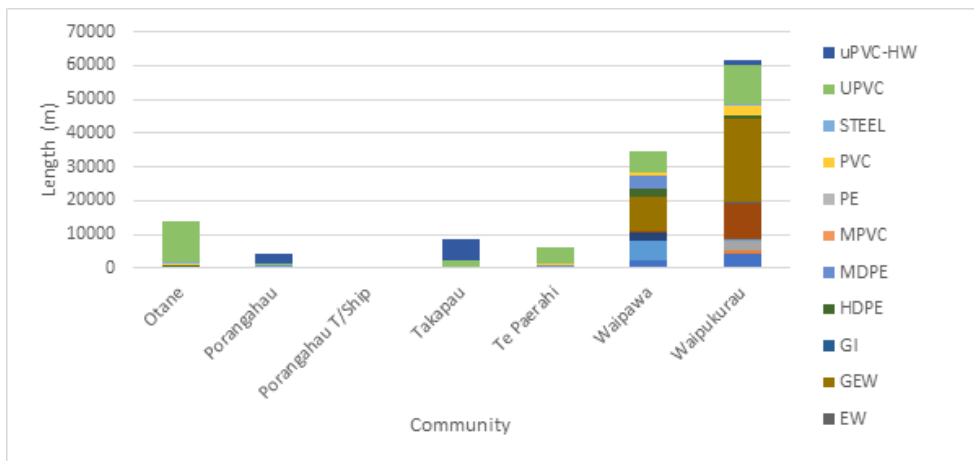
The figure below shows the length of pipe installed in the district by material.



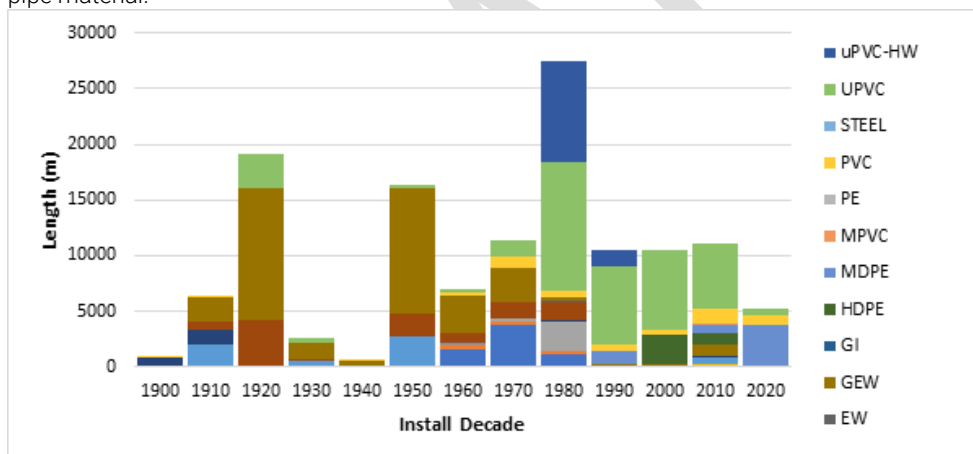
The network is split approximately 50/50 between flexible materials (plastic pipe and liner) and brittle materials. The proportions of the network likely to have condition-related performance issues are earthenware (GEW and EW), asbestos cement (AC, AC-E and AC-F), and some concrete (CONC).



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



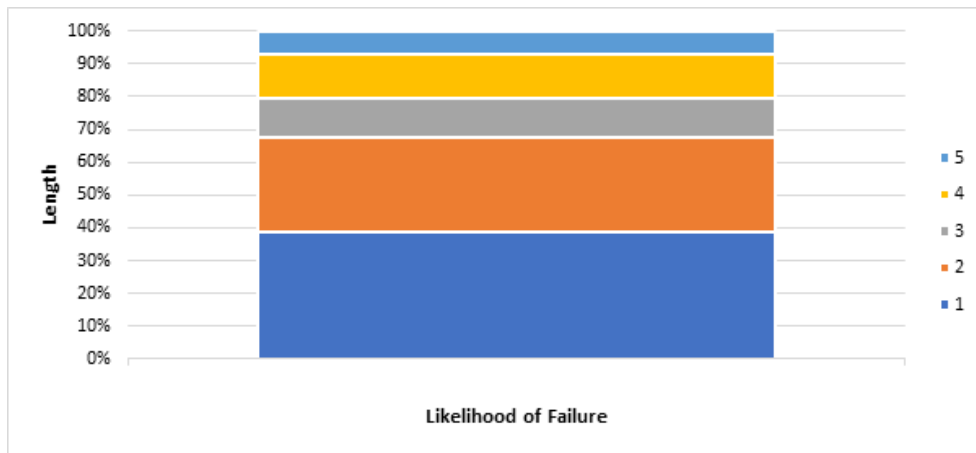
The figure below shows the length of pipe installed during different decades and is coloured according to the pipe material.



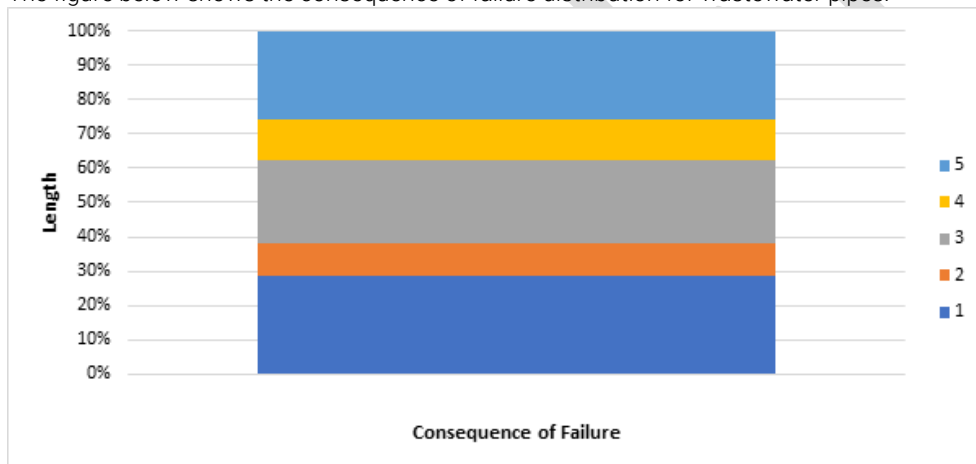
This shows significant lengths of earthenware pipe installed in the 1920s and 1950s. Some of this pipe has now been lined (labelled as CIPP/GEW and AM_Liner/GEW). Steel was used heavily during between 1960 and 1980. UPVC pipe has been used as the predominant material from 1980 onwards. Some further pipe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

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.

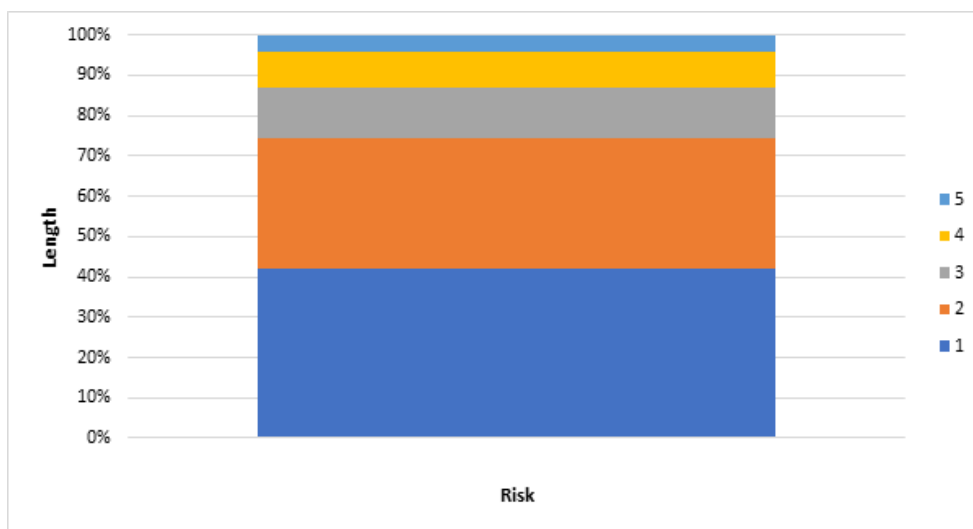


Councils risk criticality framework has been used to determine the CoF for each asset. The figure below shows the consequence of failure distribution for wastewater pipes.

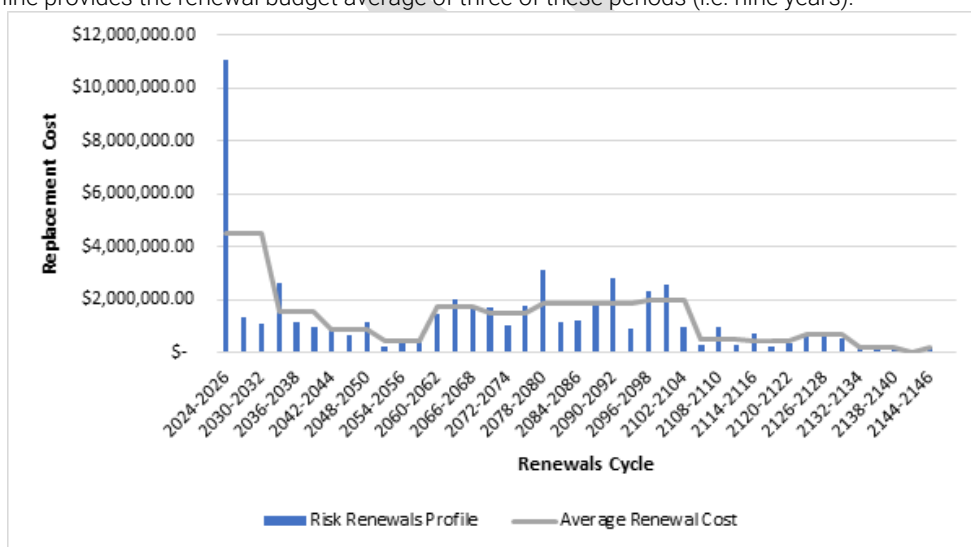


The risk score is calculated by multiplying the LoF score and the CoF for each asset.

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



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).



Investing in renewal at the level indicated by the dotted average renewal cost line works out at \$1.7M per 3 year 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:

Otane and Waipawa



- Otane WWTP
- Waipawa Wastewater Pumping Stations
- Waipawa WWTP

Porangahau

- Porangahau Wastewater Pumping Stations
- Porangahau WWTP

Takapau

- Takapau Wastewater Pumping Stations
- Takapau WWTP

Te Paerahi

- Te Paerahi Beach Wastewater Pumping Stations
- Te Paerahi WWTP

Waipukurau

- Waipukurau Wastewater Pumping Stations
- Waipukurau WWTP

Key Issue	Priority for this Plan
Ability of Councils treatment plants and discharge schemes to meet consent requirements and community aspirations.	Prioritise the investment in long-term, transformational upgrades for all 6 wastewater treatment plants and discharge schemes as per the adopted Wastewater Strategy. 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, c) collect O&M data that can be analysed network-wide to determine strategy for proactive/reactive split
Some high value assets such as civil structures pose risk of failure and require more detailed assessment	Condition assessment of civil structures



Instrumentation renewal needs to account for increased regulatory monitoring requirements	Replacement and upgrade of instrumentation to latest regulatory standards
Several pumping and treatment assets require replacement or upgrade due to non-renewal drivers. Works on these sites needs to be optimised with respect to the future upgrades and capital works	Identify crossover issues where renewal needs to either be brought forward or delayed due to interaction with other planned upgrades or capital works
Security of Council SCADA system	Dedicated programme for upgrading SCADA data security

Upgrade of systems/schemes

The upgrade of existing schemes is guided by Councils adopted Wastewater Strategy 2020 which outlines the need for investment to accommodate growth, meet existing and new consent/compliance requirements and importantly to meet the aspirations of the community at large with a special focus on lwi and tangata whenua needs.

It is important to note that while the Wastewater Strategy 2020 remains Councils 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.
- The Waipawa, Otāne and Waipukurau (WOW) Wastewater project needs to see the completion of the Upper Tukituki Scheme Review before further work progresses. 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 5 key projects which are outlined below with the most likely options/scenarios for each.

1. Otane, Waipawa and Waipukurau upgrades

Short term – less than 2 years

- Reticulate Otane 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 Otane treatment plant
- Decommission of 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 Porangahau 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 Porangahau wastewater to new treatment plant
- Reduce discharges to the Porangahau River
- Develop alternative wet weather discharge
- Decommission unused infrastructure

4. Residuals

A focus of the discussion to date, and with the wider community, has been with managing the treated water. Running in parallel is a critical, and equally important, design discussion about managing residual products that can be generated from the treatment systems. This includes sludge from the bottom of ponds, sludge from new treatment plants, screenings and grit.

More sophisticated treatment systems may produce greater residuals, and potentially require different ways for it to be managed. As with the treated water, there are opportunities to manage the residual as a resource,



which is in contrast with current practices that see it stockpiled with no intended use or landfilled. The forward options look to use the residual material as a resource.

The development of Project 4 is divided into current programmes and future programmes.

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.

5. Loading and Flow Management

A key aspect in managing wastewater is managing what needs to be treated and then discharged; and this is achieved by knowing and controlling what is coming into a treatment plant. Volume and composition are two key groups of parameters that help to decide what the treatment plant does and how it operates. While the treatment can modify the composition, knowing the volume is essential as it helps to inform the nature of discharge opportunities.

Key influences of volume and composition (Loadings and Flow Management) are:

- Reticulation management, and particularly the management of infiltration and ingress (I and I) i.e. leakage into the sewer network; and
- Trade waste contributions, which include industrial contributions and the likes of septage reception (septic tank sludges).

All community wastewater systems must manage reticulation and trade waste impacts. Understanding their nature determines the treatment required and discharge impacts. This can change over time, as communities grow and sewer networks expand, and as industry is attracted to communities.

All of the six Central Hawke's Bay communities will have some degree of reticulation I and I. Understanding it and having a plan to reduce where appropriate is critical. This may change over time as reticulation infrastructure ages and renewal programmes take effects.

Waipukurau is the community that is currently most influenced by industrial discharges, with current industry accounting for more than 50 % of the community's organic load to the treatment plant and less than 15 % of the flow. Subtle changes in the volume and composition can have a significant impact on treatment plant



selection and design. A further important aspect is having confidence in the potential for changes over time, requiring growth projections of not just the residential population to be considered, but also changes in industry.

The nature and type of treatment plant required, as influenced by reticulation and tradewaste, then influences the management of residuals, as set out in Project 4.

Current programmes:

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

DRAFT



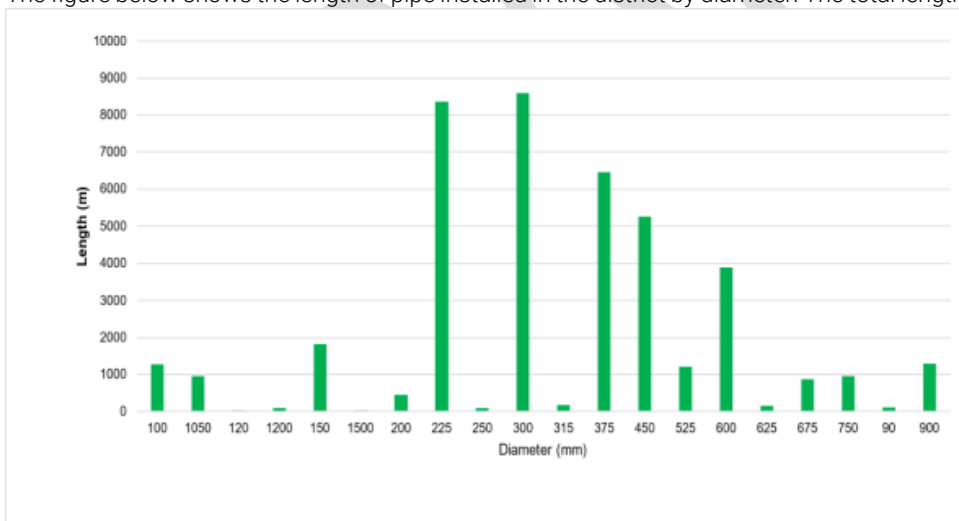
STORM WATER

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 Otane, Takapau, Porangahau, Te Paerahi, Kairakau, and Blackhead Beach. Council also manage a large amount of roadside drains and kerb and channel network as part of its transport infrastructure.

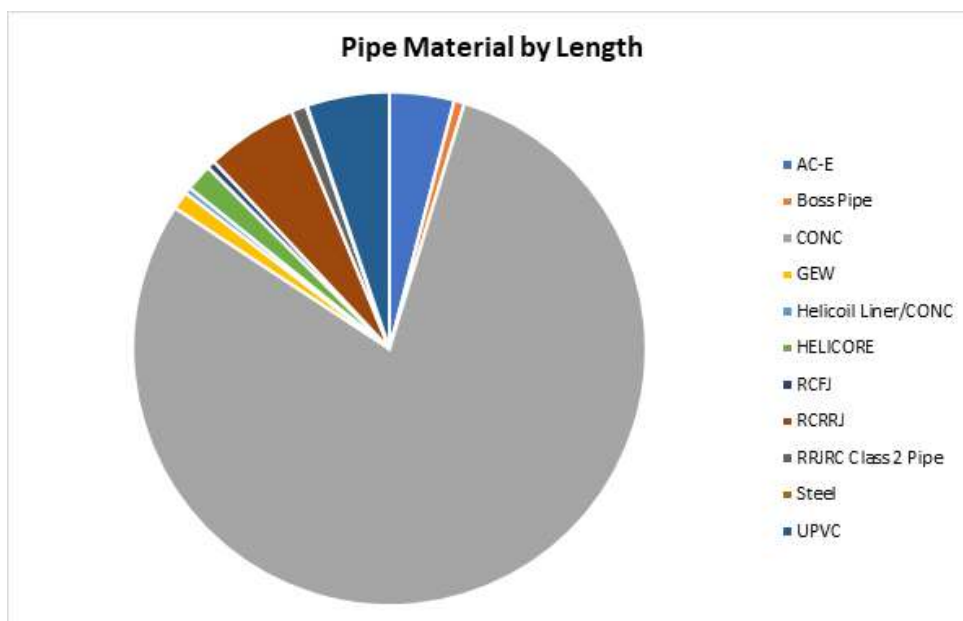
Reticulated networks

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

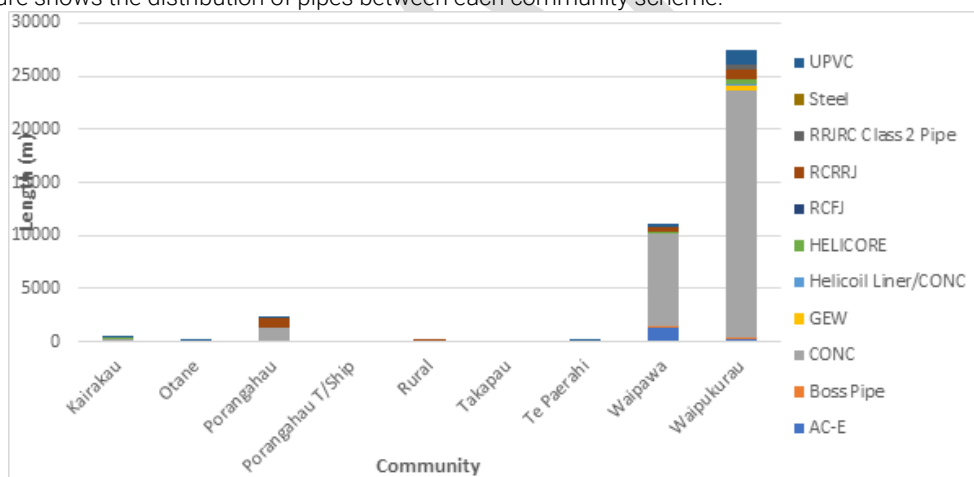


The largest cohorts of pipe are 225mm and 300mm diameter. There are also significant lengths of 375mm 450mm and 60mm diameter.

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

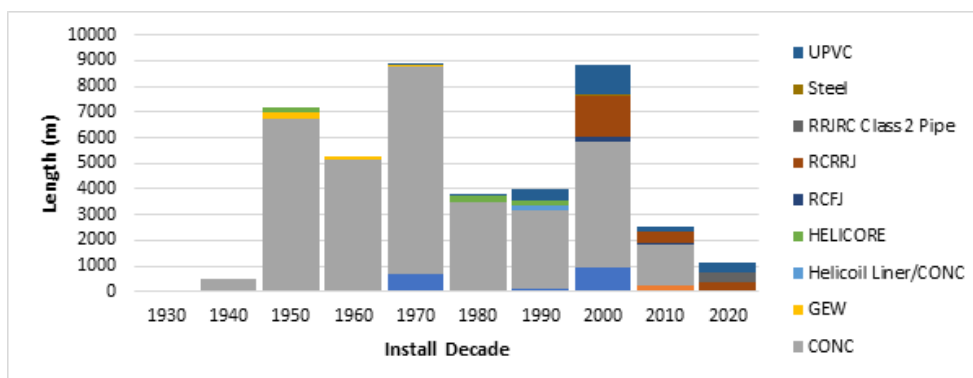


Over three quarters of the pipe network is concrete. The proportions of the network likely to have condition-related performance issues are Helicore, earthenware, and asbestos cement. The figure shows the distribution of pipes between each community scheme.



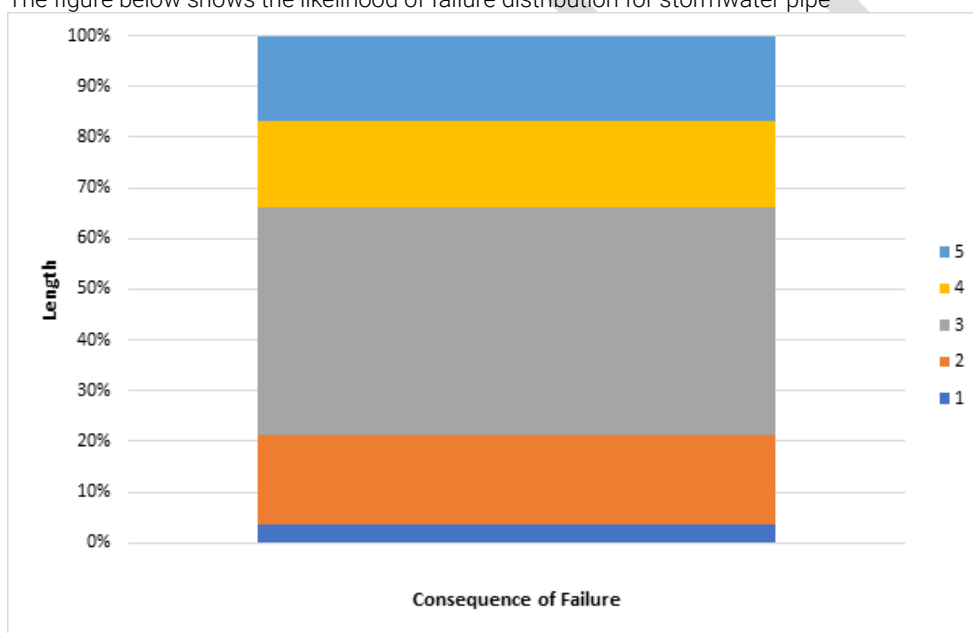
This shows the majority of the network is in Waipukurau and to a lesser extent Waipawa.

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

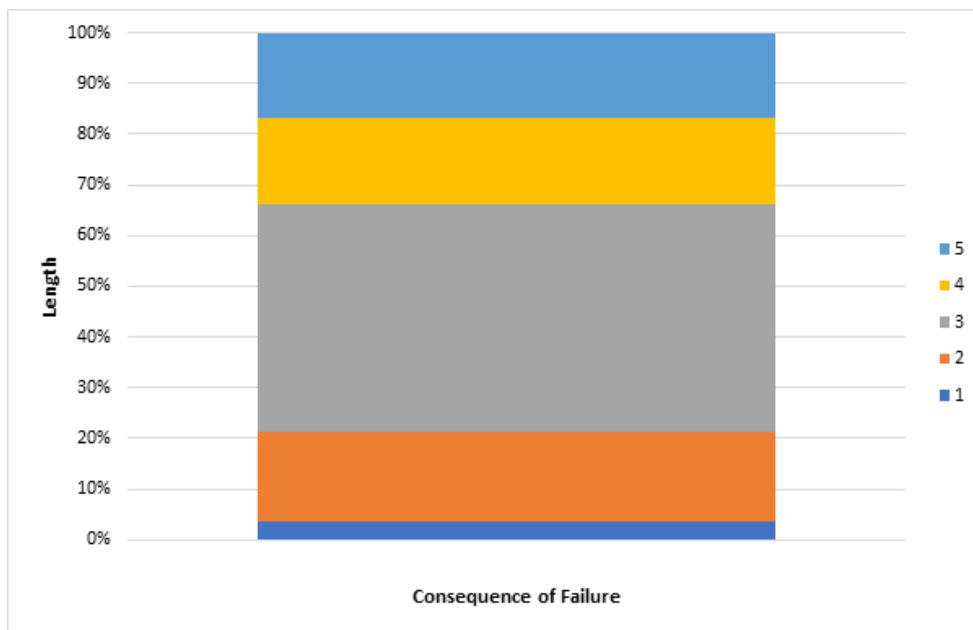


This shows large portions of the network installed in the 1950s, 1970s and 2000s. Concrete pipe has been the predominant material throughout. Council currently uses asset age and pipe type as key metrics for determining the likelihood of failure of reticulation assets.

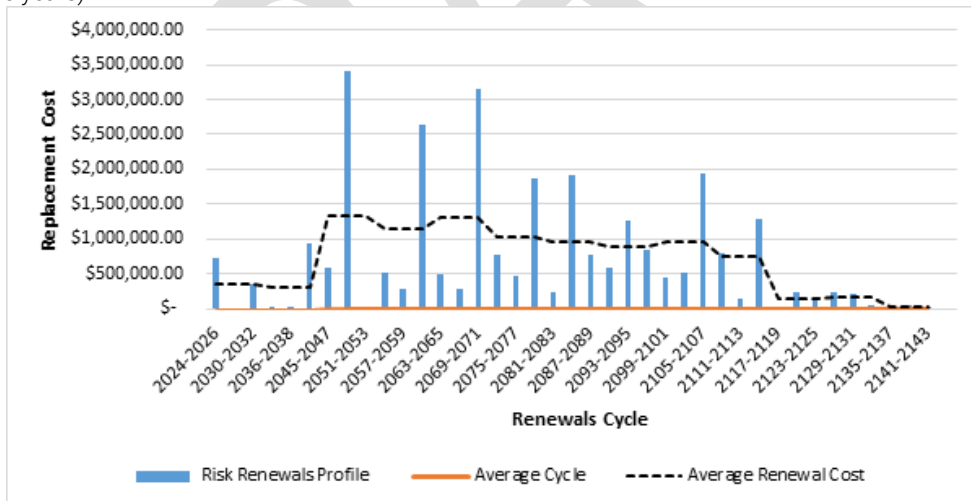
The figure below shows the likelihood of failure distribution for stormwater pipe



Councils criticality framework has been used to determine the CoF for each asset. The figure below shows the consequence of failure distribution 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).



Investing in renewal at the level indicated by the dotted average renewal cost line works out at \$200k per 3 year 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.



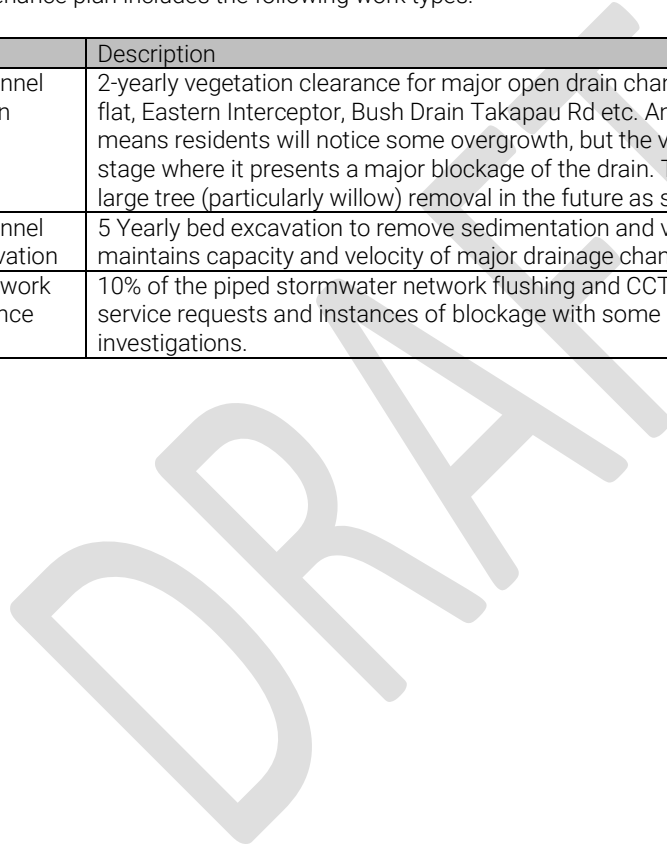
Open Drain Network Performance and Maintenance

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 toward the activity.

As part of the Big Stormwater Story, 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 infrastructure.

The maintenance plan includes the following work types:

Activity	Description
Open Channel Vegetation Removal	2-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	5 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 Waka Kotahi) and 1,264 km of local roads. These roads, and associated assets, provide vital links to Central Hawke's Bays residents. Much of the land transport activity's focus is guided by the adopted 2020 Land Transport Strategic Framework with the stated vision to:

“deliver safe, reliable and lasting road assets
that connect our people and places
and allow our district to prosper”

The Strategic Framework provides the vision for the activity and details four pillars for achieving community outcomes. These are:

1. Safety above all else
2. Connected and resilient infrastructure and communities
3. Protecting our natural and built environments
4. Economic resilience and financial sustainability

Weather Impacts – Recovery and Resilience

Councils 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 re-open 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 however 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, now 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 of how and when this large amount of recovery work will commence and be completed.

Council know 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 to 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 3.7km	Landslide	\$ 4,312,500
Pourerere Road at 31.6km	Landslide	\$ 1,437,500
Kahuranaki Road at 6.1km	Landslide	\$ 1,337,500
Te Uri Road at 13.56km	Landslide	\$ 1,150,000
Cooks Tooth Road at 5.95km	Landslide	\$ 1,075,000
Cooks Tooth Road at 6.721km	Landslide	\$ 1,075,000
Old Station Bridge	Bridge	\$ 1,046,875
Cooks Tooth Road at 8.245km	Landslide	\$ 1,006,250
Te Uri Road at 16.23km	Landslide	\$ 1,006,250



Site	Asset / Issue	Budget Estimate
Pourerere Road at 15.263km	Landslide	\$ 971,250
Middleton Road at 3.352km	Landslide	\$ 877,500
Cooks Tooth Road at 4.95km	Landslide	\$ 862,500
Cooks Tooth Road at 7.31km	Landslide	\$ 862,500
Cooks Tooth Road at 7.469km	Landslide	\$ 862,500
Te Uri Road at 17.536km	Landslide	\$ 862,500
Tourere Road at 5.97km	Landslide	\$ 862,500
Wilson Cutting Road at 0.3km	Landslide	\$ 862,500
Mill Road at 14.63km	Landslide	\$ 731,250
Rotohiwi Road at 8.577km	Landslide	\$ 731,250
Rotohiwi Road at 8.831km	Landslide	\$ 731,250
Cooks Tooth Road at 9.76km	Landslide	\$ 718,750
Hiranui Road Bridge	Bridge	\$ 718,750
Northblock forde	Bridge	\$ 718,750
Otawahao Road at 3.807km	Landslide	\$ 718,750
Purimu Bridge	Bridge	\$ 718,750
Scannells Bridge	Bridge	\$ 718,750
Farm Road at 16.875km	Landslide	\$ 693,750
Pourerere Road at 14.331km	Landslide	\$ 693,750
Pourerere Road at 16.73km	Landslide	\$ 693,750
Blackhead Road at 7.688km	Landslide	\$ 585,000
Cooks Tooth Road at 11.28km	Landslide	\$ 575,000
Cooks Tooth Road at 4.468km	Landslide	\$ 575,000
Cooks Tooth Road at 9.18km	Landslide	\$ 575,000
Ngahape Road at 11km	Landslide	\$ 575,000
Pourerere Road at 26.292km	Landslide	\$ 575,000
Skippers Road at 2.032km	Landslide	\$ 575,000
Skippers Road at 6.593km	Landslide	\$ 575,000
Tourere Rd at 4.092km	Landslide	\$ 575,000
Porangahau Road at 21.62km	Landslide	\$ 555,000
Middleton Road at 3.519km	Landslide	\$ 438,750
Old Hill Road at 2.458km	Landslide	\$ 438,750
Wakarara Road at 25.7km	Landslide	\$ 438,750
Lake Station Road at 4.254km	Landslide	\$ 431,250
NGAHAPE ROAD at 11.915km	Landslide	\$ 365,625
Whangaehu Road at 1.305km	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 Rd	Landslide	\$ 292,500
Hiranui Road	Landslide	\$ 292,500
Rangitoto Road	Landslide	\$ 292,500
School Road	Landslide	\$ 292,500
Farm Rd	Landslide	\$ 287,500
Porangahau Road	Landslide	\$ 287,500
Te Uri Rd	Landslide	\$ 287,500
Te Uri Road	Landslide	\$ 287,500
Porangahau 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



Site	Asset / Issue	Budget Estimate
Ugly Hill Road	Landslide	\$ 211,250
Tipenes Bridge	Rock Armouring	\$ 204,375
Matheson Rd at 3.14km	Rock Armouring	\$ 196,875
Peacocks Bridge	Bridge	\$ 188,750
Cheviot Slab	Bridge	\$ 168,750
St Lawrence Rd	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
Porangahau Road	Landslide	\$ 138,750
Maccauleys 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 road 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	40-75yrs
Sealed Pavements			
Surface	9	6	2-25yrs
First Coats (as pavement structure)	27	40	50-75yrs
Basecourse	27	39	50-75yrs

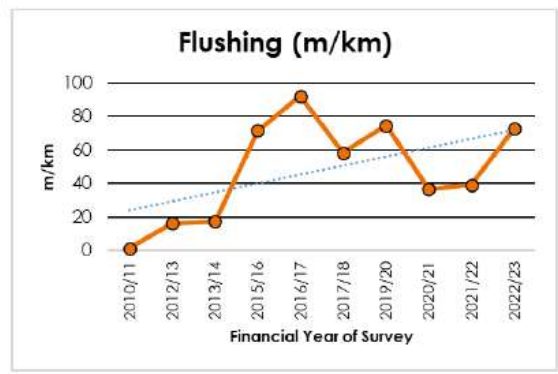
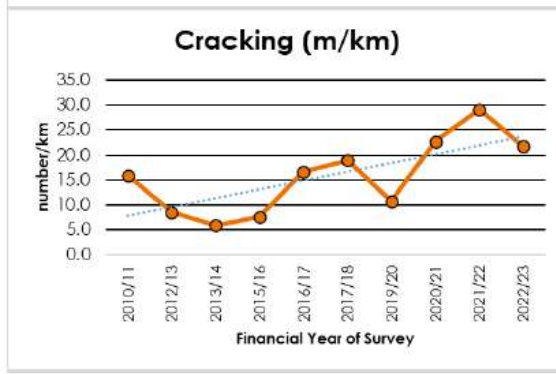
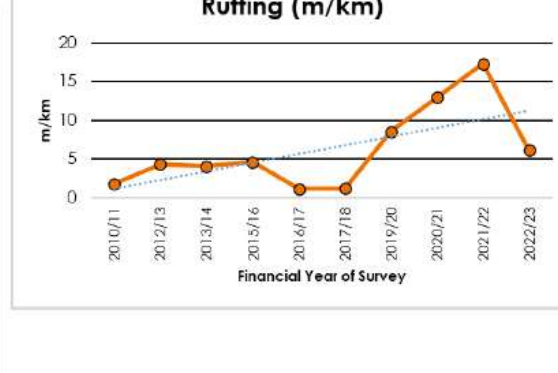
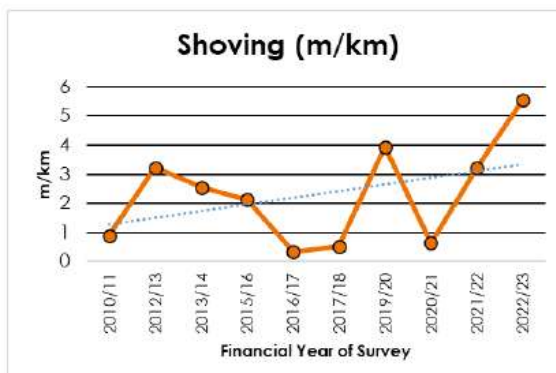
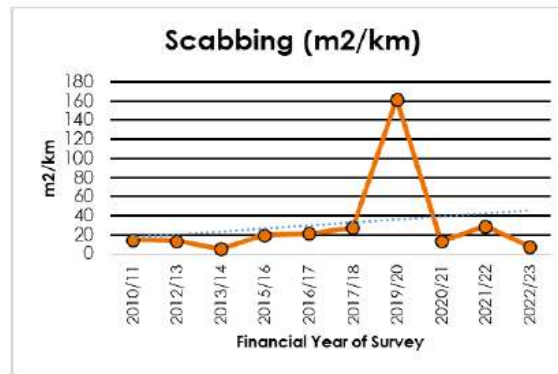
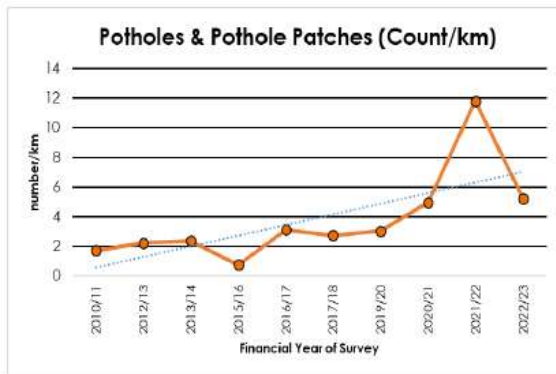


Subbase Urban	29	37	50-75yrs
Unsealed Pavements			
Wearing course	4	2	5 Years
Bridges			
Bridges	55	45	80-140 Years
Bridge Culverts (Cross-sectional area >3.4m2)	36	39	70-80 Years
Retaining Walls	35	37	35-75 Years

Council develop and maintain a 10-year forward work programme to ensure effective and efficient service level delivery in line with requirements set heavily by NZTA who are a major (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 reseat 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 10yr period.

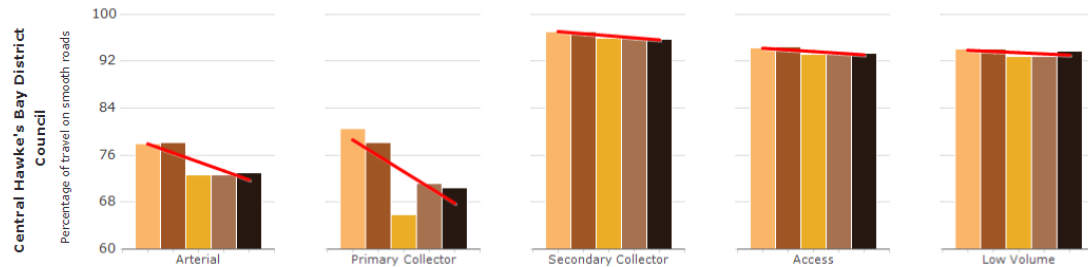


Smooth Travel Exposure (STE) provides an indication of ride quality. It is provided as a percentage of vehicle kilometres travelled with a roughness below a defined upper threshold. STE trends from Te Ringa Maimoa's Transport Insights tool are shown in Figure 7-5. The data shows that travel on smooth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

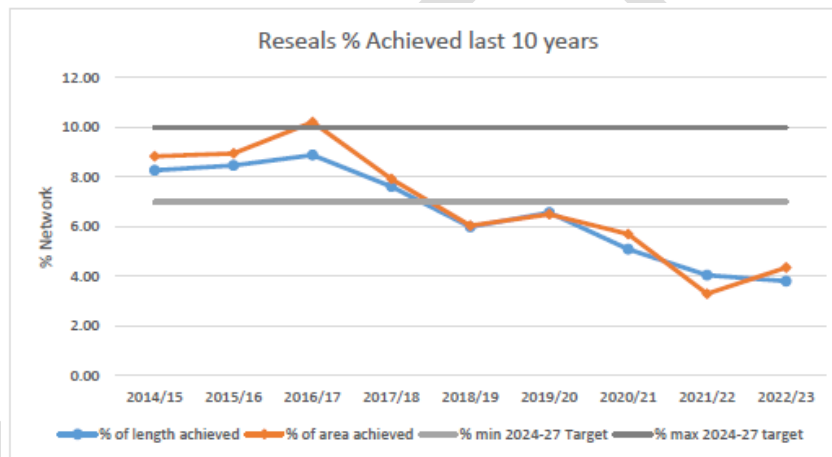
This suggests there is a slow increase in the roughness of the CHB district's roads compared to vehicle kilometres travelled. It is expected that pavement condition will trend downwards, and the rate of deterioration will increase as the asset ages and traffic volumes increase. While Arterial and Primary 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 5 year period and all show a declining (worsening) trend.



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.



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.

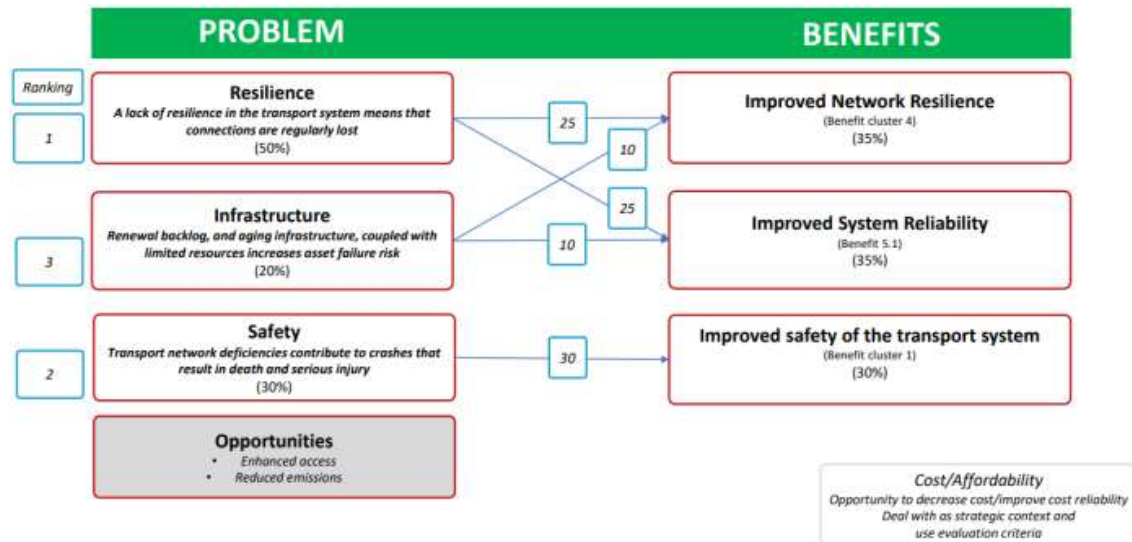
Key Transport Issues

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.



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 6 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 the 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 the 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.

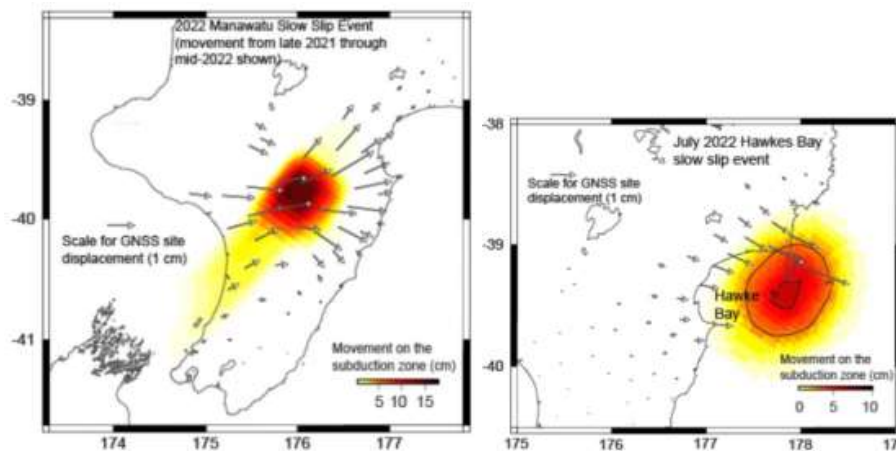


Much of the flood risk areas in Central Hawke's Bay are in the plains west of Waipukurau. Key roads in this area that are exposed to flood risk include SH2 and SH50, Ashcott Road, Tikokino Road and Ongaonga Road. Significant rainfall events can cause flooding, slips and washouts making roads inaccessible. 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.



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 categorized 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.

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 one hundred roads were closed (refer to Figure 5-7 and Figure 5-8 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.



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

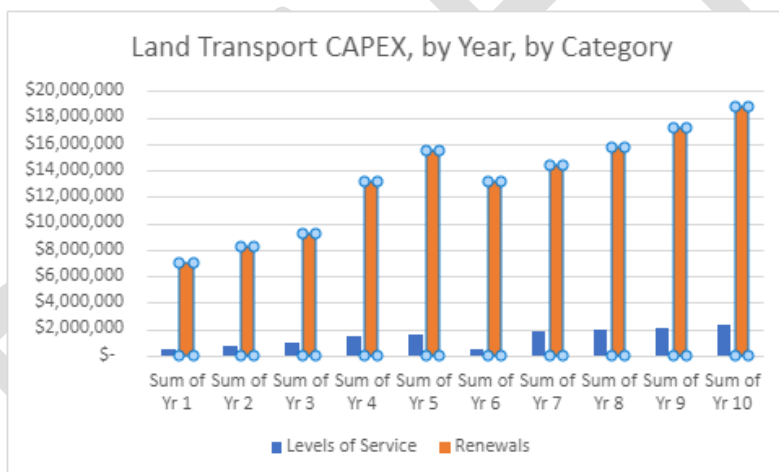
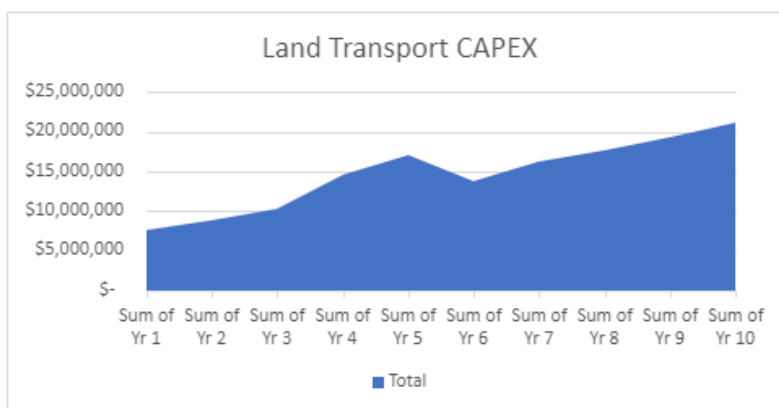
The roading network supports access to key lifeline infrastructure such as power and communications, and many utilities also use the corridor for their infrastructure networks (e.g. bridges). Any event that results in road closures will also likely impact power and communications networks. If the event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

DRAFT



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 below.

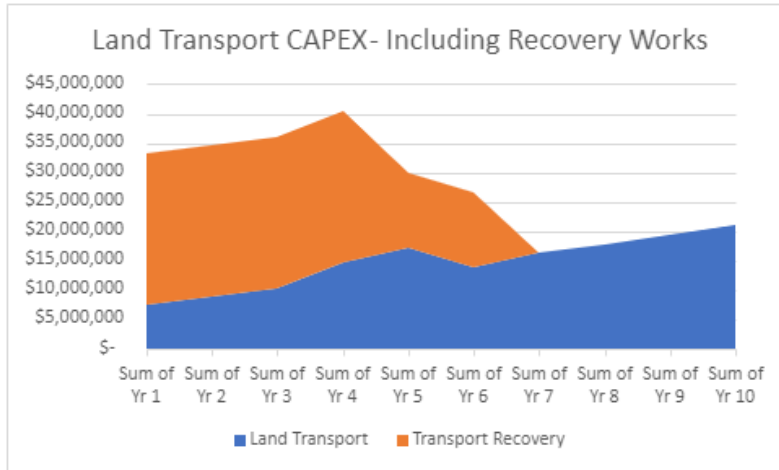


The above charts show an increasing investment in the transport network over the period of the Strategy. The primary category for investment is asset renewals which includes the replacement and upgraded of aged and failing infrastructure. Importantly, this is where the majority of investment to improve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



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 6year period with a 2-1 weighting in the first 4 years compared with the final 2 years.



Include further explanation of funding scenarios / assumptions for recovery works.

DRAFT



SOLID WASTE & LANDFILL

Council currently provide a kerbside recycling collection service in Waipukurau and Waipawa and a kerbside refuse collection service across the District using official council green 60 litre and yellow 35 litre plastic bags. A 60 litre comingle crate is used for kerbside collection of plastics, cans, papers and cardboard and a dedicated 45 litre crate for glass.

Materials including general refuse, green waste, scrap metal and hazardous waste can be taken to the Council's four transfer stations located at Waipukurau, Waipawa, Porangahau and Takapau. All waste generated from within the district is transported to the Council operated landfill on the outskirts of Waipukurau. Waste is also transported in from outside the district. There are eight closed landfills around the district, which are monitored under the terms of their resource consents.

Funding is provided for waste minimisation and sustainability education services to schools across the district and funding is also provided for a number of waste minimisation activities and initiatives. The source of this funding is through the Ministry for the Environment's Waste Minimisation Levy Fund.

The 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 10yr Investment
District Landfill New cell for Landfill extension	8,885,600
Tfr Station Building of a replacement station WPK&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 are commenced. 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 continue 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 expect 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 to put in their kerbside recycle crates, can they recycle their glossy magazines and so on. Central government has launched a national initiative to standard kerbside recycling. There has been vast support for the initiative from councils, including CHBDC, and from the industry, recycling companies.

Confusion

The recycling message has not been clear enough in the past and surveys show that people 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.

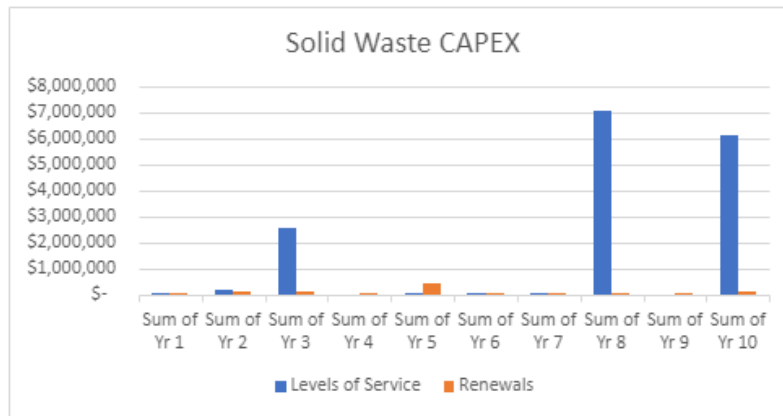
Leachate and Stormwater Discharges

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 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.



DRAFT



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><u>Camping Grounds</u> Camping Grounds includes four campgrounds, three located on our Coastline and the Waipukurau Holiday Park. All of these assets are leased. The activity also included freedom camping sites.</p> <p><u>Open Spaces</u> Reserves includes a total of 66 recognised reserve areas, across at least 185 hectares.</p> <p><u>War Memorials</u> Our Districts Cenotaphs and memorials.</p> <p><u>Urban Maintenance</u> 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	<p>The activity includes a total of 48 units spread across three sites:</p> <ul style="list-style-type: none"> • Kingston Place, Waipawa • Ruahine Place, Waipukurau • Wellington Road, Waipukurau
Libraries	<p>Council has two library buildings being 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



Activity	Description
	<ul style="list-style-type: none"> • Waipukurau Memorial Hall • Waipawa Districts 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, however, is funded through the organisational overhead.</p>
Cemeteries	There are 15 Cemeteries across the District that Council maintains. 12 of those cemeteries 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
Open Spaces	<p><u>Camping Grounds</u> 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>	Opportunity to create a sustainable long term strategic approach to camping grounds, that responds to community and visitor expectations whilst protecting our natural assets.
	Kairakau Campground currently occupies road reserve and has no legal tenure.	Opportunity to rationalise or dispose some of its assets or reconsider the benefits realised for the District.
	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.	Complete a Section 17a for camping grounds
	<p><u>Open Spaces</u> Significant long term underfunding and deferred maintenance requiring current and future investment in the renewal of many assets, in particular playgrounds.</p>	Opportunity to partner with community for the long-term development and management of community open spaces.
No strategic or tactical documents to help guide Councils investment in open spaces.	Opportunity to identify new open spaces for acquisition and to plan for these in conjunction with development contributions.	
Operational funding for tree management.		
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	Unique opportunity to community pride and address the communities well beings, particularly in areas of heightened deprivation.	



Activity	Challenge / Opportunity	Action / Intervention Proposed
	<p>and funding availability to acquire key land parcels is not available.</p> <p><u>War Memorials</u></p> <p>There are no immediate challenges relating to war memorials. The Waipawa Town Clock upgrade was completed in 2022.</p> <p><u>Urban Maintenance</u></p> <p>There are no immediate challenges relating to urban maintenance.</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>
Public Toilets	<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 by-law review.</p>
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 aging 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 Councils financial borrowing constraints.</p>
Libraries	<p><u>Library Facility in Waipukurau</u></p> <p>The Waipukurau Library is closed due to critical seismic vulnerabilities is a major challenge for the activity, particularly after Council and community expectation the facility had been strengthened. A temporary leased facility has been developed nearby, "Te Huinga Wai" the Knowledge and</p>	<p>Council will need to consider short term and longer term arrangements to provide library services in Waipukurau.</p>



Activity	Challenge / Opportunity	Action / Intervention Proposed
	<p>Learning Hub, incorporates Library, Council services, AA centre and community facility.</p> <p>The Community expectation is that there is a library facility 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 long term plan.</p> <p>The Waipukurau Memorial Hall being confirmed as earthquake prone is a major challenge for the activity, particularly after Council and community expectation the facility had been strengthened in 2016.</p> <p>Facilities such the Centralines Swimming Pool Facility require community funding for the ongoing delivery of their service and to support their upgrade, which cannot be achieved through community funding.</p> <p>Councils administration building is reaching the end of its economic life, not being fit for purpose.</p> <p>Detailed renewal profiling and condition grading of community facilities has not been completed.</p> <p>Deferred maintenance on buildings.</p>	<p>The development of a Community Facilities Strategy through the 2024 Long Term 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.</p> <p>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

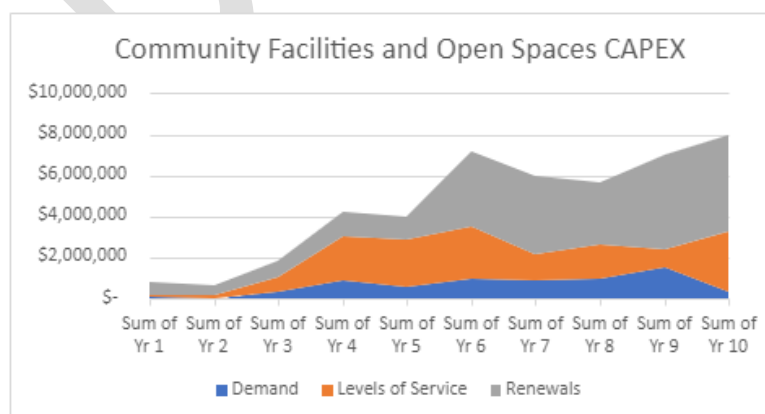
The projects and programmes of work that have been developed to address the challenges and opportunities for the community Facilities and Open Spaces activities are shown in the table below.

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



Project / Programme	Total Investment (10yrs)
Waipukurau - New Open Space Land Acquisition Hospital Site	834,004
Otane - 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 Whatuma 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 Porangahau RD Accessway Land Acquisition	382,315
Public Toilets Russell Park New toilet & changing rooms	375,550
Waipawa - Implement Town Centre Master Plan	338,315
Otane - 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
Otane - 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
Porangahau - Upgrade Main Street Tree Planting, furniture	276,941
Waipukurau - Holt Place to Porangahau 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 carpark, drive, gates	254,877

The total investment for the activities over the 10yr period of the Strategy is shown in the chart below.





DRAFT

Infrastructure Strategy – Three Year Projects

The table provides an overview of the projects and programmes that have significant investment (>\$250k) within the period of the 3yr Plan (2024 – 2027).

Project / Programme	Financial Category	Activity	Resilience Component?	Investment in 3yr Plan Period
Waipukurau Second Supply	Levels of Service	Drinking Water	Yes	\$18,671,942
Reticulation renewal including pipes & other retic Loan Fund	Renewals	Drinking Water	Yes	\$8,242,430
WPK WPA OTN wastewater treatment and discharge upgrade	Renewals	Waste Water	Yes	\$6,919,812
Transport - Sealed Road Resurfacing	Renewals	Land Transport	yes	\$5,895,356
Reticulation renewal including pipes and other retic	Renewals	Waste Water	Yes	\$5,254,530
Transport - Sealed Road Rehab	Renewals	Land Transport	Yes	\$4,981,167
Waipawa Reservoir Replacement	Renewals	Drinking Water	Yes	\$3,693,800
Transport - Unsealed Road Metalling	Renewals	Land Transport	yes	\$3,361,067
Transport - Structures Component Renewal	Renewals	Land Transport		\$2,920,142
District Landfill New cell for Landfill extension	Levels of Service	Solid Waste	Yes	\$2,755,600
Transport - Drainage Renewal	Renewals	Land Transport	Yes	\$2,640,555
Great North Rd - High St Main Replacement	Renewals	Drinking Water	Yes	\$2,575,000
Transport - Minor Capital Improvements	Levels of Service	Land Transport		\$1,950,000
Pukeora Reservoir Replacement	Renewals	Drinking Water	Yes	\$1,506,478
Transport - Minor Events	Renewals	Land Transport		\$1,461,467
Transport - Traffic Services Renewal	Renewals	Land Transport		\$1,273,679
Waipukurau water mains	Levels of Service	Drinking Water	Yes	\$1,237,750
Installation of testable boundary backflow preventers	Levels of Service	Drinking Water		\$1,125,680
SH2 Replacement AC Main (Risk)	Renewals	Drinking Water	Yes	\$1,054,864
Districts I&I Project	Renewals	Waste Water	Yes	\$927,270
Transport - Bridge and Structural renewals	Renewals	Land Transport	Yes	\$900,000
Waipukurau firefighting improvements	Renewals	Drinking Water	Yes	\$893,821
LT-Sub Footpath Renewals	Renewals	Land Transport		\$884,960

Project / Programme	Financial Category	Activity	Resilience Component?	Investment in 3yr Plan Period
McGreevy street drain treatment devices	Levels of Service	Storm Water		\$772,725
Waipawa firefighting improvements	Renewals	Drinking Water	Yes	\$650,592
Reticulation renewal including pipes & other retic Loan Fund	Renewals	Storm Water	Yes	\$618,180
Waipukurau Shortfalls in existing assets Loan Funded	Renewals	Storm Water	Yes	\$540,908
Works output from CMP Rate Funded	Levels of Service	Storm Water		\$530,450
Waipawa water mains	Levels of Service	Drinking Water	Yes	\$465,250
Proactive open drain performance improvements Loan Funded	Renewals	Storm Water	Yes	\$463,635
Waipukurau CBD Flooding Upgrade	Demand	Storm Water	Yes	\$350,000
Developer led projects	Demand	Storm Water		\$309,090
TEP / PHU wastewater treatment and discharge upgrade	Levels of Service	Waste Water	Yes	\$300,000
TKP wastewater treatment and discharge upgrade	Levels of Service	Waste Water	Yes	\$300,000
Transport - Traction Seal	Levels of Service	Land Transport		\$266,255
District Parks & Reserves Districtwide Renewals	Renewals	Rec & Comm Facilities		\$265,372

7.5 ENDORSEMENT OF THE DRAFT DEVELOPMENT CONTRIBUTIONS POLICY 2024

File Number:

Author: Brent Chamberlain, Chief Financial Officer

Authoriser: Doug Tate, Chief Executive

Attachments: 1. **Draft Development Contributions Policy - 2024** [↓](#)

PURPOSE

The matter for consideration by the Council is the endorsement of the proposed changes to Council's Development Contribution Policy.

RECOMMENDATION

That Council endorses the attached draft Development Contributions Policy for the basis of building the Three-Year Plan 2024 -2027 for inclusion in the Consultation Document Supporting Information.

EXECUTIVE SUMMARY

Development Contributions are Councils mechanism to require developers to contribute to the cost of new assets required to service growth in the district. Development contributions will help to reduce reliance on ratepayers and other funding sources.

As development requirements change, construction costs increase, and as Council updates its growth forecasts and capital program, Council is required to update its Development Contributions Policy (DCP).

BACKGROUND

Development Contributions are Councils mechanism to require developers to contribute to the cost of new assets required to service growth in the district. It is fair that those driving development pay a proportionate share towards the cost. Development contributions will help to reduce reliance on ratepayers and other funding sources.

As development requirements change, construction costs increase, and as Council updates its growth forecasts and capital program, Council is required to update its DCP.

Council's first DCP was adopted in June 2006. Council had previously funded growth-related costs of development via financial contributions (FCs) under the Resource Management Act 1991 (RMA), and through rates.

The DCP was subsequently revised in 2008 and during each 10-Year Plan cycle in 2009, 2012, 2015, 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. In 2021, a major update of the policy was completed bringing the policy up to form its substantial current basis.

DISCUSSION

This 2024 review has been developed as part of the 2024 Three Year Plan process and is based on the Council's capital expenditure programme as set out in the 2024 Three Year plan and the 2024-2034 10 Year Asset Management Plan.

The growth assumptions have been based off growth forecasts provided by Squillions as part of Councils development of the 2024 Three Year plan and the medium growth assumption adopted by Council at its 21 September 2023 meeting.

The key assumptions that form the settings of this policy revision are:

- Between 2024-2034 Central Hawke's Bay District will grow by 1,361 new households.
- 49% of the forecast growth in the next 10 years won't be in townships connected to Councils water networks.
- Between 2024-2034 Central Hawke's Bay District Council is forecast to spend \$425m on assets.
- Of this \$425m, \$20.2m is deemed to be the growth component and will be collected through Development Contributions.

Once these assumptions are worked through, the tables below set out the proposed Development Contribution levels from July 2024.

GROWTH GEOGRAPHIC AREA	ACTIVITY	TOTAL DC GROWTH CAPEX	2024 DC	2021 DC
District wide	Community Infrastructure	\$1,691,834	\$1,243	\$1,410
			\$1,243	\$1,410
Otāne	Wastewater	\$349,971	\$3,379	\$10,838
	Water	\$706,243	\$6,819	\$9,818
	Stormwater	\$146,121	\$1,411	\$2,736
	Reserves	\$309,135	\$2,985	-
	District Wide		\$1,243	\$1,410
			\$15,837	\$24,802
Waipawa	Wastewater	\$921,514	\$4,958	\$10,838
	Water	\$2,849,746	\$15,333	\$9,818
	Stormwater	\$331,648	\$1,914	\$2,736
	Reserves	\$185,661	\$1,106	-
	District Wide		\$1,243	\$1,410
			\$24,555	\$24,802

GROWTH GEOGRAPHIC AREA	ACTIVITY	TOTAL DC GROWTH CAPEX	2024 DC	2021 DC
<u>Waipukurau</u>	Wastewater	\$2,000,228	\$4,328	\$10,838
	Water	\$5,362,282	\$11,603	\$9,818
	Stormwater	\$698,366	\$1,882	\$2,736
	Reserves	\$1,272,914	\$3,832	-
	Roading	\$1,230,000	\$2,662	-
	District Wide		\$1,243	\$1,410
				\$25,550
<u>Takapau</u>	Wastewater	\$1,118,264	\$17,395	\$3,205
	Water	\$296,119	\$4,606	\$1,407
	Stormwater	\$92,447	\$1,438	\$1,523
	District Wide		\$1,243	\$1,410
			\$24,683	\$7,545
<u>Pōrangahau</u>	Wastewater	\$569,271	\$26,566	\$16,036
	Water	\$74,030	\$3,455	\$1,735
	Stormwater	-	-	\$1,045
	District Wide		\$1,243	\$1,410
			\$31,264	\$20,226

As well as recalculating Development Contributions based on latest forecasts Council Officers also considered the following:

Secondary Dwellings

The 2021 policy treated all new dwellings as equal, that is triggering the same level of development contribution (1 HUE – Household Equivalent) regardless of the size and location.

Officers are proposing that consideration be given to reducing the fee for small secondary dwellings. The rationale is that these smaller dwellings are often for the care of extended family and is likely to have less impact on Council infrastructure. For example, the demand on Council's water infrastructure will be less for a one-bedroom home than a full size family home simply due to the lesser number of people occupying the home.

This approach also aligns with the intent of Councils Housing Strategy Framework 2019 and the recent Our Homes Strategy developed through the Tamatea Housing Taskforce to address urgent housing issues in the district.

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 connected residential buildings under 80m² on that same title. All other connection and rates charges will apply, and a further additional development contribution would be payable if the dwelling is extended.

Size of Additional Building	HUE Reduction applied per activity	HUE Charged per activity
80m 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

Infill versus Greenfield Developments

Some larger Councils are able to separate their infrastructure plans into greenfield developments (where the town boundary is being extended, and infrastructure is being extended to match) versus infill development (where the development occurs within Councils existing infrastructure boundaries and doesn't require network extensions, just upgrades). This allows infill development contributions to be cheaper than greenfield.

Upon reflection, other than the Waipukurau Growth Precinct, none of the growth projects that Council is charging development contributions on is constructing new infrastructure to extend its network due to greenfield growth. Therefore, Officers do not think it is practical for Central Hawke's Bay District Council to make this distinction.

Trigger for Development Contribution Payment

Currently Council applies the following payment terms for development contributions:

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.

This methodology is consistent with most other New Zealand Councils (certainly Hastings, Napier. Tararua do not currently charge development contributions).

The majority of development contributions are either payable before uplifting 224c on a resource consent or issue of CCC on a building consent. By linking the payment to the granting of something by Council, it means that Council has very few bad debts as the payment is received before the developer can complete and on sell the development.

The Our Homes Strategy outlines opportunities to support local development, which was endorsed by Council at its 19 October 2023 meeting. It outlines the challenges, particularly for local families to enable development, due to the financial challenges of completing development. This includes the necessity to have to fund a development contribution ahead of the sale of a property or the transfer of the property to family, which can be financially challenging.

As further context, in a true commercial development sense, due to the lower land values of the urban areas of the district comparative to centres such as Napier and Hastings, the margins associated with infill in Central Hawke's Bay are low, with infill subdivision needing incentive, if Council wishes to maximise the existing infrastructure footprint, rather than creating new Greenfields development.

Three possible approaches for Council may wish to consider to address this matter include:

- An outright extension to the current timeframes for payment. This approach could be on a similar basis to the policy approach recently adopted by Council in the development of the Superannuants Postponement Policy for Rates, whereby Council is able to postpone the payment, albeit while it incurs interest. If there is appetite to consider a postponement, Council could consider further restricting this to key criteria, such as an additional dwelling on the same title for family purposes rather than development more widely.
- A further alternative method officers are aware of is the development contributions being payable by the ultimate purchaser of the lot rather than the developer. In theory the developer should be discounting the sale price by the amount of the development contribution they are avoiding. This would assist the developer cashflows. However, this method has three main down sides. The first is if the purchaser doesn't understand they are inheriting the liability. The second is the loss of the ability to recover the debt through a collection process such as withholding of the 224c or CCC. This could potentially increase bad debt levels. The third is that Council is essentially funding the developments cashflow improvement by carrying the debt for longer.
- Support LGNZ with the development of their proposed Ratepayer Assistance Scheme. This scheme would allow development contributions to be paid as usual to the Council, but the developer enjoys the ability to defer the payment till a later date at discounted financing costs through the use of an intermediary financing entity. This work is still in its early phases, however Council may wish to take a more proactive role in its development.

On balance, Officers recommend that the policies collection triggers should substantially remain as they are at this time.

This approach will allow officers to undertake further research to understand the wider impacts of any deferment approach to Council and the collection of DC's will have. Council can again review the policy out of cycle if it wishes to further examine these areas and could pass a further resolution to this end, to see the policy brought back to Council.

RISK ASSESSMENT AND MITIGATION

The setting of Development Contributions is governed by the Local Government Act 2002. Non-compliance with this Act allows the setting of Development Contributions to be challenged in court and possibly overturned. Such a challenge would put a \$2m a year revenue stream at risk.

The 2021 policy was written by a subject matter expert. The proposed revisions are minor in nature.

FOUR WELLBEINGS

This policy allows for growth in the district and ensures that growth pays for growth and reduces reliance on ratepayers and other funding sources.

Long term this growth will increase the number of ratepayers in the district and allow future Councils to be able to spread the rates burden wider.

DELEGATIONS OR AUTHORITY

The Development Contribution Policy is a public facing policy of Council and must be adopted by Council. At this stage endorsement is sought with the final policy being considered by Council as part of the Three-Year Plan process.

SIGNIFICANCE AND ENGAGEMENT

In accordance with the Council's Significance and Engagement Policy, this matter has been assessed as of minor significance, but will be consulted on as part of the 3 Year Plan.

Council has the ability to:

1. Endorse the policy changes, or
2. Request officers to do more work on the policy ahead of the Three-Year Plan consultation.

Recommended Option

This report recommends option number 1, endorse the policy changes, for addressing the matter.

NEXT STEPS

Officers will incorporate the proposed policy into the Three-Year Plan budgets and embed the draft policy into consultation documents for the Three Year Plan.

RECOMMENDATION

That Council endorses the attached draft Development Contributions Policy for the basis of building the Three-Year Plan 2024 -2027 for inclusion in the Consultation Document Supporting Information.

Central Hawke's Bay District Council Development Contributions Policy 2024



Contents

2. Introduction	1	Remissions	16
3. Section 1 – Overview of the DCP and Process	4	5.13 Reassessment of a Development.....	16
3.1 Purpose and Principles of Development Contributions.....	4	5.14 Money or Land.....	16
3.2 History	5	5.15 Development Agreements.....	17
3.3 How Infrastructure Growth Funding is Allocated.....	5	5.16 Payment Due Dates.....	17
3.4 Activities for Funding Capital Expenditure of Growth.....	5	5.17 Enforcement Powers.....	18
3.5 When a Development Contribution is Required	5	5.18 Refunds.....	18
3.6 Limitations to the Application of Development Contributions	6	5.19 Postponements	18
3.7 Relationship to Resource Management Act.....	6	5.20 Reconsideration Process	18
4. Vision, Strategy and Council Assumptions	7	5.21 Other Matters	18
4.1 Significant Assumptions of the Development Contributions Policy.....	7	6. Explanation of the Method for Development	
4.1.1 Council Role.....	7	of the Schedule of Charges	20
4.1.2 Development Contribution Areas.....	7	6.1 Relevant Provisions in the Local Government Act 2002	20
4.1.3 Development Types and Units of Demand.....	7	6.2 The Capital Works Programme.....	20
4.1.4 Planning Horizons and the Period Covered by this Policy.....	8	6.3 Unit of Demand	20
4.1.5 Projecting Growth.....	8	6.4 Measurements to Determine Units of Demand for Activities	21
4.2 Non-Residential Growth and Focus.....	9	6.4.1 Water Supply	21
4.3 Other Assumptions	9	6.4.2 Wastewater.....	22
4.3.1 Best Available Knowledge.....	10	6.4.3 Stormwater	22
4.4 Capital Expenditure Council Expects to Incur as a Result of Growth.....	10	6.4.4 Reserves and Other Community Infrastructure.....	23
4.5 Capital Expenditure Council has Already Invested in Anticipation		6.5 Assessment of Growth Model	23
of Development	10	6.6 Key Risks/Effects Associated with Growth Projections.....	23
4.6 Unit of Demand	10	6.7 Identification of Growth Expenditure and Funding Mechanisms	24
4.7 Schedules Forecast Values	11	6.8 Cost Allocation	24
4.8 Development Contributions Payable.....	11	6.9 Funding Model.....	25
5. Assessment of Development Contributions	12	6.10 Aggregation of the Contribution	25
5.1 Commencement.....	12	7. Review of the Policy and Revision of the Schedule	26
5.2 Delegation of Assessments.....	12	7.1 Review of Policy	26
5.3 Applications Assessed	12	7.2 Revision of the Schedule of Contributions	26
5.4 Activities for which Development Contributions are Assessed.....	13	8. Glossary of Terms	27
5.5 Formula for Calculating Contributions	13	9. Appendices	29
5.6 Catchments.....	13	9.1 Project Schedule	30
5.7 Assessment of HEUS on the Basis of Multipliers	14	9.2 APPENDIX 2 – Geographic Catchments – Water, Wastewater and	
5.8 Additional Rules Relating to Assessment on the Basis of Multipliers	14	Stormwater, Reserves and Community Infrastructure	36
5.9 Special Assessments of HEUs on the Basis of Actual		9.3 Appendix 3 - Development Contributions Calculations -	
or Anticipated Demand.....	15	Examples	52
5.10 Assessment of Credits for Historic Development	15	9.4 Appendix 4 - Analysis of Benefits –	
5.11 Reductions	16	Section 101(3) LGA Requirements	55
5.12			

2. Introduction

CHBDC plays a significant role in facilitating and coordinating development and providing infrastructure in a timely and affordable manner. It is an essential part of CHBDC business to take into account the social, economic, environmental and cultural interests of people and communities to meet reasonably foreseeable needs of future generations. This is a strategic role that individuals, the community, the private sector or central government cannot fulfil alone. The effects of growth require CHBDC to incur capital expenditure, acting on behalf of the wider community to provide new or additional network or community infrastructure.

Population and business growth create the need for new subdivisions and developments, and these place increasing demands on the assets and services provided by CHBDC. As a result, significant investment in new or upgraded assets and services is required to meet the demands of growth. The purpose of the Policy is to ensure that a fair, equitable, and proportionate share of the cost of that infrastructure is funded by development.

Development contributions are the fees payable to Council for capital expenditure planned to be provided, or already constructed, for additional community facilities (such as stormwater, roads, reserves and public amenities) required to service growth. These contributions may be required on resource consents (subdivision and land use) and / or building consents or service connections in situations where the development will have additional impact on infrastructure.

This Policy applies when you subdivide land, build, alter or expand a non-residential building, or may apply when you change the use of an existing building. The extent of the Development Contribution required will depend on the type, size and location of the development.

The legislation that sets out how Council operates and prepares a Policy is the Local Government Act 2002 (LGA). Council considers how it funds the required infrastructure as part of the overall preparation of the Long Term Plan. Council must weigh up where benefits and costs should lie as any reduction in the proportion of development contribution charges to pay for growth will have to be paid by existing ratepayers.

The LGA (S199) provides that development contributions may be required in relation to development if the effect of the development, either individually or cumulatively, is to require new or additional assets or assets of increased capacity, and as a consequence Council incurs capital expenditure to provide appropriately for:

- Reserves
- Network infrastructure
- Community infrastructure

Council will apply development contributions only where new or additional assets or assets of increased capacity are required. CHBDC has aging infrastructure that is in many cases at full capacity so growth that results from development will drive the need for new or expanded assets. Development contributions will only be sought in the geographic catchments that the infrastructure will serve. The nature and extent of the infrastructure and its associated anticipated costs are detailed for each geographic area.

This DCP is set out in six sections:

- Section 1 sets out the overview of the DCP and the process.
- Section 2 sets out the Vision and Strategy of Council, the key assumptions, and how this relates to Council goals and other policies.
- Section 3 sets out how the charges are calculated and the categories of land use development, the administration procedures and the process for objections and reconsiderations.
- Section 4 sets out how the charges have been developed and the methodology behind the allocation of costs to each type of development.
- Section 5 covers how the Policy is reviewed and the Schedule of Charges is carried out.
- Section 6 is the Glossary with key definitions of terms in the Policy.

The schedules and appendices to the policy contain further detail about development and the implementation of the policy. This includes development contribution rates and development contribution catchment maps. It also lists the assets/programmes of work that development contributions fund.

Community Infrastructure that has a community wide benefit/access will be charged district wide basis. Planned investment for Water, Wastewater, Stormwater, Roding, 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 focused on the three waters:

- Water
- Wastewater
- Stormwater
- Roding
- 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, roding, 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
District wide	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
	District Wide		\$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
	District Wide		\$1,243
			\$24,555
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
	District Wide		\$1,243
			\$25,550
Takapau	Wastewater	\$1,118,264	\$17,395
	Water	\$296,119	\$4,606
	Stormwater	\$92,447	\$1,438
	District Wide		\$1,243
			\$24,683

Pōrangahau	Wastewater	\$569,271	\$26,566
	Water	\$74,030	\$3,455
	District Wide		\$1,243
			\$31,264

(Prices exclude GST).

3. Section 1 – Overview of the DCP and Process

3.1 Purpose and Principles of Development Contributions

The purpose of the DCP is to ensure that reserves and infrastructure capital expenditure is funded by those parts of the community who benefit from that expenditure. Those responsible for creating growth within our district, whether through subdivision, building, new service connections or a change in land use, are being asked to pay a fair share of the resulting additional infrastructure cost incurred by council. The market by itself will not achieve the coordinated response required to develop the networks.

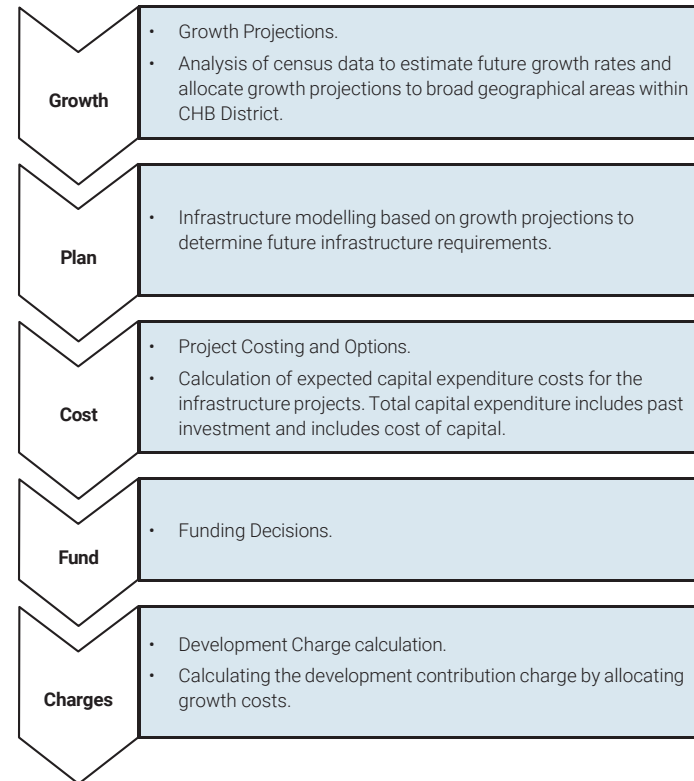
This DCP sets out the DCs payable by developers and property owners, how and when they are to be calculated and paid, and a summary of the methodology and the rationale used in calculating the level of contribution required.

The purpose of this policy is to:

1. Enable Council to provide infrastructure and facilities to cater for growth, in a timely fashion and affordable for ratepayers
2. To provide the framework for Council to charge DCs for residential and non-residential development in the District to fund capital expenditure for network infrastructure, reserve land and community infrastructure
3. Provide predictability and certainty to stakeholders on how infrastructure for growth is to be funded, and establishing a transparent, consistent and equitable basis for recovering DC from developers
4. To recover from developers a fair, equitable and proportionate portion of the total costs of the capital expenditure to service growth over the longer term.

This DCP has been developed to be consistent with the purpose of the DC provisions as stated in section 197AA of the Local Government Act 2002 (LGA). In preparing the DCP Council has had regard to and taken into account the DC principles in section 197AB of the LGA. These have been used by Council to ensure the DCs charged are fair and reasonable, as well as lawful.

Section 102 of the LGA requires the Council to have a policy on Development and/or Financial Contributions as part of its funding and financial policies in its LTP. Sections 106 and 201 of the LGA set out the required contents of this DCP. This policy must be reviewed at least every three years.



The process for Council to develop DC charges is set out below. The DCP has a considerable amount of planning and analysis that underpins the charges set by Council.

A fair and equitable approach needs to be taken to fund the provision of infrastructure having regard to existing and future populations. The existing population has already made a considerable investment in services. Those initiating new development benefit from connecting to or using existing services and should pay their fair share of capital expenditure.

The following diagram demonstrates the flow process in the development of the DCP.

3.2 History

Council's first DCP was adopted in June 2006. Council had previously funded growth related costs of development via financial contributions (FCs) under the Resource Management Act 1991 (RMA), and through rates. The DCP was subsequently revised in 2008 and during each 10-Year Plan cycle in 2009, 2012, 2015, 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 3 Year Plan process and is based on the Council's capital expenditure programme as set out in the 2024 3 Year plan and the 2024-2034 Asset Management Plan.

3.3 How Infrastructure Growth Funding is Allocated

DCs are driven by the infrastructure projects required to meet service demands related to growth. These projects are designed to meet the forecast levels of service as stated in the LTP. Development that results in additional dwellings, buildings and activity, in turn impacts on CHBDC's services infrastructure. This impact must be recognised and mitigated. Those causing the impact should meet a reasonable proportion of the costs associated with upgrading infrastructure where that upgrading occurs due to development pressure.

Council has reviewed the proportion of infrastructure growth costs that will be funded from DCs. Council has determined DCs are the appropriate funding source to fund 100% of the growth related costs. Where there is a level of service or renewal component this proportion of the capital cost is funded from rates and loans. In particular, see the analysis contained in Appendix 4.

The total cost of forecast capital projects is set out in Appendix 1. Funding part of these costs through rates would otherwise result in an unfair burden being placed on the existing ratepayer community. Growth related infrastructure costs make up around 7.4% of CHB's total planned capital expenditure of \$425 million of the life of the 2024-2034 Asset Management Plan.

3.4 Activities for Funding Capital Expenditure of Growth

Council activities for which DCs will be used to fund growth related capital expenditure are:

- a) Network infrastructure for stormwater, wastewater, water supply;
- b) Roading Infrastructure (including Roads, Roading Structures, Footpaths, and Cycleways);
- c) Reserve land acquisition and development for parks and open space (including Esplanade Reserves, walkways and cycleways);
- d) Community infrastructure (Solid Waste, Library, Administration Building).

3.5 When a Development Contribution is Required

Under Sections 198 and 199 of the Local Government Act 2002, Council may apply a development contribution, including GST, for developments generating increased reserves, network or community infrastructure demands upon the granting of:

1. A resource consent
2. A building consent
3. An authorisation for a service connection.

As a general rule, DC will be assessed, and any requirement for payment of contributions advised, at the earliest opportunity. This is generally at the subdivision consent stage.

Council considers that the subdivision consent stage is normally the most appropriate stage to take a development contribution for residential developments for the following reasons:

- Practicality of implementation
- Economies of scale in implementation costs
- Best available knowledge for projections and allocating budgets

In the absence of subdivision, Council will apply DCs at the building consent or service connection stage where additional units of demand are created by additions to land or buildings.

A DC is required in relation to a development when:

- A particular subdivision, construction of a building, land use or work generates a demand for reserves, network infrastructure, or community infrastructure
- The development (either alone or in combination with another development) requires new or additional assets or assets of increased capacity (reserves or infrastructure).

The effect of a development in terms of impact on these assets includes the cumulative effect that a development may have in combination with another development. A DCP also enables Council to require a development contribution that is used to pay, in full or in part, for capital expenditure already incurred by the Council to provide infrastructure to service expected growth.

The Council has a preferred approach to require payment for assessed DC charges at the time of assessment. For non-residential subdivisions one or more HEUs would be payable at the resource consent stage. Future developments on that subdivided land would be reassessed at a building consent stage and any additional DCs required from that development would be invoiced at that stage.

Council does have the ability to defer/postpone DC requirements, where allowed for in this Policy and considered appropriate. The processes detailing these issues are set out in section 5.19.

3.6 Limitations to the Application of Development Contributions

Development which does not either in itself or in combination with other developments generate additional demand for community facilities will not be liable to pay a DC.

Council will also not require a DC for network infrastructure, reserves or community infrastructure in the following cases:

- Where it has, under Section 108(2)(a) of the Resource Management Act 1991 (RMA), imposed a condition on a resource consent in relation to the same development for the same purpose; or
- Where the Council has already required a DC for the same purpose or the same building work (so long as there is no change in scale and intensity)
- Where agreed with the Council the developer will fund or otherwise provide for the same reserve, network infrastructure or community infrastructure; or
- Where the territorial authority has received or will receive sufficient funding from a third party to fund particular infrastructure.

3.7 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 have not included the requirement for Financial Contributions due to timing. There are a range of other tools that Council has available to it, and Council is considering advice on the most appropriate approach for growth related costs, beyond the current operative District Plan. This body of work falls outside of the scope of this policy.

Council will also still have the authority to require works or services on new developments to avoid, remedy and mitigate the environmental effects of proposed developments through resource consent conditions or in accordance with any relevant rule in the District Plan. DCs are for the acquisition, installation or expansion of assets over and above the works and services that may be required as a condition of consent.

For the smaller urban areas outside of the current urban serviced areas, Council as service provider may require capital contributions through fees and charges for properties who apply to connect to township water or wastewater services.

4. Vision, Strategy and Council Assumptions

The Council outlines its Vision, Strategy and Council outcomes in the 3 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 that was adopted in 2017. Council has also developed the Central Hawke’s Bay Integrated Spatial Plan 2020 – 2050. Both these documents have influenced the 3 Year Plan. This sets the vision, goals and objectives for Central Hawke’s Bay.

New treatment plants for water and wastewater, and increase water resilience infrastructure are also planned to meet the new vision, as well as mandatory standards and RMA consents.

4.1 Significant Assumptions of the Development Contributions Policy

4.1.1 Council Role

Council is assuming that it will act as the lead agency to ensure existing core infrastructure requiring upgrading is available to service growth developments in the District. Where new infrastructure is required only within a development, it is the responsibility of the Developer to provide, with the option of gifting the new assets to Council provided they meet Councils standards.

There is the potential for major developments, where agreed with Council through a development agreement, for developers to take the lead role. In this instance Council may contribute to a development where additional capacity is required to service adjacent developments to ensure other developments are not constrained. Council’s role will be assessed at each review of the LTP and DCP every three years.

The Council ensures, on behalf of current and future residents and ratepayers, that land development is carried out in a manner that results in acceptable outcomes in terms of aesthetics, environmental impacts and service standards.

4.1.2 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 CHB District is occurring mainly in these areas and additional infrastructure is required to meet this demand.

The **service catchments** show each urban area that forms a catchment (Refer to Maps in Appendix 2 of this policy and further

explanation in Appendix 4).

Table 1: Table Outlining Areas for Activities where Development Contributions will be Charged

AREA	ACTIVITIES FOR WHICH DEVELOPMENT CONTRIBUTIONS WILL BE CHARGED
Central Hawke’s Bay District (Districtwide)	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, Wastewater

For clarity the council considers that for stormwater activities, a development not only creates a demand for infrastructure within the hydrological catchment it is located in, but also creates demand (by the growth community within the development) for stormwater management and flood protection over a wider area.

The other small rural townships in the Central Hawke’s Bay have little growth currently and infrastructure capacity is available. There is no growth related infrastructure investment planned in the ten-year period. Council will reassess demand and capacity in these coastal townships as part of the 2027 review.

4.1.3 Development Types and Units of Demand.

In meeting its requirements under Schedule 13(2) of the LGA 2002 to attribute units of demand to particular developments or types of development on a consistent and equitable basis, the council has considered:

- a. the need to separate residential and non-residential activities because of the different demands they place on activities of the council,

- b. the range of non-residential development types and impacts on infrastructure,
- c. the complexity of trying to make the Policy account for every different development type,
- d. the availability of data to support differential unit of demand factors for various types of development.

The Council considers that:

- There is data currently available to identify some average demand factors for a limited number of non-residential development types,
- Using broad averages for a limited number of development types is sufficient to approximate the range of development likely to occur in CHB urban areas,
- As determined by Council staff a special assessment can be used where a development results in an impact on infrastructure significantly different from that envisaged in this policy.

4.1.4 Planning Horizons and the Period Covered by this Policy

A 10-year timeframe has been used as a basis for forecasting growth and applying a development contribution. Benefits will be distributed over that timeframe with averaging to avoid the effects of lumpy infrastructure works within any given year on DCs.

This timeframe aligns to the period included in the 3 Year Plan, and the 10 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.

4.1.5 Projecting Growth

The Council is planning for new development that is occurring in the CHB urban centres. This places demands on the Council to provide a range of new and upgraded infrastructure. The successful application of the DCP is dependent on population projections and the Council adopted spatial growth demand within the District.

The DCP uses the growth projections as set out in the Key Forecasting Assumptions section of the 3 Year Plan. These forecasts are based on the medium growth scenario from Squillions Ltd adopted by Council in September 2023 and available here. CHB is currently experiencing moderate growth that is resulting in moderate population and household growth. Central Hawkes Bay remains an attractive place to live, offering cheaper housing than larger neighboring 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 district wide (for Community Infrastructure) to determine the number of HEUs for Water, Wastewater, Stormwater, Rooding, 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 2023-2034	Forecast Change in 2021 DC Policy
Waipukurau	1,755	1,791	2,123	332	460
Waipawa	843	857	1,025	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

4.2 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 1,100m² 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 TO 2031	ADDITIONAL HEU'S 10 YEAR TOTAL
Waipukurau, Waipawa	Water, Wastewater, Stormwater	20,000m 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	4000	GFA	12	12	12	12
Industrial / Warehouse	0.3	6000	GFA	24	24	24	18
Restaurants and bars	0.2	4000	GFA	52	52	52	12
Visitor Accommodation and Residential Services	0.3	6000	Unit / Room @ 30m ² each	60	60	60	18
Total HEU		20,000		148	148	148	60

4.3 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.

4.3.1 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 3 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.

4.4 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.

4.5 Capital Expenditure Council has Already Invested in Anticipation of Development

DCs will also be required to meet the cost of capital expenditure for growth already incurred over the past ten years, but have not yet been funded. This applies only where Council has previously made the decision to carry out the work on the basis that it is to be fully or partly funded by future DCs. Council has a legal requirement to use the funds within 10 years for the purpose they were taken for.

4.6 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.

4.7 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 80m². 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 Buildings

Size of Additional Building	HUE Reduction applied per activity	HUE Charged per activity
80m2 or over	Nil	1
70m2 – 79m2	0.125	0.875
60m2 – 69m2	0.25	0.75
50m2 – 59m2	0.375	0.625
49m2 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 80m2 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 50m2 to 70m2), a contribution based on the additional 20m2 will apply at the building consent stage using the development contributions policy in force at the time.

4.8 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 CHBDC has set the minimum unit of demand as an household equivalent unit (HEU). Any activity that in CHBDC's opinion uses CHBDC's network infrastructure to a greater extent than that of a single household unit will be assessed in multiples of household units as covered under the section headed "Extraordinary Users" in this policy.

4.9 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
District wide	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
	District Wide		\$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
	District Wide		\$1,243
		\$24,555	
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
	District Wide		\$1,243
		\$25,550	
Takapau	Wastewater	\$1,118,264	\$17,395
	Water	\$296,119	\$4,606
	Stormwater	\$92,447	\$1,438
	District Wide		\$1,243
		\$24,683	
Pōrangahau	Wastewater	\$569,271	\$26,566
	Water	\$74,030	\$3,455
	District Wide		\$1,243
		\$31,264	

(Prices exclude GST)

5. Assessment of Development Contributions

5.1 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.

5.2 Delegation of Assessments

Assessments will be made by an officer of Council. Reconsideration of assessments, as described in Section 5 of this Policy, will be made in accordance the delegations provided to the appropriately authorised Officer of Council.

Decisions about whether to enter into development agreements and on what terms will be made in accordance with the delegations provided to the appropriate authorised Officer of Council.

Decisions about waiving or remitting the costs that would otherwise be recoverable in respect of objections, will be made in accordance the delegations provided to the appropriate authorised Officer of Council.

Decisions about remitting development contributions will be made in accordance the delegations provided to the appropriate authorised Officer of Council.

5.3 Applications Assessed

Council will assess the following types of applications to determine whether development contributions are required under this policy:

- a) Applications for subdivision resource consent under the Resource Management Act 1999 (RMA).
- b) Applications for land-use resource consent under the RMA, or for building consent or a Certificate of Acceptance under the Building Act 2004 (Building Act) where the consent/certificate is associated with:
 - i. the creation of new dwellings (including relocation of existing houses) on a site
 - ii. the creation of new buildings or extension of the gross floor area of buildings

- iii. the change in use of a building
 - iv. an increase in the design occupants of a visitor accommodation or residential services activity
 - v. an increase in the area of impervious surfaces.
- c) Applications for service connection including water, wastewater, trade waste and stormwater.

The assessment will be made against the first consent application lodged for a development and a reassessment made on every subsequent consent application.

The Council will assess subdivision for a non-residential development as a minimum of 1 additional HEU per activity per allotment. The development will be reassessed if there is a subsequent building consent or service connection.

When Council takes a development contribution at subdivision consent stage, the expected principle nature of activities authorised by any existing land use consent for the site and/or, in the underlying Zoning, will determine the type of development contribution payable.

The Council may choose to defer the assessment of land use consents if there are special circumstances. For clarity Council will usually charge a minimum of 1 additional HEU per activity per allotment at the subdivision stage.

Each reassessment will take into account the number of units of demand previously assessed and determine whether the development still generates the same number of units of demand.

Note:

1. Council will not defer assessment of development contributions for residential development.
2. Development Contribution fees will not be deferred for non-residential subdivisions and one or more HEU are payable at resource consent stage with the balance payable at building consent stage when the full scope becomes apparent.
3. Designations are not assessed, but the development may be assessed at building consent stage.

4. Applications for works necessitated by a condition of a consent are not exempt from development contributions.

Process for Assessing Development Contributions Payable:

Table 6: Process of Assessing if Development Contributions are Payable

Step 1	Catchment Area	Establish what catchment area the 'development' lies (Appendix 2)
Step 2	Number of HEU's	Establish the number of HEUs created by the 'development' (Section 5.7)
Step 3	Number of HEU's Credit	Establish per activity the 'credits' applicable to the parcel of land (Section 5.10)
Step 4	Number of HEU's payable	Calculate the increase in HEU's
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 DC's payable	Calculate the development contributions payable

5.4 Activities for which Development Contributions are Assessed

Applications will be assessed for contributions for six different activities:

- reserves
- community infrastructure
- roading
- 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. It is however possible that this will need to be revised in the event of an increase in truck and other heavy vehicle movements.

In the event of significant subdivision development, all changes to the road network directly caused by the development (internally and/or externally) are to be

completed by the developer at the developers' expense based on the criteria set out in the 'current operative District Plan' under the Financial Contributions as allowed under the RMA.

5.5 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 5.10; and R = The applicable rate per HEU for the type of contribution (activity) and the catchment associated with the development (refer to Appendix 2).

5.6 Catchments

The catchments for charging each type of contribution are set out in Appendix 2, and the rationale further explained in Appendix 4. If for any reason a development or service connection request falls outside the catchment for water, wastewater or stormwater and is still served by the network infrastructure, then the calculation of contributions shall be as if the development or service connection was located within the catchment.

The capital expenditure related to growth is associated with one or more catchments on an activity-basis. The catchments are determined based on key characteristics including geography, service delivery and the nature and complexity of service provision. The catchments can be either local or district-wide. Individual capital works projects are allocated to catchments depending on the nature of the project and the community the project is intended to serve.

For this DCP there is four catchments:

Table 7: Table Outlining the Catchment Areas and Activities Covered in each Catchment

CATCHMENT AREA	ACTIVITY COVERED
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
------------	-------------------

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.

5.7 Assessment of HEUS on the Basis of Multipliers

Subject to Section 5.8 and 5.9, the number of HEUs associated with a development will generally be assessed on the basis of the standard multipliers set out below, less any credits provided for in 5.10.

a) Residential Developments

ACTIVITY FOR WHICH CONTRIBUTIONS ASSESSED	UNIT OF MEASURE	MULTIPLIER (HEU MEASURE)
All	Allotment or 1st dwelling on an allotment	• 1 - (allotments and dwelling units).
All	Every second and subsequent dwelling unit on an allotment.	• 1 - Every second and subsequent dwelling unit on an allotment.

b) Non-residential Developments

The following are based on common factors of average demand. For the three waters the units of demand are set at 100m2 of Gross Floor Area (GFA), then converted to HEUs based on the standard for a residential dwelling. Reserves and Community Infrastructure are zero rated as the demand is primarily generated from households. Developments that are determined by Council as having an impact on network services well above what is covered by the categories below (such as wet industries or a major food processing plant) can be considered as a special assessment (see section 5.9).

Table 9: Non-residential Base Unit Conversion Multipliers

NON-RESIDENTIAL CATEGORY	WATER PER 100M ² GFA	WASTEWATER PER 100M ² GFA	Roading PER 100M ² GFA	STORMWATER PER 100M 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			

5.8 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.

5.9 Special Assessments of HEUs on the Basis of Actual or Anticipated Demand

If the actual demand associated with a non-residential development is likely to be significantly different, that is at least 50% more or less than what is implied by the multipliers and demand assumptions in 5.7b, the Council may, in its discretion, choose to calculate the number of HEUs on the basis of the actual anticipated demand (including peak water take, peak wastewater discharge and wastewater content), less any credits provided in 5.10.

This 'special assessment' may be called for at the Council's discretion. The applicant will be expected to provide supporting information and detailed calculations of their development's water supply, wastewater and stormwater demands in base units. Using the standard base unit/HEU conversions (Table 9) these estimates may then be converted to HEU's and charged accordingly. This additional information could be made part of a Section 92 (RMA 1991) request or at requested pre-application stage.

In determining whether to use this alternative calculation Council will consider the likelihood that the demand will change over time and whether, therefore, the standard approach may be more appropriate.

An assessment on the basis of actual anticipated demand shall be made by estimating the actual demand associated with the development for each service in the units of measure set out in 5.7, and dividing this by the demand assumptions for a HEU set out in table 11 in section 6.3. The calculation may be adjusted to reflect other factors that influence the design of infrastructure, peak demand issues and measures to mitigate demand.

5.10 Assessment of Credits for Historic Development

Historic credits acknowledge prior development of the site which has ceased and will be applied against the number of units of demand assessed for a development calculated under 5.3 to 5.9. The following principles shall apply to calculating credits:

- The onus is on the applicant to include details in the application of the historic development
- Credits can only be used for a development on the same site and cannot be transferred from one site to another
- The number of credits available is calculated under the policy that applies at the time of the assessment of the new development
- Additional credits will not be refunded if the number of units of demand assessed for any activity for the historic development exceed the number of units of demand assessed for the new development. However, the historic development may be considered again when assessing credits for any future development

There are a number of situations where credits may be considered:

- Existing residential dwelling units on site
- Payment of ½ or full rates charges for the water, wastewater or stormwater on the existing lot
- The previous lawfully established activity or lawfully consented buildings on a site
- Credits will not be given if the original activity was non-residential and did not pay or was unlikely to have paid a contribution. This applies to activities that were permitted and did not require any form of consent, but that have placed additional demand on Councils services.
- Cross leases that are separated into 'Fee Simple' titles will not attract contributions if there are no related works on site that will increase demand for Council infrastructure.
- Any vacant section is assumed to have one HEU credit to the extent that it is serviced (if physical connections are not in place no credit may be assumed).
- Credits for historic non-residential development will only be awarded if the elements that imply that development (i.e. the buildings, impervious surfaces etc.) were present in the ten years prior to assessment.

5.11 Reductions

The value of the development contribution assessed will be reduced for the following reasons:

a) Esplanade Reserves

Esplanade Reserves or strips required under the RMA and associated with the development will be offset against development contributions payable for Reserves, up to the value of the contribution payable. Valuation of the Esplanade Reserve or strip will be GST exclusive and shall be assessed in terms of section 62(1)(b) of the Public Works Act 1981. The date of valuation shall be no more than 12 months before the requirement for the contribution.

b) Special Circumstances

Special circumstances may apply in relation to some service connections that may be taken into account to reduce the development contribution payable e.g. a targeted or special rates levy has been agreed pending the installation of a new service and as such provides for that property to connect to the services when commissioned. Under these circumstances the agreement would be honoured and no development contribution would be applied, except for where the demand proposed is greater than that envisaged by the special rate and a development contribution, or part thereof, will be charged.

c) On-site Provision of Infrastructure

The Council will consider a reduction in the development contribution assessed where the applicant will provide additional infrastructure on-site that reduces the demand for Council infrastructure. This could include:

- Wetlands, storage tanks and rain gardens to limit stormwater run-off and reduce reticulated water usage,
- Onsite pre-treatment of wastewater.

The applicant would need to prove that the additional infrastructure is over and above the standard services required by Council and would directly offset the standard demand for services. An assessment may be carried out by Council to identify how many (if any) HEU's should be deducted from the development contributions calculated under 5.7 and 5.8.

5.12 Remissions

Council will consider requests for remission of development contributions on the following grounds:

- The development is by a non-profit organisation and/or it will provide wide ranging benefits to the public.

Any such request must be made in writing and within 20 working days after the date on which the Council sent notice of the level of development contribution Council requires.

The request must include the following information:

- Description of the site and specific application subject to the contribution
- Description of the organisation seeking the remission and confirmation that it is a non-profit organisation as defined in the glossary
- Description of the benefits that the development will provide to the public and the extent of access to those benefits.

The request will be considered in accordance the delegations provided to the appropriate authorised Officer of Council.

The Authorised Officer will have regard to the following criteria in determining whether to grant a remission and the quantum of the remission:

- The level of the public benefits provided by the activity and the extent of access to those benefits, and
- The development contributions reserve funding available to Council.

Council will give written notice of the outcome of its consideration of the request within 15 working days of its receipt of the request and all relevant information relating to the request.

5.13 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.

5.14 Money or Land

The LGA provides that a development contribution for Reserves may be money or land, or both. Under this policy the contribution for Reserves shall be made in money unless, at the sole discretion of the Council, land is accepted.

In general, Council will only accept land as a development contribution for Reserves where it is specifically for a recreation, scenic or historic reserve and will be vested as such on subdivision or otherwise classified. However, Council may also accept easements for access etc. to existing Reserves or for recreational purposes. In determining whether to accept land the Council will have regard to existing policies. Drainage reserves and areas within reserves that are used primarily for drainage (e.g. retention pond areas), while they may be accepted by Council, will not form part of a development contribution for Reserves.

5.15 Development Agreements

The Council may enter into specific arrangements with a developer for the provision and funding of particular infrastructure under a development agreement, including the development contributions payable, as provided for under sections 207A - 207F of the Local Government Act 2002. For activities covered by a development agreement, the agreement overrides the development contributions normally assessed as payable under the Policy.

The Council will consider a developer’s written request to enter into a Development Agreement without unnecessary delay. The Council will provide the developer written notice of its decision on the request and reasons for the decision. The Council will take into account the provisions contained in the Policy, as well as any other matters considered relevant. Similarly, where the Council requests that a developer enter into a Development Agreement, the request must be considered by the developer without unnecessary delay, who must provide written response to the Council.

A Development Agreement may record specific arrangements with a developer for the provision of particular infrastructure to meet the special needs of a development, which include (but is not limited to):

Where a development involves a large area to be developed over a long time period.

Where a development requires a special level of service or is of a type or scale which is not readily assessed in terms of units of demand.

Where a development is in a Deferred Residential Zone or any other area where Council is not currently planning to provide infrastructure for the 10-year period covered by the Policy. In those cases, a Development Agreement, private sector funding of infrastructure and an agreed Structure Plan would be required at first instance.

The content and effect of a Development Agreement must be meet the requirements of the Local Government Act 2002, and in particular section 207C.

5.16 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.

5.17 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.

5.18 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.

5.19 Postponements

Postponements on payment of a development contribution will not be applied.

5.20 Reconsideration Process

As set out in section 199A(1) of the LGA, any person required by Council to make a development contribution may request a reconsideration of the requirement if they believe that:

- The development contribution was incorrectly calculated or assessed under the territorial authority's development contributions policy; or
- The territorial authority incorrectly applied its development contributions policy; or
- The information used to assess the person's development against the development contributions policy, or

- The way the territorial authority recorded or used it when requiring a development contribution, was incomplete or contained errors.

As set out in section 199A(4) a person may not apply for a reconsideration of a requirement for development contributions if they have already lodged an objection to that requirement under section 199C and Schedule 13A of the LGA.

Any such request must be made in writing within 10 working days after the date on which the person lodging the request for the reconsideration received notice from the Council of the level of development contribution Council requires.

The request must clearly state the site and specific application subject to the contribution, the particular contribution(s) to be reviewed, and any matters the person would like Council to take into consideration when undertaking the review.

The reconsideration will be undertaken in accordance the delegations provided to the appropriate authorised Officer of Council.

The reconsideration will be limited to consideration of the grounds for reconsideration listed in the bullets in this section.

Council will give written notice of the outcome of its reconsideration within 15 working days of its receipt of the request and all relevant information relating to the request.

Note: The LGA also provides a process for persons to object to development contributions assessed and for decisions on objections to be made by independent development contribution commissioners. Refer to Schedule 13A of the LGA for further details.

5.21 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.

6. Explanation of the Method for Development of the Schedule of Charges

6.1 Relevant Provisions in the Local Government Act 2002

Relevant provisions in the LGA that provide the legislative framework for this DCP include the following:

- Section 197AA and 197AB provides the purpose and principles for development contributions
- Section 199 provides the basis on which development contributions may be required.

Subsection (2) clarifies that Council may require a development contribution in relation to capital expenditure already incurred by the territorial authority in anticipation of the development.

Subsection (3) states that in subsection (1), effect includes the cumulative effects that a development may have in combination with other developments.

Section 203 (1) sets the maximum contributions for reserves and for network infrastructure and community infrastructure - Development contributions for reserves must not exceed the greater of:

- 7.5% of the value of the additional allotments created by a subdivision, and
- The value equivalent of 20 square metres of land for each additional household unit created by the development.

Development contributions for network or community infrastructure must not exceed the amount calculated by multiplying the cost of the relevant unit of demand by the number of units of demand assessed for a development or type of development (Clause 1 and 2 of Schedule 13 of the LGA).

Schedule 13 contains the general methodology for determining the maximum development contribution. In short, this requires identification of the capital expenditure costs, as set out in the LTP, which the Council expects to incur to meet increased demand resulting from growth and to attribute these costs to units of demand.

Clause 2 of Schedule 13 of the LGA, further requires that Council demonstrate that the units of demand are attributed to developments on a consistent and equitable basis.

6.2 The Capital Works Programme

Development contributions are only charged in relation to capital projects identified in the LTP. This includes both current projects identified in the Activity Management plans, as well as past projects. These are listed in Appendix 1. The Capital Works Programme is founded on a range of considerations including:

- Provisions of the LGA, such as the purpose of local government (Section 10), decision-making requirements (sections 76-81), the principles relating to local government (Section 14)
- The community outcomes identified in the Long Term Plan under the LGA
- Projections of growth and other changes in the community which could drive changes in demand
- Service provision levels and standards, which define the services being provided to the community in terms of criteria
- Plans and strategies.

Other types of network and community infrastructure capital projects could potentially be considered for development contributions in the future.

Council has used the best information available at the time of developing this policy to estimate the capital expenditure. However, it is likely that actual costs will differ from estimated costs due to factors beyond the Council's control, such as changes in the price of raw materials, labour, etc and the timing of capital works taking place.

6.3 Unit of Demand

The Household Equivalent Unit (HEU) is the base unit of demand used to apportion costs between different types of development in the calculation of development contributions. It represents the assumed demand for the service generated by an average household.

Units of demand can be assessed at subdivision, land use and building consent stages. It is Council's preference to assess and apply a development contribution at the first stage of development, namely the subdivision consent stage. Individual developments may create multiple units of demand for any of the given community facilities.

This table contains the demand assumptions for an independent household unit (i.e. one unit of demand or 1 'HEU'). The demand assumptions were used to develop

the multipliers used to attribute units of demand to non-residential developments. They are also used to attribute units of demand to developments assessed as a special assessment under section 5.9.

Table 11: Demand assumptions for an HEU

ACTIVITY	UNIT OF MEASUREMENT FOR HEU	DEMAND PER HEU	COMMENTS
Reserves	Apportionment of total demand on Reserves	1 apportionment	
Community Infrastructure	Apportionment of total demand on Community Infrastructure	1 apportionment	
Roading	Apportionment of total demand on Roading	1 apportionment	
Water	Daily flow	820 litres per day	
Wastewater	Daily flow	615 litres per day	
Stormwater	Impervious surface area	340m 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 5.7 sets out the multipliers used to calculate the number of HEUs associated with non-residential development. In essence, these multipliers represent the assumed typical relationship between the demand generated by non-residential development and the demand generated by households. Similar multipliers are used to convert the growth model to HEUs in the funding model.

6.4 Measurements to Determine Units of Demand for Activities

Different types of measurements are used to allocate units of demand for each activity for residential and non-residential developments (refer Section 6.3).

For all activities a differentiation is made between residential and non-residential development due to the demand they place on the network activities. The catchment areas are defined for each activity as shown on the maps in Appendix 2.

The HEU divisor needs to account for both residential growth and non-residential growth. Residential is assumed at 1 HEU per additional allotment. Non-residential growth is converted to HEUs using the following assumptions:

- Water = 1 HEU per 0.84 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 which form part of the capital work projects

6.4.1 Water Supply

For the purposes of DC's, interdependence within the networks creates a need for integrated management of the operation of the necessary components. As such, the management and professional services of Water is undertaken with District urban supply and demand issues in mind. The catchments have been split into the following for the direct catchment operations:

- Otāne
- Waipawa
- 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.

6.4.2 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.

6.4.3 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 340m². This is the ISA used to determine the number of HEUs for each non-residential development.

6.4.4 Reserves and other Community Infrastructure

The Reserves and Community Infrastructure assets are composed of two distinct parts. They are: land identified as reserve for recreational purposes ("reserves"), and infrastructure associated with that identified land or other land owned or controlled by the Council for public amenities ("community infrastructure").

Community infrastructure is composed of capital developments and facilities associated with the identified reserves and other land owned or controlled by the Council. This includes, but is not limited to playgrounds, administration buildings, carparks, landfills, libraries and recreational complexes, and public toilets – both on and off reserves.

The reserves and community infrastructure provide active and passive recreational facilities to the District community. For new community infrastructure, park and reserve facilities established specifically for new growth areas, 100% of these infrastructure works are to be funded by growth. For new facilities that include improvements to existing levels of service, various proportions of

the cost have been attributed to future growth over the next 10 years depending on the details of each project.

The Development Contributions are district wide and are based on the value of identified future provision, and any works already completed since June 2021, of district wide parks, reserves and community infrastructure associated with growth.

Increased numbers of households and residents create additional demand for sportsfields, passive reserves, libraries, administration buildings, walkways and associated assets such as toilets and playgrounds. Council purchases key new land for reserves significantly before the developments are completed in order to minimise the cost of land purchase and reduce unnecessary servicing costs.

All residential and rural developments in the District specified in the Reserves and Community Infrastructure map in Appendix 2 will pay a DC for reserves and other community infrastructure. DCs will not be charged on non-residential development, or the non-residential component of mixed use developments.

The assumed demand for parks reserves and other community infrastructure is created and driven as a result of additional people, or residential households, being located within the District. Increased demand for parks reserves and other community infrastructure can come from anywhere within the defined area from residential and rural development. Non-residential development generally has no impact on the demand for reserves and community infrastructure networks and therefore DCs for Reserves and other community infrastructure do not apply.

All residential and rural development is assumed to create one unit of demand.

All non-residential development is assumed to create zero units of demand.

6.4.5 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, 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. It is however possible that this will need to be revised in the event of an increase in truck and other heavy vehicle movements.

In the event of significant subdivision development, all changes to the road network directly caused by the development (internally and/or externally) are to be

completed by the developer at the developers' expense based on the criteria set out in the 'appeals version District Plan' under the Financial Contributions as allowed under the RMA.

6.5 Assessment of growth model

Council has developed growth projections for the period 2023-2034 to estimate future growth within the CHB district. This underpins the development of the policy at two levels. Firstly, as growth drives changes in demand on infrastructure, the growth projections are a foundation for the capital works programme. Secondly, the growth projections are converted into HEUs to model funding and to calculate the development contribution charge (refer to section 5).

The growth projections address three indicators of growth:

- Resident population
- Households
- Gross floor area of non-residential activities.

The full forecasts are available from Councils website and accessible here.

6.6 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.

6.7 Identification of Growth Expenditure and Funding Mechanisms General Approach

A schedule of the capital expenditure identified in the 10 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:

1. Activity Level

The range of funding mechanisms (consistent with the Revenue and Financing Policy) is identified at the activity level and an initial analysis is made of the considerations in the LGA, including section 101(3).

2. Programme Level

Further consideration is given to the considerations in the LGA and their implications for funding.

3. Project Level

At the project level, the drivers for the project are reviewed and a cost allocation process is undertaken to separate the costs into three drivers (growth, level of service and renewal).

A catchment is then identified for the project and the funding model applied to provide an indication of the 'raw development contributions charge' required to fund the growth component. Further consideration is then given to appropriate funding mechanisms, building on the analysis at the activity and programme level and the considerations in the LGA. This may result in re-consideration of the drivers and cost allocation process.

In general terms, Council has determined to use development contributions to fund the portion of capital indicated in Appendix 1 because:

- a. The portion of capital expenditure identified relates to the growth community in terms of sections 101(3)(a)(ii) (beneficiaries) and/or 101(3)(a)(iv) (exacerbators). Development contributions provide a means of directing funding to the growth community.
- b. Council recognises that liability for rates is increasingly putting pressure on the social wellbeing of the community and the use of this alternative source of funding will have the benefit of easing the burden of rates.
- c. Council wishes to keep debt levels within the covenants identified in its Financial Strategy.

6.8 Cost Allocation

Council makes a judgement about whether the assets being created will provide additional capacity or improve Level of Service (LOS) / renewals and therefore who benefits, the existing users, or the growth users. For this policy Council has only looked at the capital projects for water, wastewater, stormwater, reserves and community infrastructure.

The capital expenditure and benefit allocation in this policy is analysed in the following way:

- Renewal expenditure: this benefits the existing user only and replaces the existing asset base
- Backlog expenditure: new asset capacity is of benefit to the existing user only, to meet the short fall in the current Level of Service
- New services expenditure: capital expenditure to provide benefits to both the existing and the growth user on a pro-rata basis
- Growth expenditure: that which benefits and is needed by the projected growth in the community, estimated over the next 10 years. Asset capacity which provides benefits beyond that period will be allocated to future growth communities and may form part of future Development Contribution Policy.

The Level of Service supplied for these activities generates a benefit that is enjoyed by the whole community, both existing and growth users. There is no mechanism to exclude one group from the other. Similarly, both existing and growth users share proportionately in the benefits of excess capacity up to the point that it is consumed by the expanding community.

There is recognition of transitional benefits to both the existing community and the incoming growth community that may occur in some circumstances as a result of excess capacity provided in anticipation of growth. This is often perceived as an improvement in Level of Service, but if there has been no change in the planned Level of Service this is an 'improvement' that will be eroded over time as growth takes up that additional capacity. Council's cost allocation methodology takes account of this transitional benefit where appropriate and allocates it between the growth community and the existing community.

It is recognised that there are components built into the existing network with excess capacity which will benefit the growth community. Some of these components are included in the development contributions calculations as past projects with residual capacity for anticipated growth. Therefore, the growth community benefits from some significant past capital expenditure without incurring any additional charges.

The process of cost and benefit allocation is undertaken using a modelling tool, this model records:

- The judgements made about the drivers of a project i.e. the reasons Council has undertaken the project and who will benefit from the project.
- The model assists in making and recording the allocation of costs between the beneficiaries.
- The model apportions the cost of infrastructure that can be attributed to the existing and growth communities.

Council has, after deliberations and having regard to considerations of fairness and equity under section 197AB of the LGA and the overall impact on the commencing of development contributions under section 101(3) (b), of the LGA, elected to use a rate of 100% for DCs on any identified growth capital work listed in the 10 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 District-wide growth and Council's role in the development cycle that has longer time frames than other parties,
- Ensure optimal environmental outcomes and to protect public health.

Therefore, the model we currently use sets the sharing of benefits as follows:

- 100% for new or growth users of the identified infrastructure

All changes to the utility network directly caused by the development (internally or externally) are to be constructed by the developer at the developers' expense and completed to CHBDC standards. The developer will therefore meet the full actual cost of the water supply, wastewater or stormwater disposal system to the development.

6.9 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.

6.10 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.

7. Review of the Policy and Revision of the Schedule

7.1 Review of Policy

It is anticipated that a new DCP will be developed or reviewed with each LTP, or at shorter intervals if Council considers necessary, to take account of significant changes to:

- The DCP
- Policy and strategic plans
- The capital works programme accounting for growth
- The pattern and distribution of development in the district
- Anticipated inflation or interest rates
- Any other matters Council considers relevant.

7.2 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.

8. 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, 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 Maori 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: <ul style="list-style-type: none"> • service station canopies • 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 which either prevents or retards the entry of water into the soil mantle as it entered under natural conditions pre-existent to development, or that hard surface area which causes water to run off the surface in greater quantities or at an increased rate of flow from that present under natural conditions pre-existent to development. Common impervious surfaces include, but are not limited to, rooftops (concrete or asphalt), walkways, patios, driveways, parking lots or storage areas, and oiled, macadam or other surfaces which similarly impede the natural infiltration of surface water.
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: <ul style="list-style-type: none"> • 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, CHBDC, 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

9. Appendices

Appendix 1 – Project Schedule

Appendix 2 – Geographic Catchments

Appendix 3 – Development Contributions Calculations - Examples

Appendix 4 - Appendix 4 - Analysis of Benefits – Section 101(3) LGA Requirements

9.1 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
CHBDC Admin Building Strengthen & Modernisation	2028/29	2,443,140	366,471	-	366,471	2,076,669
District Landfill New cell for Landfill extension	2026/27 2033/34	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 Whatuma 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 & 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
Otane - Main Street upgrade - Concept, Design, Construct	2028-2030	337,125	16,856	-	16,856	320,269
Otane - Sports Field	2031-2032	77,471	7,747	-	7,747	69,724
Otane - 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
Otane, Waipawa, Waipukurau - 2 nd 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
Porangahau - 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
Otane, 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
Otane - 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		\$15,333
	Stormwater	\$331,648		5		\$1,914
	Reserves	\$185,661		0		\$1,106
Waipukurau	Wastewater	\$2,000,228	332	130	462	\$4,328
	Water	\$5,362,282		130		\$11,603
	Stormwater	\$698,366		39		\$1,882
	Reserves	\$1,272,914		0		\$3,832
	Roading	\$1,230,000		130		\$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
District Wide	Community Infrastructure	\$1,691,834	1,361	nil	1,361	\$1,243
	Total	\$20,205,794				

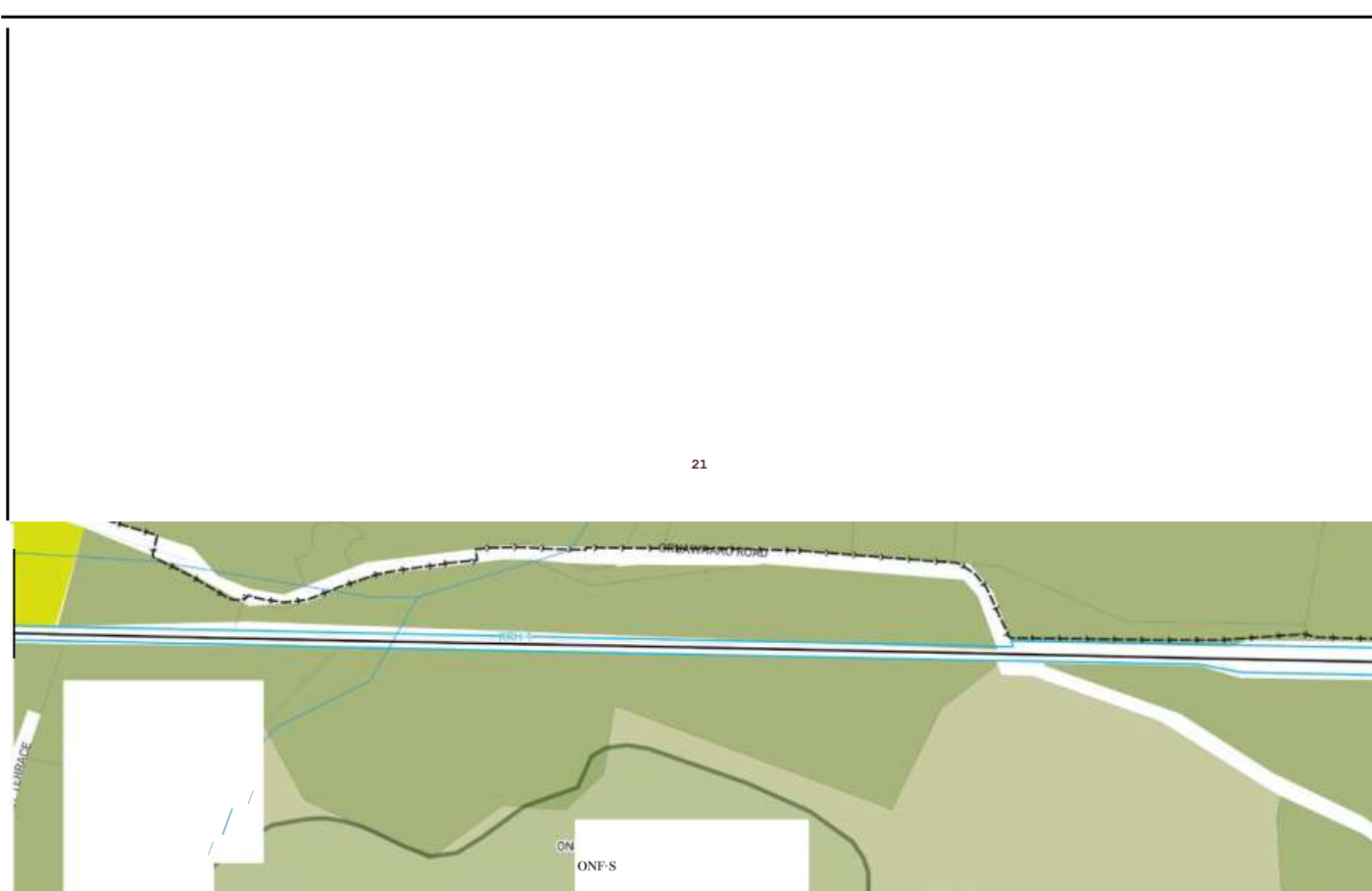
9.2 APPENDIX 2 – Geographic Catchments – Water, Wastewater and Stormwater, Reserves and Community Infrastructure

Takapau Geographic Catchment





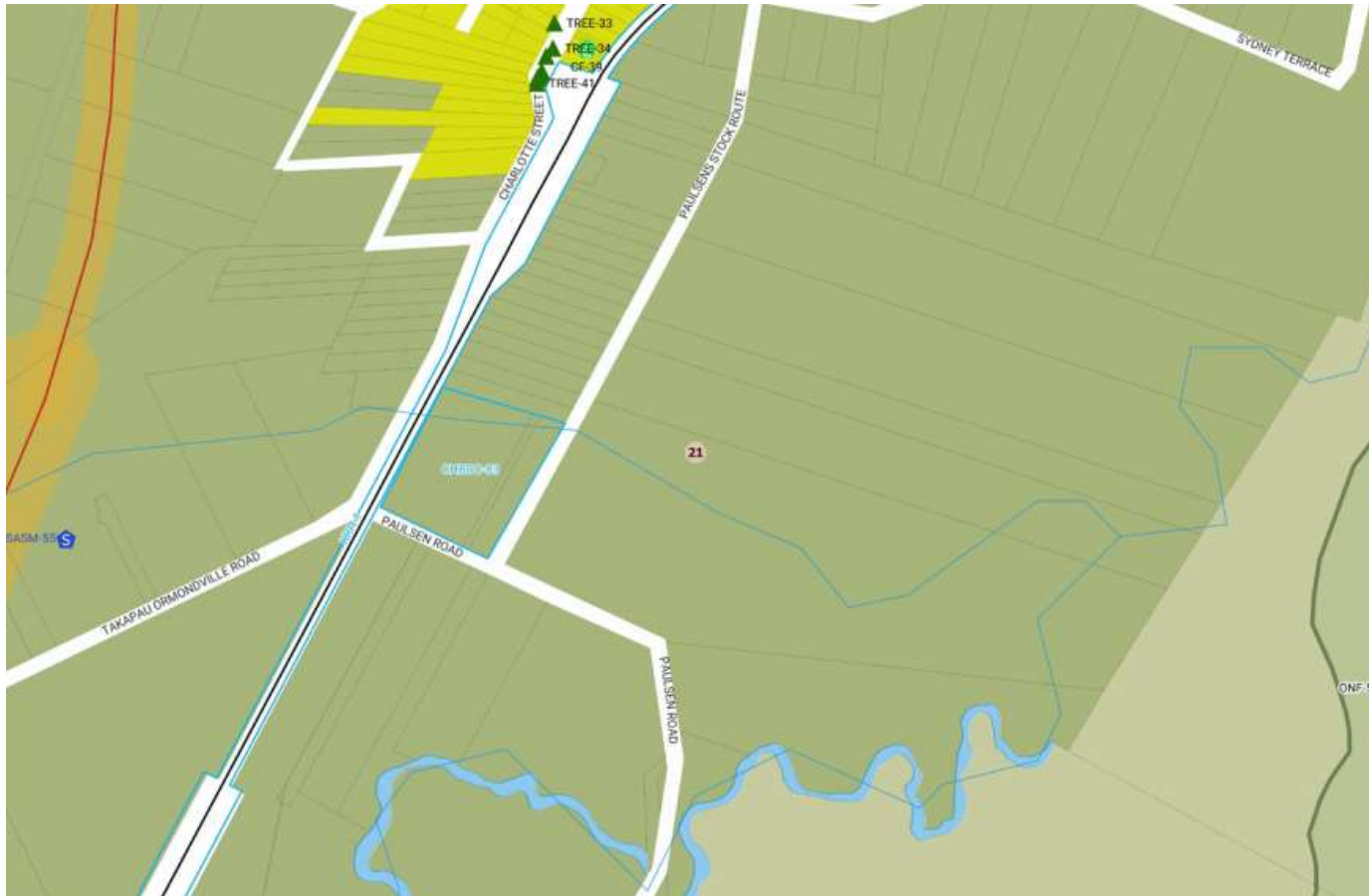
Takapau Geographic Catchment



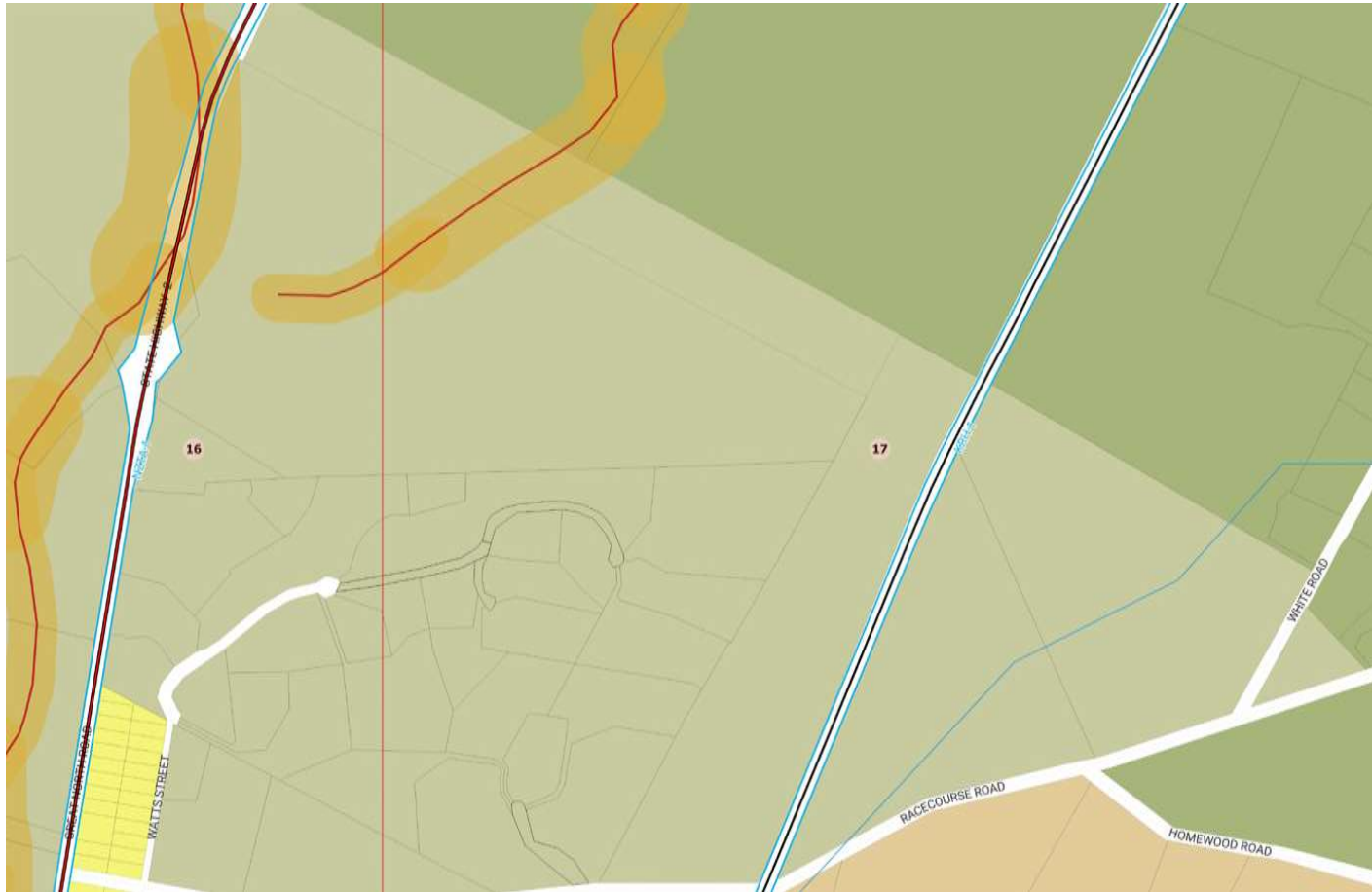
Central Hawkes Bay District Council District Plan
Sheet No: 70 Takapau

Cadastral information derived from Land Information
New Zealand (LINZ) LandonLine Cadastral Database.
CROWN COPYRIGHT RESERVED

Takapau Geographic Catchment



Waipawa Geographic Catchment



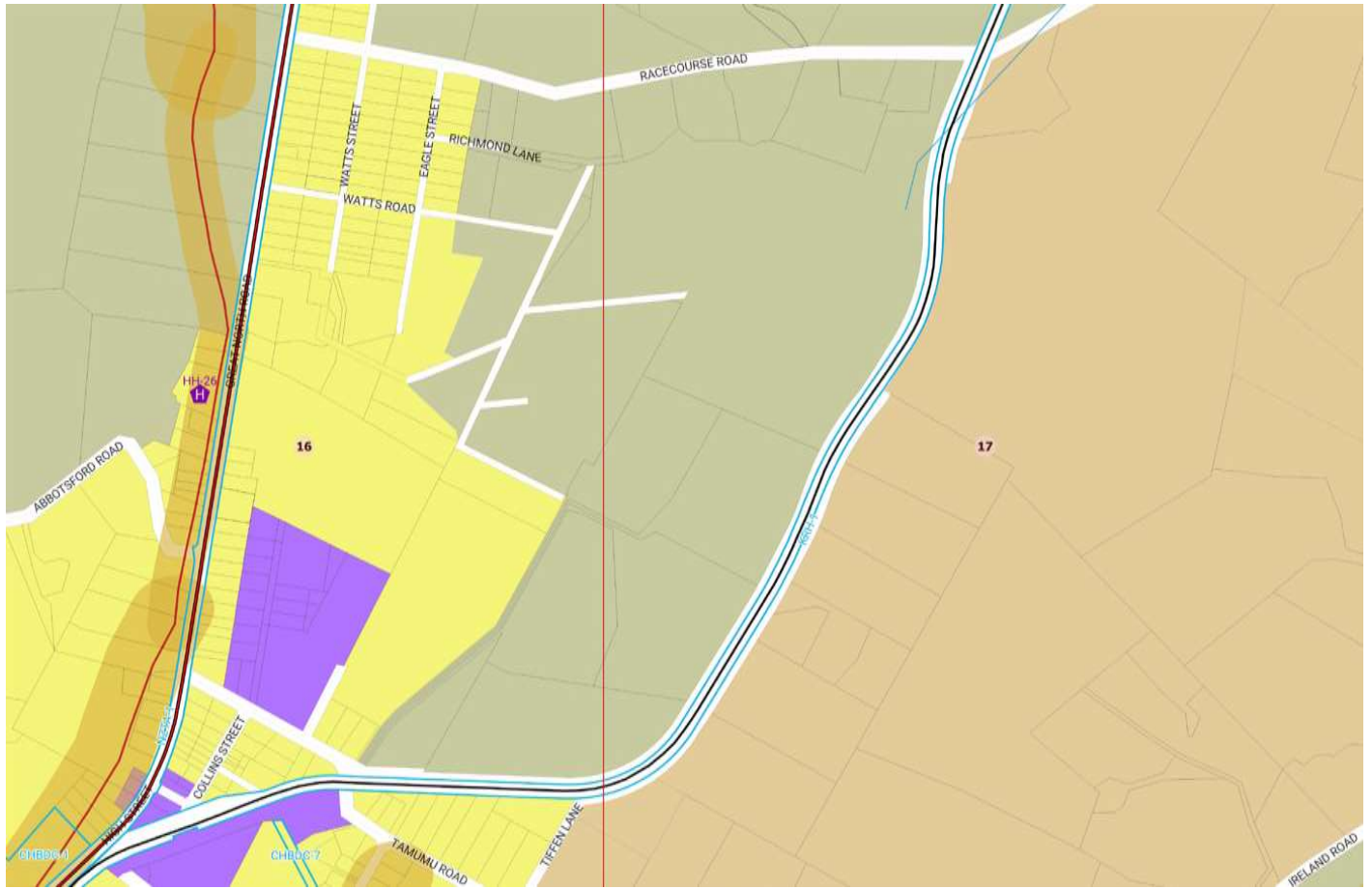
Central Hawkes Bay District Council District Plan
Sheet No: 51 Waipawa

Cadastral information derived from Land Information
New Zealand (LINZ) Landline Cadastral Database.
CROWN COPYRIGHT RESERVED

Waipawa Geographic Catchment



Waipawa Geographic Catchment

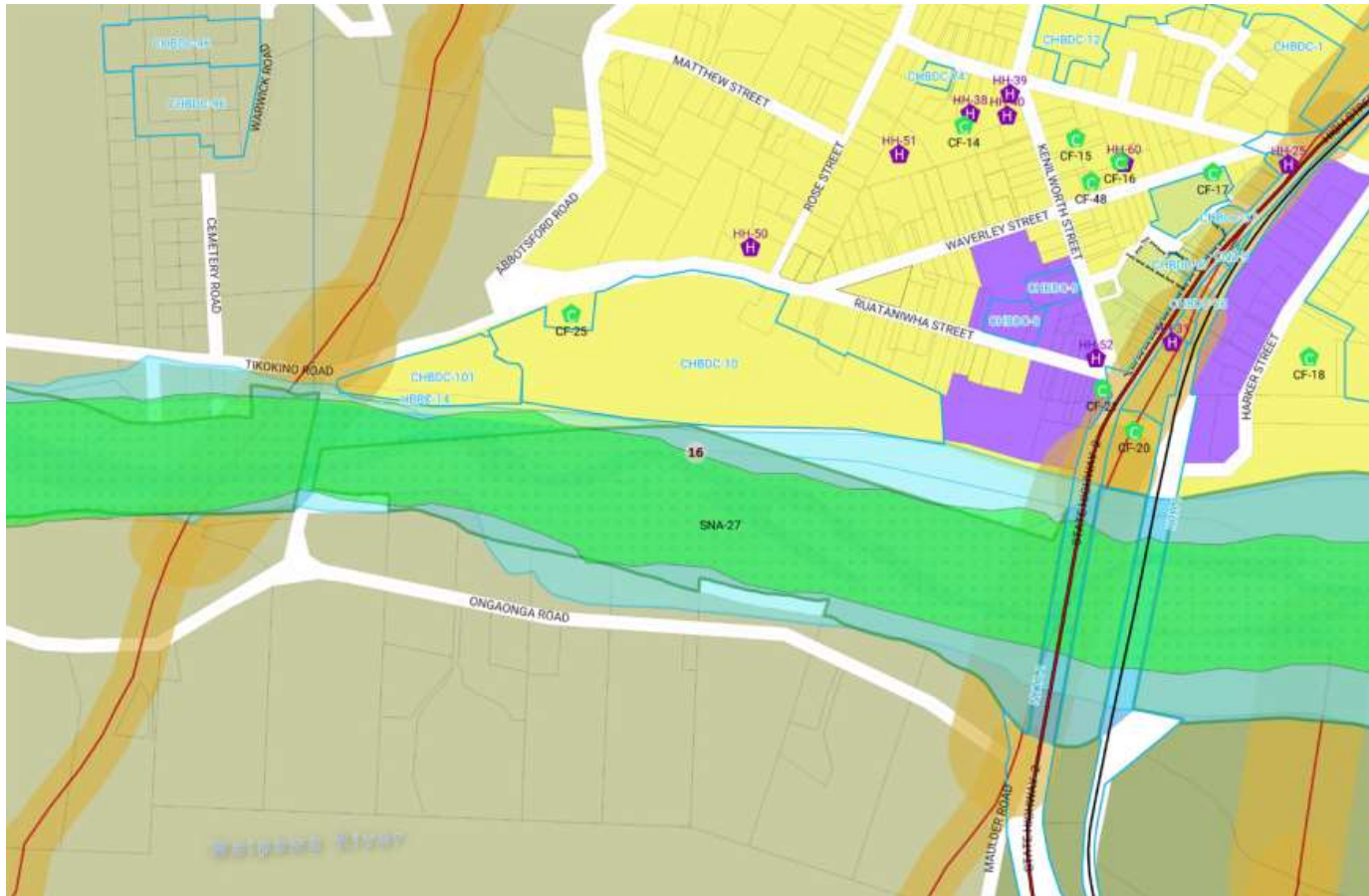


Sheet 53

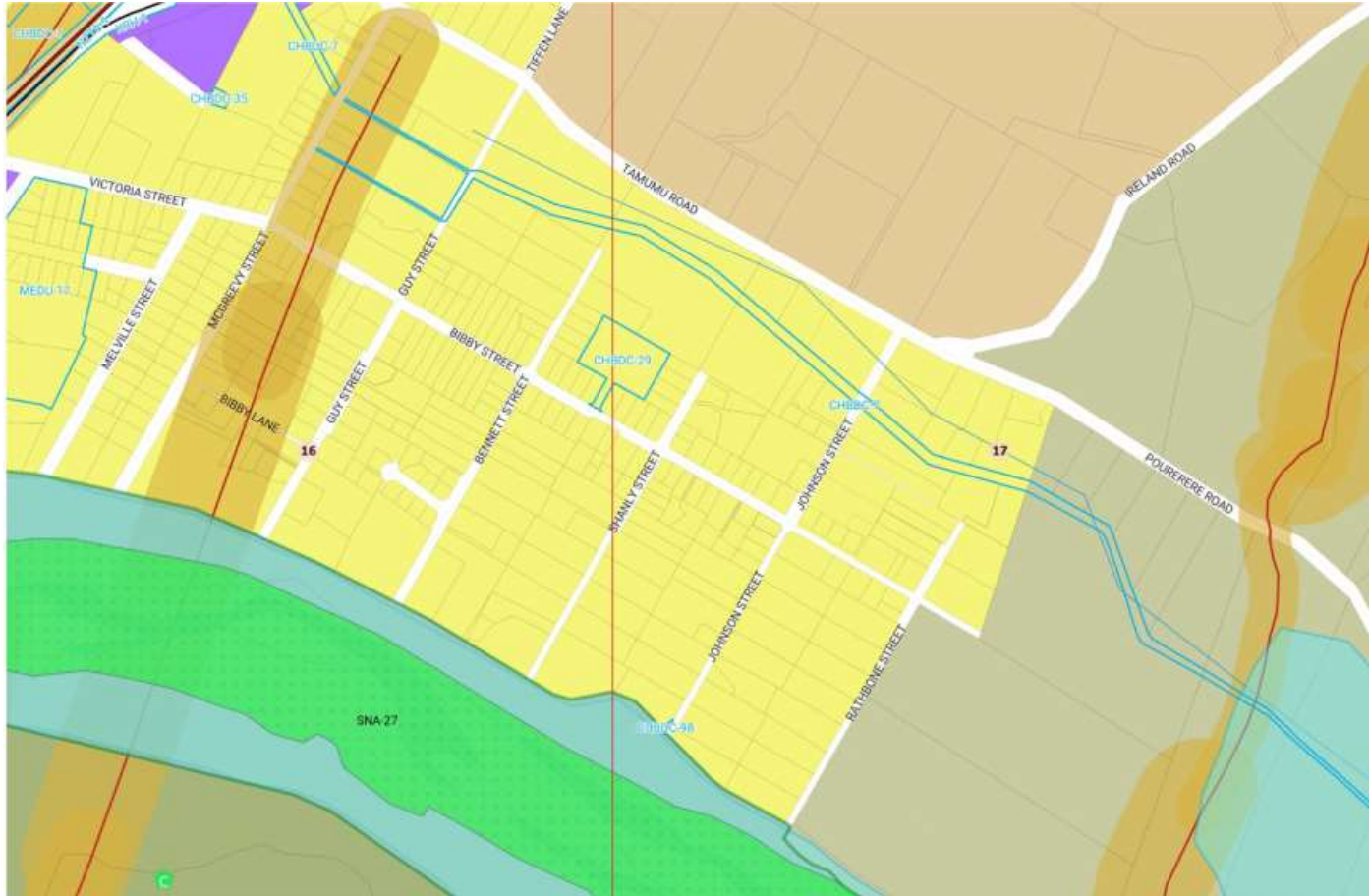
Central Hawkes Bay District Council District Plan
Sheet No: 53 Waipawa

Cadastral information derived from Land Information
New Zealand (LINZ) Landooline Cadastral Database.
CROWN COPYRIGHT RESERVED

Waipawa Geographic Catchment



Waipawa Geographic Catchment



Sheet 56

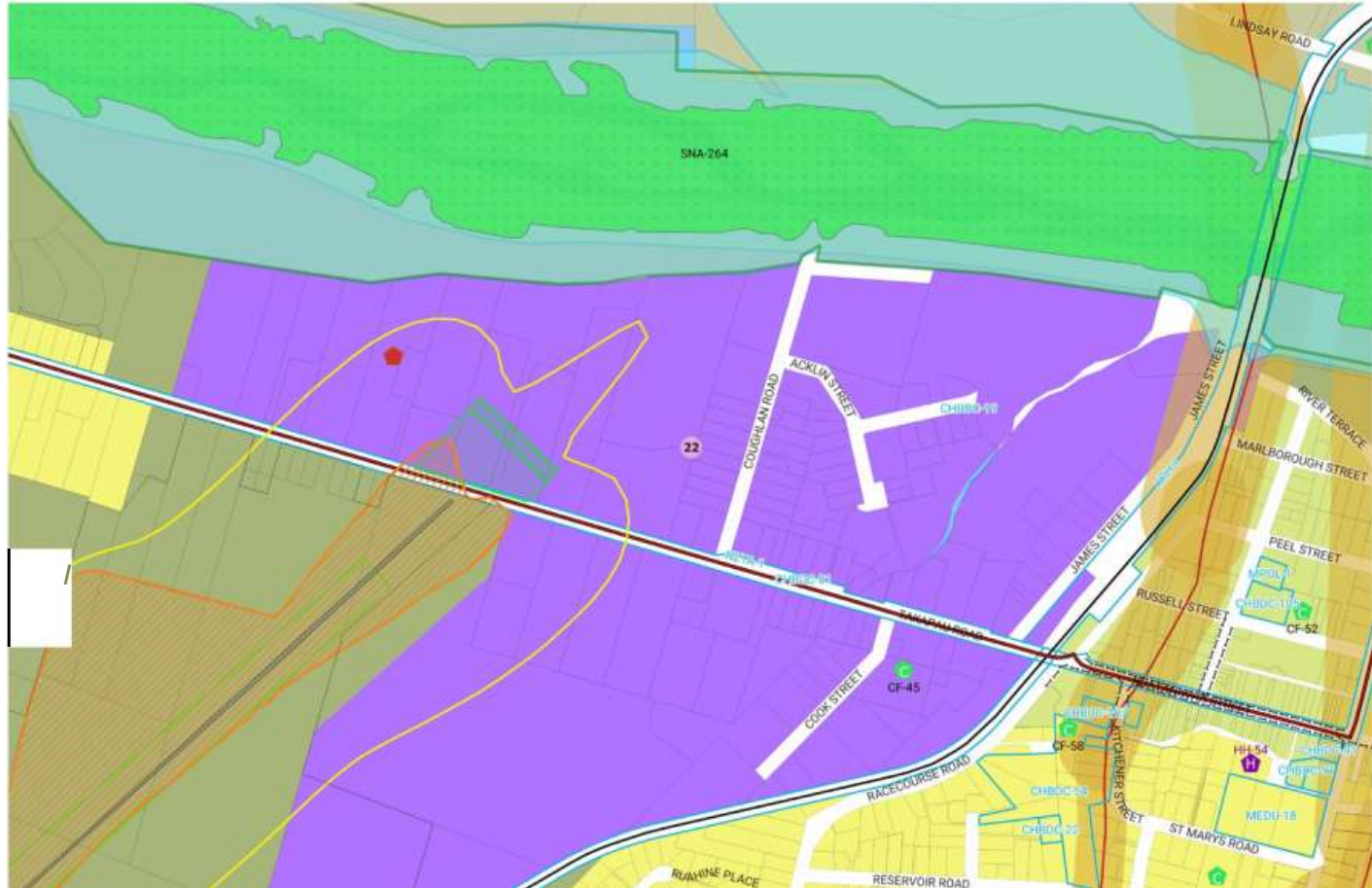
Central Hawkes Bay District Council District Plan
Sheet No: 56 Waipawa

Cadastral information derived from Land Information
New Zealand (LINZ) Landline Cadastral Database.
CROWN COPYRIGHT RESERVED

Waipukurau Geographic Catchment



Waipukurau Geographic Catchment

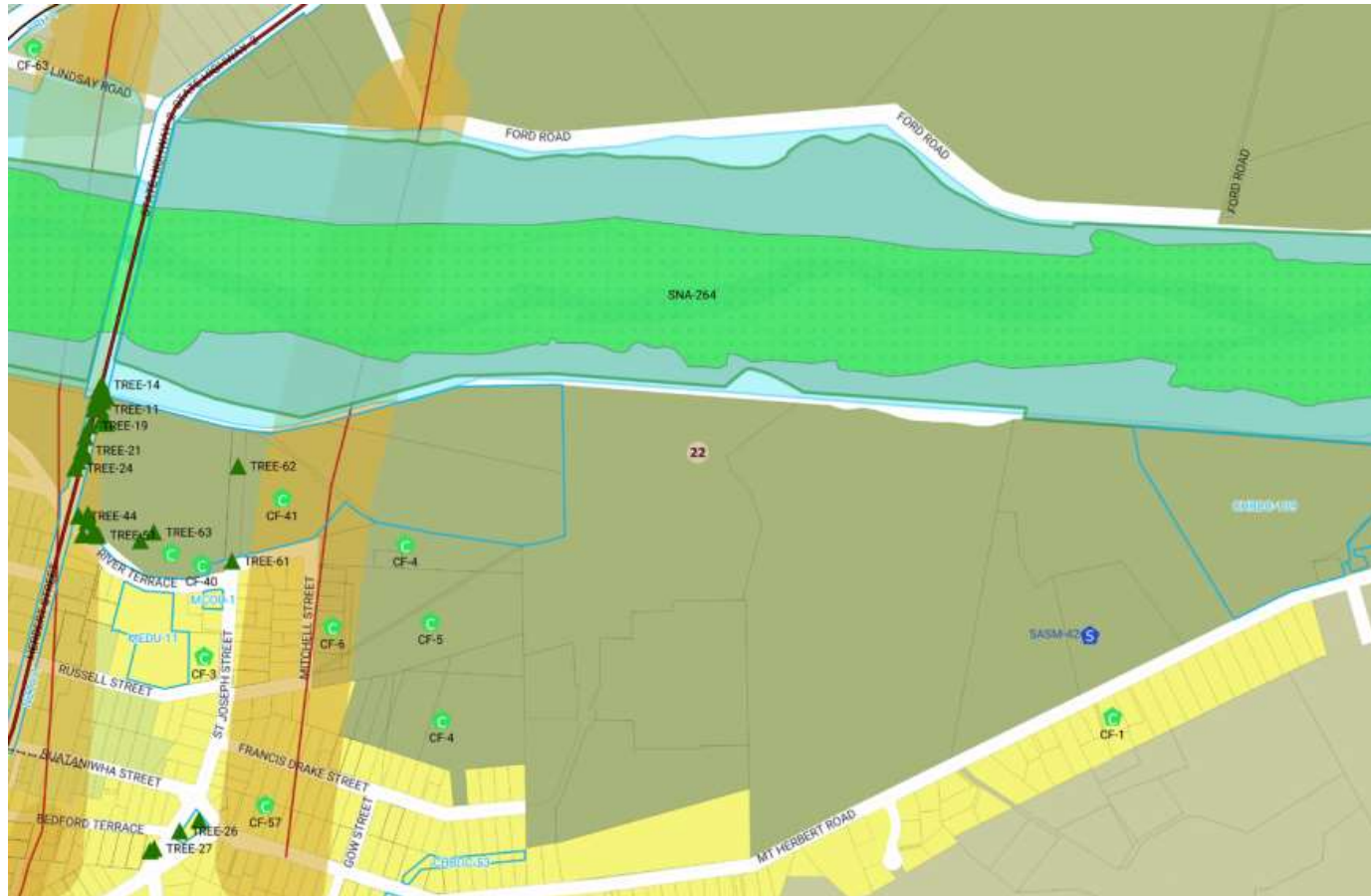


Sheet 61

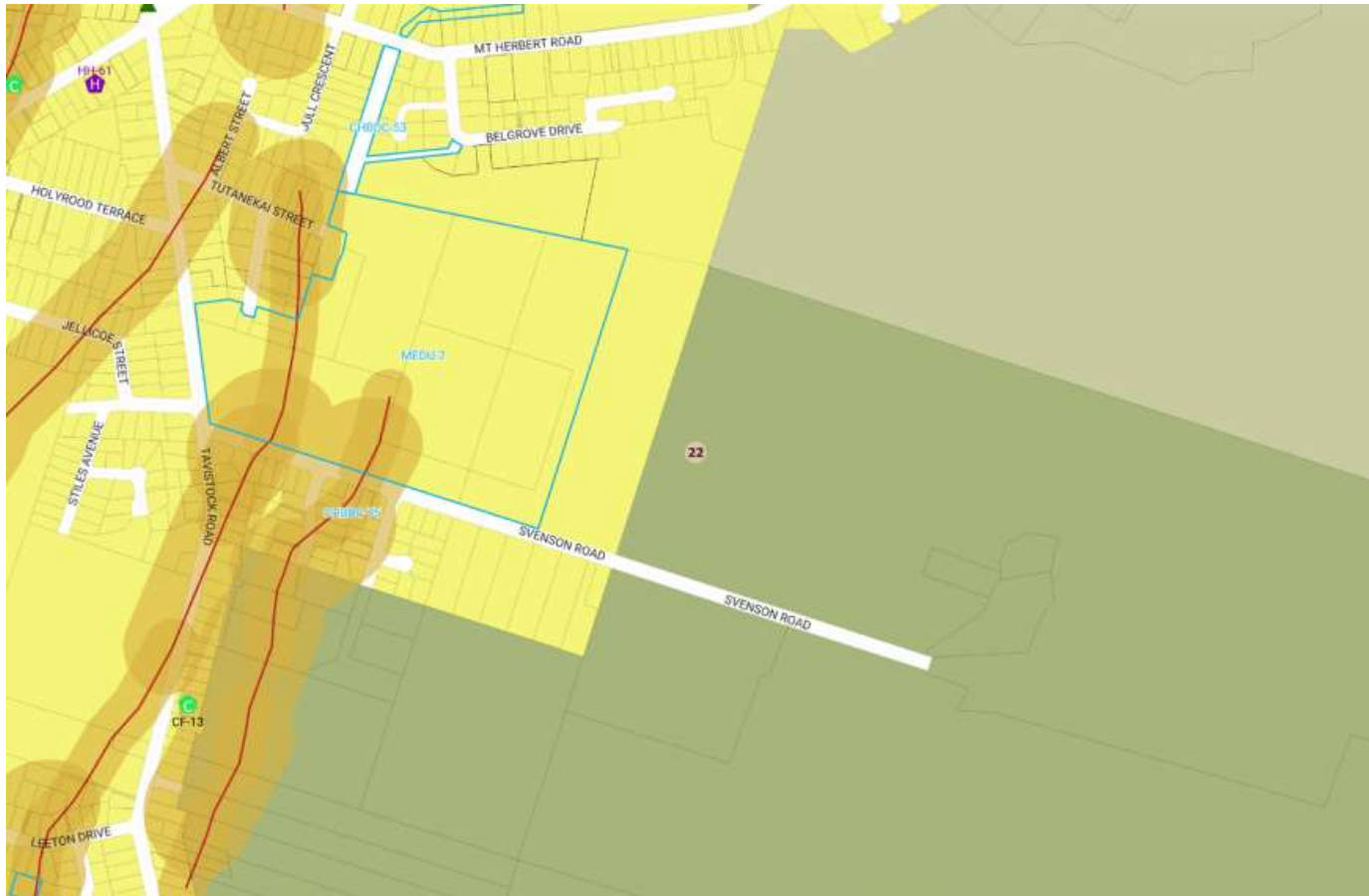
Central Hawkes Bay District Council District Plan
Sheet No: 61 Waipukurau

Cadastral information derived from Land Information New Zealand (LINZ) Landline Cadastral Database. CROWN COPYRIGHT RESERVED

Waipukurau Geographic Catchment



Waipukurau Geographic Catchment



Waipukurau Geographic Catchment



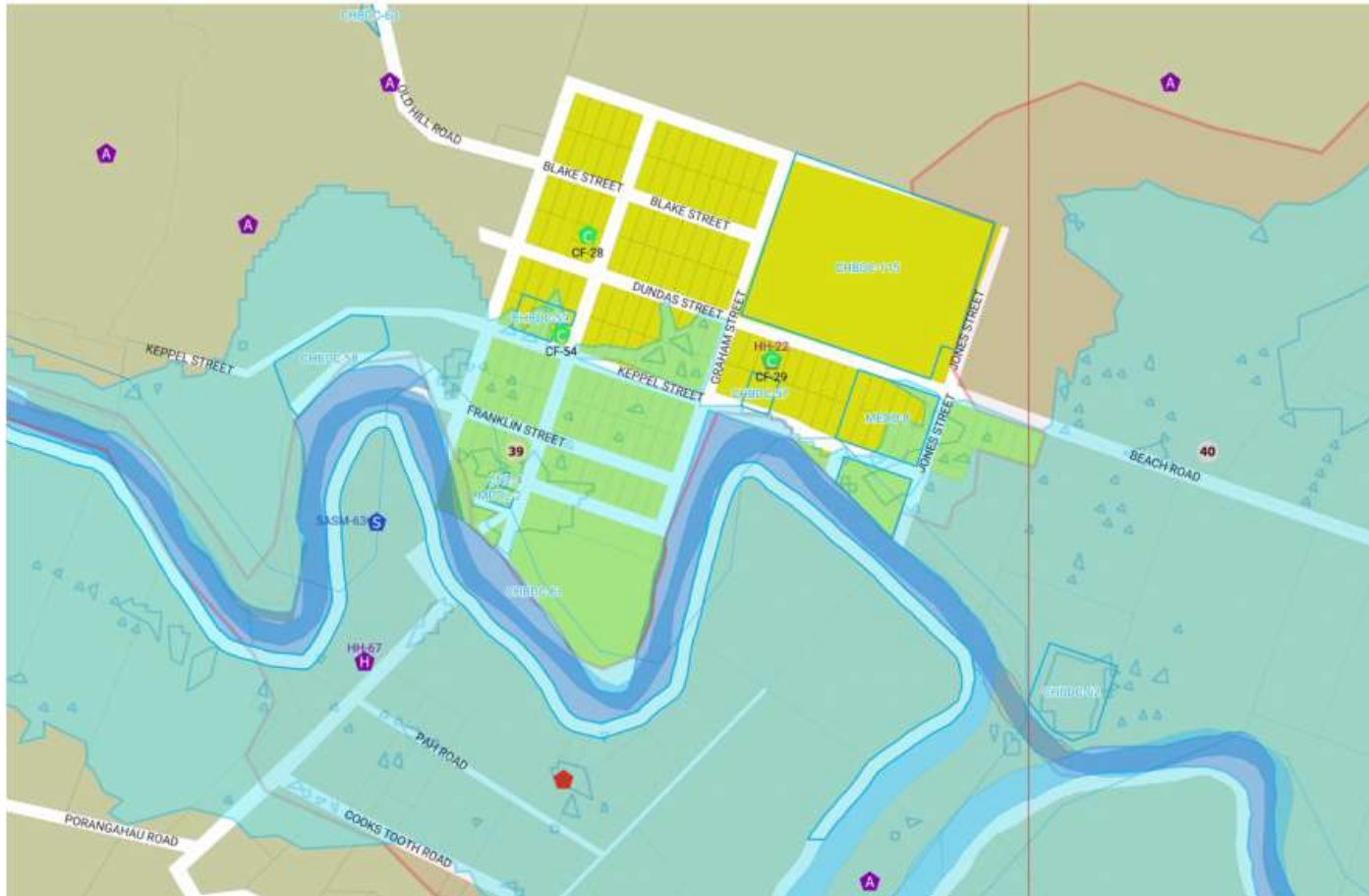
Central Hawkes Bay District Council District Plan
Sheet No: 66 Waipukurau

Cadastral information derived from Land Information
New Zealand (LINZ) LandolLine Cadastral Database.
CROWN COPYRIGHT RESERVED

Waipukurau Geographic Catchment



Pōrangahau Geographic Catchment



Sheet 75

Central Hawkes Bay District Council District Plan
Sheet No: 75 Porangahau

Cadastral information derived from Land Information
New Zealand (LINZ) Landooline Cadastral Database.
CROWN COPYRIGHT RESERVED

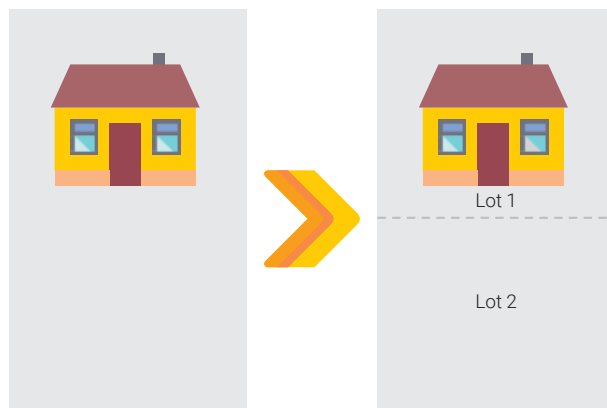
9.3 Appendix 3 - Development Contributions Calculations - Examples

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.

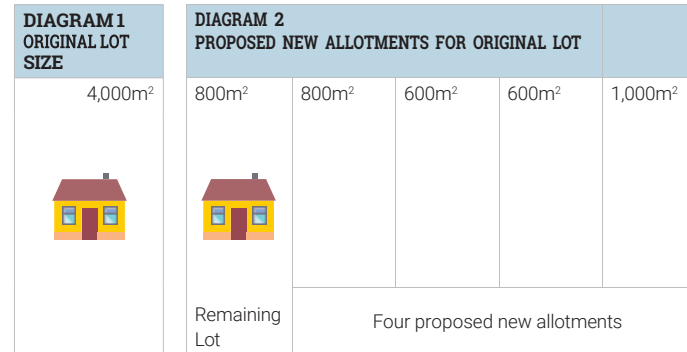
Assessment: One set of contributions for the additional lot created.

ACTIVITY	NUMBER OF EXTRA HEU'S 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 Establish what type of development and stage of development? Residential activity at subdivision stage.

Step 3 What is the demand for each Community Facility being created for the proposed development? 4 additional lots .

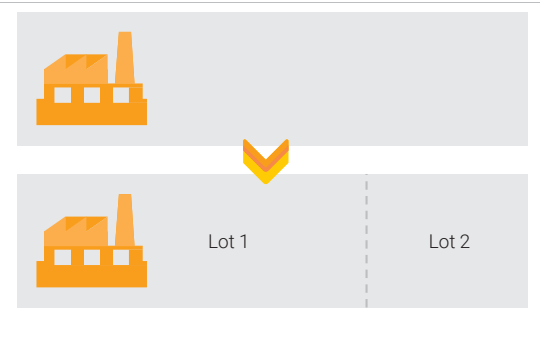
ACTIVITY	ALLOTMENTS	NUMBER OF HEUS PER LOT	\$ PER HEU (GST EXCLUSIVE)	TOTAL DC CHARGE PAYABLE (GST EXCLUSIVE)
Reserves	4 additional allotments (5 final lots less 1 existing lot)	1	\$3,832	\$15,328
Community Infrastructure	4 additional allotments (5 final lots less 1 existing lot)	1	\$1,243	\$4,972
Roading	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.

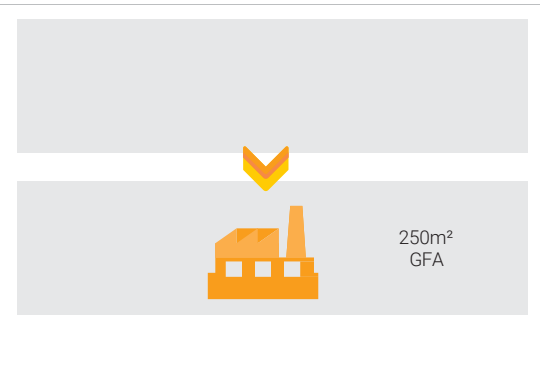
ACTIVITY	NUMBER OF EXTRA HEU'S BEING CREATED BY THE PROPOSAL	CHARGE PER HEU (\$)	TOTAL COST OF THE PROPOSAL (GST EXCLUSIVE)
Reserves	1	Nil	Nil
Community Infrastructure	1	Nil	Nil
Roading	1	\$2,662	\$2,662
Water	1	\$11,603	\$11,603
Wastewater	1	\$4,328	\$4,328
Stormwater	1	\$1,882	\$1,882
Total DC Charge		\$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	HEU'S PER 100M 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



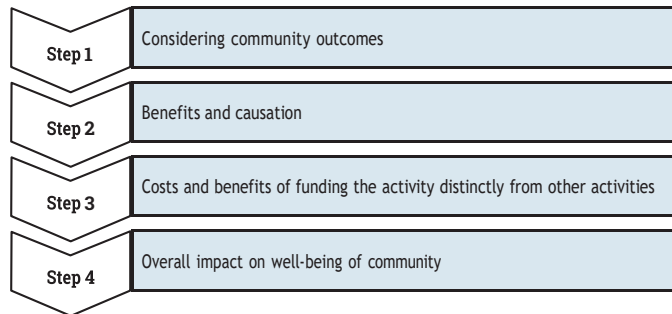
9.4 Appendix 4 - Analysis of Benefits – Section 101(3) LGA Requirements

The Council has determined the appropriate funding sources to meet the expected total capital cost of growth capital expenditure identified in the schedules of this DCP. Council has elected to fund through DCs the total cost of growth related capital expenditure. Sections 106 and 101(3) of the LGA require that the following be considered:

The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of:

- (a) in relation to each activity to be funded:
 - (i) the community outcomes to which the activity primarily contributes;
 - (ii) the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals;
 - (iii) the period in or over which benefits are expected to occur;
 - (iv) the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
 - (v) the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and
- (b) The overall impact of any allocation of liability for revenue needs on the community.

The Council has followed the four steps outlined below in making the above assessment. These steps are discussed in detail below.










Step 1 - Considering Community Outcomes (Section 101(3)(a)(i))

Our vision for Central Hawke’s Bay is a proud and prosperous district made up of strong communities and connected people who respect and protect our environment and celebrate our beautiful part of New Zealand. Community outcomes are as identified in the draft 2021 LTP. For the purposes of the DCP, activities have been grouped into:

- Reserves
- Community Infrastructure
- Water supply
- Wastewater, and
- Stormwater.

DCs have been established to support these activities and help deliver the Vision and community outcomes to which each group of activities contributes as shown below:

Table - CHBDC infrastructure activities contributions to Community Outcomes / Strategic Priorities - Project Thrive

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, the Council develops a programme of infrastructural capital works and reserves purchases. For each of the individual capital projects included in the programme, the Council assesses who created the need for that project, who will benefit from the asset that it creates and how long that benefit will last.

The Council has:

- Estimated the extent of growth within the overall District and each township, translated this estimated growth into an expected number of Households and Household Unit Equivalents (HEU); and
- Identified the capital expenditure necessary to meet the needs of the growth community.

Where the existing capacity of community facilities is insufficient to provide the levels of service to new residential and non-residential users specified by the Council in the LTP, those new developments create the need for new community facilities which requires the Council to incur capital expenditure.

The Council also recognises that there may be capital expenditure necessary to increase the level of service for all, due to:

- Required renewals;
- Ratepayers who want increased levels of service;
- Obligations on the Council to raise the levels of service to meet resource consent or statutory obligations and conditions; and
- Visitors to the District using the facilities.

The allocation of the benefits and the costs (public vs private benefit) has had regard to these factors.

For each of the individual projects that require capital expenditure to cater for growth, the Council makes an assessment about whether the asset being created will benefit the existing community or the new developments, or both of those groups. In making this assessment, the Council will consider a number of factors, including:

- The capacity of existing facilities to meet stated levels of service;
- The extent to which the relevant capital project will provide:
 - i. A renewal,
 - ii. An increased level of service; or
 - iii. A new service.

For each individual project that requires capital expenditure, the Council determines the length of time over which the asset created by that expenditure will provide a benefit to the community.

Step 3 – Costs and Benefits of Funding the Activity Distinctly from Other Activities

On an activity by activity basis, the Council considers the costs and benefits of funding each activity distinctly from other activities as required by s101(3)(a)(v). This analysis is contained in the Revenue and Finance Policy. The benefits of additional community infrastructure capacity generally accrue to the improved or new properties generating demand for that capacity.

The Council considers that the use of DCs to fund the cost of growth in community facilities, in proportion to the benefit received by forecast developments, provides the benefits of greater transparency, greater accountability and intergenerational equity.

The current community facilities for stormwater, water, wastewater, community infrastructure and reserves servicing the CHB are not sufficient to cater for growth. Some small townships have considerable capacity in these facilities after many years of static population and household numbers, and Council has a strategic goal of supporting these townships. Development in the rural area will only be asked to contribute to Reserves and Community Infrastructure. All future residents in the CHB will gain benefits from these facilities.

Step 4 – Overall Impact on Wellbeing of Community

Finally, the Council considers how funding each activity will impact on the wellbeing of the community. DCs are considered to be fair because they allocate growth costs to the section of the community that creates the need for Council to incur that expenditure, i.e. developers, new residents and new business activities.

Council must balance the overall impact of rates and fees and charges. DCs need

to be set at a level which still enables development and they must be levied in a fair, reasonable and equitable manner. Setting DCs at a level that does not fund growth would impose an unfair burden on the economic wellbeing of the existing ratepayer community.

Additional analysis for each of the following types of community facilities is set out in Section 6:

- Water: section 6.4.1
- Wastewater: section 6.4.2
- Stormwater: section 6.4.3
- Reserves and Community Infrastructure: section 6.4.4
- Rooding 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, rooding 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 Whatuma 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 CHB have been assessed as having spare capacity for growth Council has identified some assets that have capacity issues. These projects have been included in the DC schedule of projects that require DC funding.

- **Water**

The water networks service urban and industrial areas and are funded by properties connected to each network in urban areas. Across the district all the major urban areas require additional capacity (supply, treatment and pipe reticulation) to cater for expected growth. As such DC charges apply to each

network area that requires capacity investment to service the developments that are forecast for each network.

The 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 CHB are now charged the same for operating costs, except those properties with a meter and charged on a volume basis. Each network is designed to achieve the same level of service for water quality and delivery.

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, 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 CHB are now charged the same for operating costs, except those non-residential properties charged under the trade waste bylaw. Each network is designed to achieve the same level of service for water quality and delivery.

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, 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. It is however possible that this will need to be revised in the event of an increase in truck and other heavy vehicle movements.

In the event of significant subdivision development, all changes to the road network directly caused by the development (internally and/or externally) are to be completed by the developer at the developers' expense based on the criteria set out in the 'appeals version District Plan' under the Financial Contributions as allowed under the RMA.

7.6 ENDORSEMENT OF DRAFT SIGNIFICANT ASSUMPTIONS - THREE-YEAR PLAN 2024-2027

File Number: COU1-1400

Author: Lisa Harrison, LTP Programme Manager

Authoriser: Doug Tate, Chief Executive

Attachments: 1. **Draft Significant Forecasting Assumptions** [↓](#)

PURPOSE

The matter for consideration by the Council is to endorse the draft significant assumptions of the Three-Year Plan 2024 - 2027.

RECOMMENDATION

That having considered all matters raised in the report:

1. **That Council endorse the Draft Significant Assumptions for the basis of building the Three Year Plan 2024-2027 and for inclusion in the Consultation Document Supporting Information.**

EXECUTIVE SUMMARY

As part of the development of a Three Year Plan/Long Term Plan Council must, as per Section 17 of Schedule 10 of the Local Government Act 2002 clearly set out all of the significant forecasting assumptions and risks underlying the financial estimates.

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 report presents the Key Assumptions for endorsement by Council for inclusion in the Three Year Plan 2024 – 2027.

BACKGROUND

On 31 August 2023, Council was presented with the first draft of the significant forecasting assumptions for the Three-Year Plan 2024 - 2027. Since this meeting, further advice has been sought on the significant forecasting assumptions through the Risk and Assurance Committee Workshop held on 13 September 2023 and the most recently at the Council Workshop held on 6 March 2024. Overall key feedback from these workshops, has been on ensuring the succinctness and focus on the key assumptions and issues where there is a high degree of uncertainty.

Significant forecasting assumptions are one of the essential building blocks of a Three-Year Plan. There are three principal aspects to forecasting assumptions that assist with the development of a Three-Year Plan which are:

1. Growth Assumptions – population and economic (endorsed on 21 September 2023).
2. Activity Assumptions – major assumptions for individual activity areas, e.g., how legislation may impact a particular area.
3. Significant Forecasting Assumptions – typically factors that impact other locations as well, e.g., climate change.

All of our forecasting assumptions are important pieces of information in their own right as they actively demonstrate that Council has gone through a robust three-year planning process.

DISCUSSION

Section 17 of Schedule 10 of the Local Government Act 2002 specifically sets out the significant forecasting assumptions that Council must outline. A Three-Year Plan must clearly identify:

- (a) all the significant forecasting assumptions and risks underlying the financial estimates:
- (b) without limiting the generality of paragraph (a), the following assumptions on which the financial estimates are based:
 - (i) the assumptions of the local authority concerning the life cycle of significant assets; and
 - (ii) the assumptions of the local authority concerning sources of funds for the future replacement of significant assets:
- (c) in any case where significant forecasting assumptions involve a high level of uncertainty,
 - (i) the fact of that uncertainty; and
 - (ii) an estimate of the potential effects of that uncertainty on the financial estimates provided.

The attachment outlines the key significant issues that form the basis for assumptions that endorsement is being sought for. A summary of these include:

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
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

At Councils 6 March Workshop, Officers received further feedback on the Significant Forecasting Assumptions. The changes made since this workshop are noted as tracked changes in the attachments. The key changes include:

- Greater acknowledgement in areas of future Land Transport recovery investment
- Greater acknowledgement/clarity on the use of the Financial Strategy and debt head room in relation to unplanned events (you will not an update in the Financial Strategy also)
- A new issues relating to regulatory relief relating to Councils Wastewater programmes.

This report now provides the significant assumptions for Council's endorsement.

RISK ASSESSMENT AND MITIGATION

The key risks relating to the endorsement of the significant assumptions, are that the assumptions significantly vary from what eventuates. In developing key assumptions, Council is relying on the best information at hand, including national guidance from Taituarā, Local Government New Zealand and other environmental conditions and guidance being forecast and provided at this current time.

Mitigating these risks, are the requirement for Council on an annual basis in the preparation of an annual plan to reconsider these significant assumptions, as well as ongoing monitoring of Councils financial strategy.

FOUR WELLBEINGS

The development of the Three-Year Plan ultimately supports the achievement and delivery of the four wellbeing's, being the key document and planning tool that draws together community aspirations, asset management information and funding requirements. To this end, this decision aligns with all four of the wellbeing's.

DELEGATIONS OR AUTHORITY

Given the implications of significance of the assumptions, and how foundational it is to what is included in the Three-Year Plan 2024-2027, it is important that Elected Members endorse the draft significant assumptions. Council will further adopt these as part of the development of the Three-Year Plan 2024 – 2027.

SIGNIFICANCE AND ENGAGEMENT

In accordance with the Council's Significance and Engagement Policy, this matter has been assessed as of some importance.

OPTIONS ANALYSIS

Two possible options available to Council are:

Option 1 Endorse the draft significant assumptions.

This option sees Council endorse the draft significant assumptions as set out in the attachment. It is the basis of these assumptions which the Three-Year Plan has been developed.

Option 2 Endorse the draft significant assumptions with changes.

This option sees Council endorse the draft significant assumptions as set out in the attachment with changes. If the changes are significant, this may require significant rework. It is the basis of these assumptions which the Three-Year Plan has been developed.

	<u>Option 1</u> Endorse the draft assumptions	<u>Option 2</u> Endorse the draft significant assumptions with changes
Financial and Operational Implications	The key assumptions as outlined in the draft assumptions are those that have been used to model the Three-Year Plan.	The key assumptions as outlined in the draft assumptions are those that have been used to model the Three-Year Plan. Any significant changes to these may alter the affordability and risk exposure to Council.
Three-Year Plan and Annual Plan Implications	The endorsement of the draft assumptions is a key step in the development of the Three-Year Plan.	The endorsement of the draft assumptions is a key step in the development of the Three-Year Plan. If there were significant changes that required major rework of the background of the Three-Year Plan, this could impact on the deliverability of the project.
Promotion or Achievement of Community Outcomes	This option supports the achievement of community outcomes, as described in Project Thrive.	Relative to the changes, this option may still support the achievement of Community Outcomes.
Statutory Requirements	Section 17 of Schedule 10 of the Local Government Act 2002 specifically sets out the requirements to note significant forecasting assumptions made in the development of the Three-Year Plan.	Section 17 of Schedule 10 of the Local Government Act 2002 specifically sets out the requirements to note significant forecasting assumptions made in the development of the Three-Year Plan. Significant changes are likely to have a major impact on the statutory timeframes relating to audit and the delivery of a Three-Year Plan by 30 June 2020.
Consistency with Policies and Plans	The assumptions are based on key assumptions either already endorsed by Council (such as growth assumptions) or developed in activity and asset management plans and other strategies and plans being developed in conjunction with the Three-Year Plan.	The assumptions are based on key assumptions either already endorsed by Council (such as growth assumptions) or developed in activity and asset management plans and other strategies and plans being developed in conjunction with the Three-Year Plan. Significant change to the assumptions may require major

<u>Option 1</u> Endorse the draft assumptions	<u>Option 2</u> Endorse the draft significant assumptions with changes
	rework of other endorsed or substantially developed documents as part of the Three-Year Plan.

Recommended Option

This report recommends **Option number 1 – endorse the draft assumptions** for addressing the matter.

NEXT STEPS

In the event that Council endorses the draft assumptions, these will be included in the Three-Year Plan document.

RECOMMENDATION

1. That Council endorse the Draft Significant Assumptions for the basis of building the Three Year Plan 2024-2027 and for inclusion in the Consultation Document Supporting Information.

SIGNIFICANT FORECASTING ASSUMPTIONS

A forecasting assumption is defined as something the 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:

Contents	
1.0	Summary 2
2.0	Strategic Direction and Levels of Service 3
3.0	Council Operation and Structure 4
4.0	Growth and Financial Assumptions 6
5.0	Capital Expenditure Delivery 13
6.0	Legislative/Regulatory environment 15
7.0	Climate change, Natural Hazards and Carbon Implications 16
8.0	Assets 17

1.0 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
4. Capital Expenditure Delivery		
Ability to deliver the capital programme	Moderate	Moderate
Sufficient Contractor availability to deliver capital programmes	Moderate	High

Issue	Likelihood of occurrence	Financial Impact
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

2.0 Strategic Direction and Demand

Issue	Assumption Description	Risk	Likelihood of occurrence	Financial Impact	Risk Mitigation factors and effects
<p>Change in strategic direction and demand</p>	<p>Council has a clear strategic direction established by Project Thrive. This direction guides the future of the district and for how Council services and the resources applied to progress that direction and there are no substantial changes to services.</p>	<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>	<p>Moderate</p>	<p>Moderate</p>	<p>The 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 the 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 responds to unforeseen events.</p>

3.0 Council Operation and Structure

Issue	Assumption Description	Risk	Likelihood of occurrence	Financial Impact	Risk Mitigation factors and effects
<p>Organisational Change including three waters</p>	<p>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.</p>	<p>Change to three waters occurs at a rate faster than assumed (i.e the first three years of the Three-Year Plan).</p> <p>Major unexpected changes to the structure of service delivery could be costly and significantly disruptive to the delivery of services during a transition phase.</p>	<p>Moderate</p>	<p>High</p>	<p>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 3-4 years, it is too early in this three-year plan to confirm this assumption.</p> <p>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 Councils operation to be considered likely as part of a full Long Term Plan review or amendment.</p>
<p>There is sufficient resource to deliver operational services</p>	<p>Council will continue to face challenges in attracting and retaining key staff in specialist areas.</p>	<p>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.</p>	<p>Moderate</p>	<p>Moderate</p>	<p>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.</p> <p>Salary expectations remain high and Council are unable to meet or compete with these expectations.</p> <p>Turnover in key roles where shortages exist, particularly three waters, planning and land use have impacted our services in recent years.</p>

Issue	Assumption Description	Risk	Likelihood of occurrence	Financial Impact	Risk Mitigation factors and effects
					<p>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.</p> <p>As part of the People & Capability activity, Council a wider attraction, development, and retention strategy.</p> <p>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 this comes with significant additional cost. It will continue to utilise these opportunities whilst undertaking recruitment.</p>

DRAFT

4.0 Growth and Financial Assumptions

Issue	Assumption Description	Risk	Likelihood of occurrence	Financial Impact	Risk mitigation factors and effects																														
Population Growth	<p>Population growth estimates aligns with the Squillions Central Hawke's Bay Demographic and Economic Growth Projections 2023-2053, medium growth assumption rate over the next 10 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> <table border="1"> <thead> <tr> <th>Year</th> <th>Total Population</th> <th>% aged 65 and over</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>16220</td> <td>22%</td> </tr> <tr> <td>2028</td> <td>18420</td> <td>23%</td> </tr> <tr> <td>2033</td> <td>20930</td> <td>25%</td> </tr> <tr> <td>2053</td> <td>29530</td> <td>26%</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Age</th> <th>2023</th> <th>2033</th> </tr> </thead> <tbody> <tr> <td>0-14</td> <td>3260</td> <td>3690</td> </tr> <tr> <td>15-39</td> <td>4230</td> <td>5000</td> </tr> <tr> <td>40-64</td> <td>5190</td> <td>6150</td> </tr> <tr> <td>65+</td> <td>3540</td> <td>4970</td> </tr> </tbody> </table>	Year	Total Population	% aged 65 and over	2023	16220	22%	2028	18420	23%	2033	20930	25%	2053	29530	26%	Age	2023	2033	0-14	3260	3690	15-39	4230	5000	40-64	5190	6150	65+	3540	4970	<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 decrease in population growth and therefore a slower growth in new housing, will impact the spread of the rate revenue calculated from growth assumptions impacting rates affordability, and therefore our ability to maintain infrastructure and services from the current rating base.</p>	High	High	<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>
Year	Total Population	% aged 65 and over																																	
2023	16220	22%																																	
2028	18420	23%																																	
2033	20930	25%																																	
2053	29530	26%																																	
Age	2023	2033																																	
0-14	3260	3690																																	
15-39	4230	5000																																	
40-64	5190	6150																																	
65+	3540	4970																																	
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>An increasingly older population increases the number of residents on fixed incomes and therefore limited ability to pay for more services.</p>	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</p>																														

Issue	Assumption Description	Risk	Likelihood of occurrence	Financial Impact	Risk mitigation factors and effects																																																																																																																														
	<p data-bbox="557 405 1025 421">Central Hawke's Bay State of the District 2023 Squillions Ltd</p> <p data-bbox="557 461 976 478">Figure 14: Population by age with projections: high scenario</p> <table border="1" data-bbox="557 488 1014 1050"> <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>16,270</td><td>3,270</td><td>4,250</td><td>5,200</td><td>3,550</td></tr> <tr><td>2024</td><td>16,690</td><td>3,370</td><td>4,440</td><td>5,180</td><td>3,700</td></tr> <tr><td>2025</td><td>17,180</td><td>3,490</td><td>4,590</td><td>5,250</td><td>3,850</td></tr> <tr><td>2026</td><td>17,760</td><td>3,570</td><td>4,780</td><td>5,440</td><td>3,970</td></tr> <tr><td>2027</td><td>18,360</td><td>3,670</td><td>4,990</td><td>5,600</td><td>4,100</td></tr> <tr><td>2028</td><td>19,020</td><td>3,800</td><td>5,230</td><td>5,730</td><td>4,260</td></tr> <tr><td>2029</td><td>19,730</td><td>3,950</td><td>5,520</td><td>5,800</td><td>4,460</td></tr> <tr><td>2030</td><td>20,440</td><td>4,090</td><td>5,760</td><td>5,930</td><td>4,660</td></tr> <tr><td>2031</td><td>21,170</td><td>4,240</td><td>5,970</td><td>6,100</td><td>4,860</td></tr> <tr><td>2032</td><td>21,890</td><td>4,390</td><td>6,170</td><td>6,310</td><td>5,020</td></tr> <tr><td>2033</td><td>22,640</td><td>4,550</td><td>6,380</td><td>6,520</td><td>5,190</td></tr> <tr><td>2038</td><td>26,480</td><td>5,360</td><td>7,440</td><td>7,650</td><td>6,030</td></tr> <tr><td>2043</td><td>30,510</td><td>6,080</td><td>8,570</td><td>8,930</td><td>6,930</td></tr> <tr><td>2048</td><td>35,030</td><td>6,920</td><td>9,840</td><td>10,300</td><td>7,970</td></tr> <tr><td>2053</td><td>40,060</td><td>7,730</td><td>11,180</td><td>11,760</td><td>9,390</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	16,270	3,270	4,250	5,200	3,550	2024	16,690	3,370	4,440	5,180	3,700	2025	17,180	3,490	4,590	5,250	3,850	2026	17,760	3,570	4,780	5,440	3,970	2027	18,360	3,670	4,990	5,600	4,100	2028	19,020	3,800	5,230	5,730	4,260	2029	19,730	3,950	5,520	5,800	4,460	2030	20,440	4,090	5,760	5,930	4,660	2031	21,170	4,240	5,970	6,100	4,860	2032	21,890	4,390	6,170	6,310	5,020	2033	22,640	4,550	6,380	6,520	5,190	2038	26,480	5,360	7,440	7,650	6,030	2043	30,510	6,080	8,570	8,930	6,930	2048	35,030	6,920	9,840	10,300	7,970	2053	40,060	7,730	11,180	11,760	9,390				regularly reviewed as part of asset management planning.
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	16,270	3,270	4,250	5,200	3,550																																																																																																																														
2024	16,690	3,370	4,440	5,180	3,700																																																																																																																														
2025	17,180	3,490	4,590	5,250	3,850																																																																																																																														
2026	17,760	3,570	4,780	5,440	3,970																																																																																																																														
2027	18,360	3,670	4,990	5,600	4,100																																																																																																																														
2028	19,020	3,800	5,230	5,730	4,260																																																																																																																														
2029	19,730	3,950	5,520	5,800	4,460																																																																																																																														
2030	20,440	4,090	5,760	5,930	4,660																																																																																																																														
2031	21,170	4,240	5,970	6,100	4,860																																																																																																																														
2032	21,890	4,390	6,170	6,310	5,020																																																																																																																														
2033	22,640	4,550	6,380	6,520	5,190																																																																																																																														
2038	26,480	5,360	7,440	7,650	6,030																																																																																																																														
2043	30,510	6,080	8,570	8,930	6,930																																																																																																																														
2048	35,030	6,920	9,840	10,300	7,970																																																																																																																														
2053	40,060	7,730	11,180	11,760	9,390																																																																																																																														
Housing Growth	<p data-bbox="548 1080 1025 1259">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 10 years and household sizes are expected to increase quarter-way through the next 10 years <i>before returning to the</i></p>	<p data-bbox="1025 1080 1279 1193">Household growth is lower than the levels expected relieving pressure on housing supply, impacting rate payer projections.</p> <p data-bbox="1025 1214 1279 1259">Household growth increases above the expected levels</p>	Moderate	Moderate	<p data-bbox="1503 1080 1848 1193">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.</p> <p data-bbox="1503 1214 1848 1259">Population and household sizes will continue to be monitored annually and</p>																																																																																																																														

Issue	Assumption Description	Risk	Likelihood of occurrence	Financial Impact	Risk mitigation factors and effects
	<p>same average size as now. (2.3 people per household on average).</p> <p>*</p>	<p>placing further pressure on existing housing supply.</p>			<p>compared to assumed forecasts so that variances can be identified early, and housing and financial projects can be adapted accordingly.</p>
<p>Inflation forecasts</p>	<p>That local government cost inflation will be consistent with BERL forecasts.</p> <p>The BERL local government cost index reflects the selection and relative importance of the goods and services which represent broadly the expenditure pattern of Local Authorities in New Zealand. This basket thus includes more directly relevant items including capital expenditure on pipelines, and earthmoving, and site works, and operating expenditure such as local government sector salary and wage rates. Forecasts have been provided across specific activity groups; for capital expenditure versus operating expenditure and broadly overall in the form of the LGCI.</p>	<p>Inflation is higher than forecast. This could impact the cost and affordability of Council services.</p>	<p>Moderate</p>	<p>Moderate</p>	<p>BERL price change estimates are an industry recognised measure.</p> <p>Given the volatility to inflation presented by the current economic environment, inflation and its impact on local government costs, and rate payers will continue to be reviewed annually.</p>
<p>Insurance forecast</p>	<p>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.</p>	<p>That inflation is higher than forecast. This could impact the cost and affordability of Council services.</p>	<p>Moderate</p>	<p>Moderate</p>	<p>BERL price change estimates are an industry recognised measure. As these are updated annually, Council will review its financial strategy accordingly noting the impact of any upward movement on affordability.</p>
<p>Interest Rates Forecast</p>	<p>That Council will be able to negotiate favourable borrowing terms, and interest rates for borrowing will be in keeping with forecast expectations.</p> <p>Council is forecasting for the ten-year period of this LTP that the interest rate will range from 4.00% to 5.50 %.</p>	<p>That we will not be able to access loan funding, or interest rates are higher than forecast. The Council will have a greater level of exposure to this risk with increases in Council's debt levels and cap likely to be required for water related services.</p>	<p>Moderate</p>	<p>High</p>	<p>The Council has a Financial Strategy and Treasury Liability Management Policy which sets parameters for Council debt and contains strategies to protect ratepayers against significant fluctuations.</p> <p>If there is significant change, Council has the option to modify its investment</p>

Issue	Assumption Description	Risk	Likelihood of occurrence	Financial Impact	Risk mitigation factors and effects																																							
	<table border="1"> <thead> <tr> <th data-bbox="562 400 696 443">Financial Year</th> <th data-bbox="696 400 831 443">Residential Floating</th> <th data-bbox="831 400 1014 443">Councils Cost of Funds</th> </tr> </thead> <tbody> <tr><td data-bbox="562 443 696 467">2022/23</td><td data-bbox="696 443 831 467">6.85%</td><td data-bbox="831 443 1014 467">5.50%</td></tr> <tr><td data-bbox="562 467 696 491">2023/24</td><td data-bbox="696 467 831 491">6.30%</td><td data-bbox="831 467 1014 491">5.25%</td></tr> <tr><td data-bbox="562 491 696 515">2024/25</td><td data-bbox="696 491 831 515">6.00%</td><td data-bbox="831 491 1014 515">5.00%</td></tr> <tr><td data-bbox="562 515 696 539">2025/26</td><td data-bbox="696 515 831 539">5.90%</td><td data-bbox="831 515 1014 539">4.75%</td></tr> <tr><td data-bbox="562 539 696 563">2026/27</td><td data-bbox="696 539 831 563">5.85%</td><td data-bbox="831 539 1014 563">4.50%</td></tr> <tr><td data-bbox="562 563 696 587">2027/28</td><td data-bbox="696 563 831 587">5.60%</td><td data-bbox="831 563 1014 587">4.00%</td></tr> <tr><td data-bbox="562 587 696 611">2028/29</td><td data-bbox="696 587 831 611">5.50%</td><td data-bbox="831 587 1014 611">4.00%</td></tr> <tr><td data-bbox="562 611 696 635">2029/2030</td><td data-bbox="696 611 831 635">5.50%</td><td data-bbox="831 611 1014 635">4.00%</td></tr> <tr><td data-bbox="562 635 696 659">2030/2031</td><td data-bbox="696 635 831 659">5.50%</td><td data-bbox="831 635 1014 659">4.00%</td></tr> <tr><td data-bbox="562 659 696 683">2031/32</td><td data-bbox="696 659 831 683">5.50%</td><td data-bbox="831 659 1014 683">4.00%</td></tr> <tr><td data-bbox="562 683 696 707">2032/33</td><td data-bbox="696 683 831 707">5.50%</td><td data-bbox="831 683 1014 707">4.00%</td></tr> <tr><td data-bbox="562 707 696 730">2033/34</td><td data-bbox="696 707 831 730">5.50%</td><td data-bbox="831 707 1014 730">4.00%</td></tr> </tbody> </table>	Financial Year	Residential Floating	Councils 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%	2029/2030	5.50%	4.00%	2030/2031	5.50%	4.00%	2031/32	5.50%	4.00%	2032/33	5.50%	4.00%	2033/34	5.50%	4.00%				programmes to slow future investment where it can.
Financial Year	Residential Floating	Councils 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%																																										
2029/2030	5.50%	4.00%																																										
2030/2031	5.50%	4.00%																																										
2031/32	5.50%	4.00%																																										
2032/33	5.50%	4.00%																																										
2033/34	5.50%	4.00%																																										
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 <u>by 2025/2026</u> 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 is guaranteed by statute (rates) and can be changed annually to suit Council's budgets.																																							
Income from Development Contributions	Income received from development contributions is sufficient to fund growth related infrastructure, as per the Development Contributions Policy. Significant assumptions in relation to development contributions are included in the Development Contributions Policy.	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.	Moderate	Moderate	The Council's Development Contributions Policy is reviewed alongside the development of the Three Year Plan and conservatively based on latest available growth forecasts. The policy provides for annual adjustments of development contributions relative to lending costs and inflation. Any shortfall in Development Contributions will need to be loan funded																																							

Issue	Assumption Description	Risk	Likelihood of occurrence	Financial Impact	Risk mitigation factors and effects
					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>	<p>That the Council will continue to receive subsidies from Waka Kotahi / 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 Roothing Recovery and only a small fraction of the repairs needed can be completed in the first 3 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 the Councils 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 3 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 Waka Kotahi to be added to this \$2.2m, however this is yet to be confirmed. Any additional funding will be</p>

Issue	Assumption Description	Risk	Likelihood of occurrence	Financial Impact	Risk mitigation factors and effects
					in addition to, and will allow additional repairs to be undertaken. Levels of service or the speed of recovery will have to significantly reduce if subsidy rates, or the level of funding continues to decrease.

DRAFT

Issue	Assumption Description	Risk	Likelihood of occurrence	Financial Impact	Risk mitigation factors and effects
<p>Trade Waste-Capital Financial Contributions</p>	<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 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 Councils expected revenue stream. Any shortfall would require Council would have 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>

DRAFT

5.0 Capital Expenditure Delivery

Issue	Assumption Description	Risk	Likelihood of occurrence	Financial Impact	Risk mitigation factors and effects
<p>Ability to Deliver Capital Programme</p>	<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>	<p>Moderate</p>	<p>Moderate</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 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> <ul style="list-style-type: none"> • Establishing a specialist internal project management office. • Procuring and implementing long-standing professional services arrangements with key providers • Early engineering design work for the wastewater projects has already been completed. <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</p>

Issue	Assumption Description	Risk	Likelihood of occurrence	Financial Impact	Risk mitigation factors and effects
					money already collected can be carried forward to a later year to be used at the point of construction.
<p>Sufficient Contractor availability to deliver capital programmes</p>	<p>That the construction industry will have the capacity to undertake the 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 earlier this year, as well as possible skill shortages within the contracting sectors themselves. 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>

6.0 Legislative/Regulatory environment

Issue	Assumption Description	Risk	Likelihood of occurrence	Financial Impact	Risk mitigation factors and effects
<p>Impact of legislative change on Council</p>	<p>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.</p>	<p>That there will be some unexpected change to legislation or other factors that will impact Council significantly.</p>	<p>High</p>	<p>High</p>	<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 address through future Long Term Plan and Annual Plans.</p>
<p><u>Ability to gain Regulatory Relief</u></p>	<p><u>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.</u></p>	<p><u>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.</u></p>	<p>Low</p>	<p>Med</p>	<p><u>Cyclone Gabrielle has had a significant impact across many of Councils assets, most notably impacting our wastewater sites and upgrade programme.</u></p> <p><u>A mitigating factor at this time is that Council cannot realistically progress with any consenting until such a time a river reviews and their corresponding impacts are completed. This could be many years away.</u></p> <p><u>Council has also given early warning to its regulators of the impact of Cyclone Gabrielle.</u></p>

7.0 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 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 <u>headroom of approximately \$10m</u> for unplanned events where possible. <u>While this is not affordable in the long term, it is the only realistic mitigating approach Council has. The assumption is that if the event of sufficient magnitude, then NEMA and</u></p>

Issue	Assumption Description	Risk	Likelihood of occurrence	Financial Impact	Risk mitigation factors and effects
					<p>insurance assistance would also be available in addition to this debt headroom.</p>

8.0 Assets

Issue	Assumption Description	Risk	Likelihood of occurrence	Financial Impact	Risk mitigation factors and effects
<p>Asset lives</p>	<p>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 30 Year Infrastructure Strategy also contains summarised information about the roading, water, wastewater, stormwater, recreation and built property assets.</p>	<p>That assets wear out or significantly fail earlier than their replacement.</p>	<p>Moderate</p>	<p>Moderate</p>	<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>

Issue	Assumption Description	Risk	Likelihood of occurrence	Financial Impact	Risk mitigation factors and effects
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 depreciation on new and renewal programmes will impact in 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	<p>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.</p>
Earthquake Prone Buildings	<p>The Council will need to incur significant expenditure to address any shortcomings in the standard of its buildings in relation to earthquakes.</p> <p>The 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 are 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>	Moderate	Moderate	<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>

Issue	Assumption Description	Risk	Likelihood of occurrence	Financial Impact	Risk mitigation factors and effects
					At all times the Council will have regard for the safety of occupiers and public users of the properties.

DRAFT

7.7 ENDORSEMENT OF ACTIVITY LEVELS OF SERVICE AND PERFORMANCE MEASURES - THREE YEAR PLAN 2024-2027

File Number: COU1-1400

Author: Lisa Harrison, LTP Programme Manager

Authoriser: Doug Tate, Chief Executive

Attachments:

1. **Draft Levels of Service - Without Tracked changes** [↓](#)
2. **Draft Levels of Service - With Tracked Changes** [↓](#)

PURPOSE

The matter for consideration is for Council to endorse the Draft Activity Levels of Service and Performance Measures as key inputs to the Three-Year Plan 2024-2027.

RECOMMENDATION

That Council endorse the Draft Activity Levels of Service and Performance Measures for the basis of building the Three Year Plan 2024-2027 and for inclusion in the Consultation Document Supporting Information.

BACKGROUND

Council is in the process of developing its 2024 – 2027 Three-Year Plan. While in a normal setting Council would be developing a Long Term Plan, however due to the impacts of Cyclone Gabrielle, legislative relief has meant that Council has the ability to develop a Three-Year Plan.

In the development of Asset Management Plans and the iterative nature of Long Term Planning, Council has been considering and refining activity levels of service for inclusion in its Three-Year Plan.

Levels of service and performance measures are the key drivers for Council in setting budgets and determining the overall cost of a service. The activity levels of service and performance measures are critical to the development of programmes and operations contained within the asset and activity management plans.

The activity levels of service and performance measures are developed, based on the alignment of key priorities, demand, community feedback, legislative requirements and often include several mandatory measures prescribed by Central Government. Levels of service and performance measures form the basis for the relative capital, growth and renewals projects that ensure assets are maintained to achieve the levels of service required. They also inform the levels of maintenance and operations (like mowing, rubbish collection) that is provided accordingly to achieve the relative level of service.

Activity and Asset Managers have made some recommended changes to the levels of service and performance measures which are attached. You will note any changes that are made are highlighted through track changes to show the changes proposed. These changes include recent feedback officers received at the 6 March Council Workshop. The key areas where officers received further feedback were:

- Identifying which measures are mandatory e.g DIA measures
- Ensuring levels of service reflect proposed reductions in Three Year Plan funding and service delivery
- That how the level of service is being accurately measured.

Council is now at a point where it is ready to endorse the draft activity levels of service and performance measures to progress with the development of the Three-Year Plan 2024 – 2027.

DISCUSSION

Endorsing the draft activity levels of service and performance measures at this time provides the community with visibility and transparency, of how Council is building the basis of its Three-Year Plan, ahead of formally adopting these as part of its Three-Year Plan for both consultation and formally as complete.

RISK ASSESSMENT AND MITIGATION

There are no obvious risks at this time.

FOUR WELLBEINGS

The development of the Three-Year Plan ultimately supports the achievement and delivery of four wellbeing's, being the key document and planning tool that draws together community aspirations, asset management information and funding requirements. To this end, this decision aligns with all four of the wellbeing's.

DELEGATIONS OR AUTHORITY

Council have delegated authority to make this decision.

SIGNIFICANCE AND ENGAGEMENT

In accordance with the Council's Significance and Engagement Policy, this matter has been assessed as of some significance.

OPTIONS ANALYSIS

Two possible options available to Council are:

Option 1 Endorse the draft activity levels of service and performance measures

This option sees Council endorse the draft activity levels of service and performance measures as set out in the attachment. It is the basis of which the Three-Year Plan is being developed.

Option 2 Endorse the draft activity levels of service and performance measures with changes

This option sees Council endorse the draft activity levels of service and performance measures as set out in the attachment.

If Council makes significant changes to the activity levels of service, this will require significant rework to asset and activity management plans. This has the potential to significantly defer the Three-Year Plan Programme and may have a financial impact.

The table below provides the detail of the two options:

	<u>Option 1</u> Endorse the draft activity levels of service and performance measures	<u>Option 2</u> Endorse the draft activity levels of service and performance measures with changes
Financial and Operational Implications	There are no obvious implications with this decision.	Relative to the extent of change proposed, there could be both significant operational and financial implications, requiring the major rework of documents and project timeframes.
Three-Year Plan and Annual Plan Implications	Clearly the endorsement of the principles is important, as the fundamentally underpin the entire Three-Year Plan process.	Clearly the endorsement of the principles is important, as the fundamentally underpin the entire Three-Year Plan process.
Promotion or Achievement of Community Outcomes	The measures and levels of service have been created to align with the objectives of project thrive.	Any significant changes should be considered in alignment with the strategic direction set by Council that has underpinned the development of the Three-Year Plan to date.
Statutory Requirements	Endorsing the levels of service and measures, provides direction for officers to ensure Council will meet its statutory timeframes.	Significant changes are likely to have a major impact on the statutory timeframes relating to audit and the delivery of a Three-Year Plan by 30 June 2020.
Consistency with Policies and Plans	The current levels of service and measures are consistent with the draft Asset and Activity Management Plans that have been prepared for inclusion in the Three-Year Plan.	The current levels of service and measures are consistent with the draft Asset and Activity Management Plans that have been prepared for inclusion in the Three-Year Plan. Significant change would require the substantial reworking of these draft documents. Change may also result following the public submission and feedback process, relative to any changes that Council confirm.

Recommended Option

This report recommends **option one** – that Council endorse the Draft Activity Levels of Service and Performance Measures for addressing the matter.

NEXT STEPS

If Council endorses the Draft Activity Levels of Service and Performance Measures, these will be included as part of the Three-Year Plan Consultation Document for community to provide feedback on during the consultation period being 4 April – 5 May 2024 prior to any finalisation to be included in the final Three Year Plan document.

RECOMMENDATION

That Council endorse the Draft Activity Levels of Service and Performance Measures for the basis of building the Three Year Plan 2024-2027 and for inclusion in the Consultation Document Supporting Information.

1. Leadership, Governance and Consultation Group

1.1. Leadership Governance and Consultation

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% 2020/2021 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, Council operates within its financial means.	0%	50%	60%	70%	80%
		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

2.1. Social Development

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 Hawkes' 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%
	Council supports community groups to achieve their goals.					
	The percentage of community groups associated with the Social Wellbeing Network that are satisfied with the advice, information and support provided by Council.	New	95%	95%	95%	95%

2.2. Economic Development

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 New Action Plan (Implementation Plan).		100%	100%	100%	100%

DRAFT

3. Land Transport

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%

4. Places and Open Spaces Group

4.1. Reserves and Open Spaces

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, 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		0	0	0	0
	The average percentage of residential dwellings within 10 minute walk (pedshed) of a Council owned or supported playground	New	60%	60%	60%	60 – 80 %
	The average percentage of urban dwellings within 10 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%

4.2. Retirement Housing

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 responses.	82%	90%	90%	90%	90%%

4.3. Public Toilets

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 year	<8 complaints	<8 complaints	<8 complaints	< 8 complaints

4.4. Community Facilities

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%

4.5. Libraries

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 2022/2023 physical visits to the libraries 130,000	130,000	132,000	135,000	140,000
	The number of digital visits through our website, online databases, and platforms.	Based on 2022/2023 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 2022/2023, 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 2022/2023 500 services, programmes and learning opportunities	400	400	400	400
	Participants of events including programmes, exhibitions, author events and classes.	Based on 2022/2023 attendance stats 6,000	6,000	6,250	6,500	6,750

4.6. Cemeteries

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 Districts cemeteries	97% of residents were satisfied in the 2019/20 residents opinion survey.	90%	90%	90%	90%
	No complaints about late or inadequate interment services at our cemeteries	New	100%	100%	100%	100%

DRAFT

5. Planning and Regulatory Services

5.1. District Planning

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 focused on achieving positive environmental outcomes and is consistent with the requirements of the broader planning framework.	New	Achieved	Achieved	Achieved	Achieved

DRAFT

5.2. Building Control

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 to 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%

DRAFT

5.3. Animal Services

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 2 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%

5.4. Compliance and Monitoring

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 which is compliant, efficient and customer friendly.	The percentage of swimming pools inspected within the three yearly inspection period.	New	85%	685%	6 85%	85%
	All LIMs are issued within the statutory timeframe	New%	90	90%	90%	90%
	Respond to complaints about non-compliance with bylaws within three working days	100%	100%	100%	100%	100%
	Respond to environmental compliance enquiries (in relation to the Resource Management Act or resource consent conditions) within three working days.	New	90%	90%	90%	90%

5.5. Environmental Health

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 deliver	72%	80%	80%	80%	80%

5.6. Land Use and Consenting

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 enable use, development and subdivision of land in line with our District Plan and other environmental policies	The percentage of resource consents (non-notified) processed within 20 working days (the statutory timeframe)	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%

6. Solid Waste

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 WasteFREE 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 Districts 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 m3	>2400 m3	>2400 m3	>2400 m3	>2400 m3
	The number of schools participating in waste minimisation programmes.	17	17	17	>9 17	> 17
	The number of waste minimisation promotional events in the district each year.	5	6	6	6	6

7. Stormwater

We will provide an update on these measures in workshop next week.

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 1000 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
	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	(2022/23 – 7.7)					

The number of complaints received about the performance of the stormwater system (expressed per 1000 properties connected to the stormwater system)	≤ 5	≤ 5	≤ 5	≤ 5
Non-DIA Related Non-Financial Performance Measure: Satisfaction	(2022/23 64%)	90%	90%	90%
The percentage of users satisfied with the stormwater service provided	100%	100%	100%	100%
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	20%	20%	20%	20%
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				

DRAFT

8. Wastewater

We will provide an update on these measures in workshop next week.

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 1000 connections to the total sewerage systems)	(2022/23 – 16.2)	≤10	≤10	≤10	≤10
	Target number of total sewerage overflows (per 1000 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:					
	abatement notices;	(2022/23 – 0)	0	0	0	0
	infringement notices;	(2022/23 – 0)	0	0	0	0
enforcement orders; and	(2022/23 – 0)	0	0	0	0	
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	(2022/23 28.8 mins)	≤1hr	≤1hr	≤1hr	≤1hr	

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+
	received to the time that the service personnel reach the site)					
	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)	≤ 4 hrs	≤ 4 hrs	≤ 4 hrs	≤ 4 hrs
	DIA Non-Financial Performance Measure: Customer Satisfaction					
	Number of complaints received per annum per 1000 sewerage connections about any of the following: Sewage odour, Sewerage system faults, Sewerage system blockages or Council's response to issues with its sewerage systems.	(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%

9. Water Supply

We will provide an update on these measures in workshop next week.

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 authorities drinking water supply complies with the new Part D rules under the DWQAR's (bacteria compliance criteria)	Reticulation NEW Treatment NEW	All potable supplies 100%	All potable supplies 100%	All potable supplies 100%	All potable supplies 100%
	The extent to which the local authorities drinking water supply complies with 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	(2022/23 – 23 mins)	≤ 2 hours	≤ 2 hours	≤ 2 hours	≤ 2 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+
	authority receives notification to the time that service personnel reach the site					
	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
	DIA Non-Financial Performance Measure: Customer Satisfaction					
	Number of complaints relating to drinking water received (per annum per 1000 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	≤1.80m3	≤1.80m3	≤1.80m3	≤1.80m3
	The percentage of users satisfied with the water supply service provided	(2022/23 – 88%)	90%	90%	90%	90%

1. Leadership, Governance and Consultation Group

1.1. Leadership Governance and Consultation

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% 2020/2021 76% 2022/23	85%	85%	85%	85%
	The percentage of formal consultation which follows legislative and policy requirements.	100%	100%	100%	100%	100%
Council has engaged and communicated well about Council business	The percentage of people who consider that Council has engaged and communicated well about Council business	81% 2022/23 New	85%	85%	85%	85%
	Iwi and Marae report to be satisfied with the level of engagement and partnership with Central Hawke's Bay District Council. 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% New	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	Zero breaches of the Financial Reporting Prudence Benchmarks set in the Financial Strategy

- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)

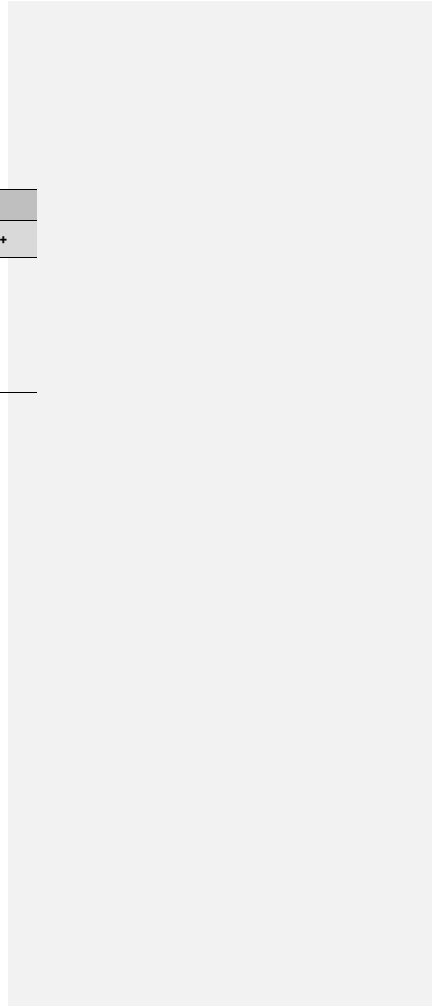
2.1. Social Development

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.	8769% - 2022/23	9855%	8595%	9585%	8595%
Council has a strong voice so that it can, in partnership with community, advocate and lead change in social issues and opportunities for the District.	Council implements the Social Wellbeing Strategy. Central Hawkes' Bay Network of Network Action Plans are developed and implemented.	New	100%100%	100%100%	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. Council creates opportunities for the community to build capacity and is resourced to deliver on community priorities.	The percentage of community groups associated with the Social Wellbeing Network that are satisfied with the advice and support provided by Council. Council supports community groups to achieve their goals.	95%New	985%	825%	985%	985%
	The percentage of community groups associated with the Social Wellbeing Network that supported by Council are satisfied with the level of service provided advice, information and support provided by Council.	New	10095%	10095%	10095%	10950%

2.2. Economic Development

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 2019 Economic Development New Action Plan (Implementation Plan).		100%	100%	100%	100%
	Representatives (%) of the Economic New Leadership Group that are satisfied that the 2019 Economic Development Action Plan deliverables are being achieved.		99%	99%	99%	99%

DRAFT



3. Land Transport

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. The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	2022/23: 0 Fatalities 8 Serious injuries 2020: 1 Fatality 4 Serious injury	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.	90.748% 2022/23	Between 85% and 90%	Between 85% and 90%	Between 85% and 90%	Between 85% and 90%
At least 20% of the footpaths in excellent condition and no more than 10% of the footpaths in poor condition measured annually.	DIA Non-Financial Performance Measure No footpath condition rating was completed during 2019/2020. Achieved 2022/23	Excellent >50% Poor <10%	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 36.5%	Between 7% and 10% Between 4% and 10%	Between 7% and 10% Between 4% and 10%
The percentage of customer service requests relating to roads and footpaths to which we respond to within five ^{three} working days.	DIA Non-Financial Performance Measure System Adequacy	88%	100%	100%	100%	100%
			Non-DIA Non-Financial Performance Measure Non-DIA Non-Financial Performance Measure	34% 72% 2022/23	65% 90%	92%
	Non-DIA Non-Financial Performance Measure The percentage of users satisfied with the roading service provided.					

- Formatted: Right: 0.07 cm
- Formatted: Font: Bold
- Formatted: Right: 0.07 cm
- Formatted: Font: Bold
- Formatted: Right: 0.07 cm
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Right: 0.07 cm

4. Places and Open Spaces Group

4.1. Reserves and Open Spaces

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, 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 <u>average</u> percentage of residential dwellings within 10 minute walk (pedshed) of a Council owned or supported playground	60%	60%	60%	60%	60 - 80 70-90%
	The <u>average</u> percentage of urban dwellings within 10 minute walk (pedshed) of a park or community open space	40%	60%	40%	60%	70-90
	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%

4.2. Retirement Housing

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 <u>based on responses</u> .	82%	90%	90%	90%	90%

Formatted: Indent: Left: 0 cm

4.3. Public Toilets

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 yearNew	<49 complaints	<8 complaints	<8 complaints	<69 complaints

4.4. Community Facilities

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. The percentage of users that were satisfied with community halls	New	67.59%	69.0%	85.69%	85.69%

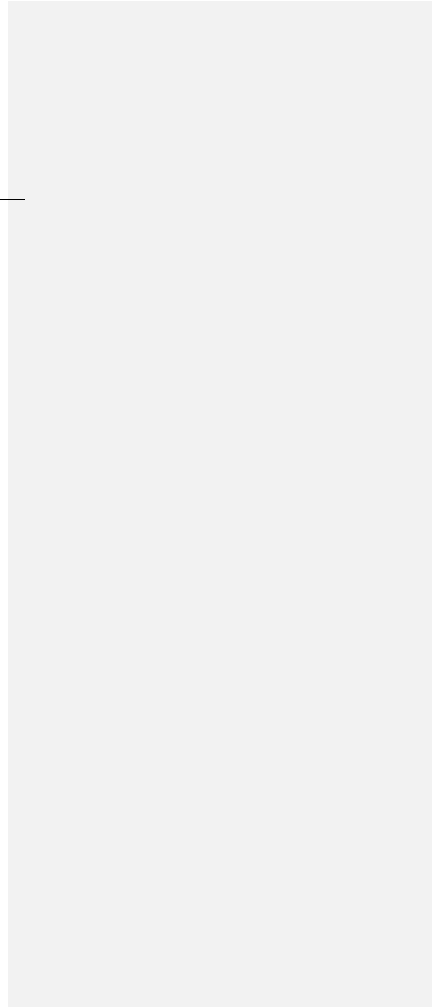
4.5. Libraries

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 2022/2023 physical visits to the libraries 130,000	130,000	132,000	135,000	140,000
	The number of digital visits through our website, online databases, and platforms. The number of people visiting our libraries (digital)	Based on 2019/2020 physical visits Waipukurau 81,042 Waipawa 66,000	12,000	20,000	21,000	22,000
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 2022/2023 Pop. 15,950 (2022) and 95,489 issues for 6 issues per capita. Based on Public Library Stats 2018/19 - population of 14,304 and issues of 114,849 to provide a baseline of 8 issues per capita.	6 issues per capita	6 issues per capita	6 issues per capita	6 issues per capita
	The number of services, programmes and learning opportunities available. The number of events and programmes available and participants	Based on 2022/2023 500 services, programmes and learning opportunities. Based on 2019/20 400 events and programmes	450	450	450	450

- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Left
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Right: 0.18 cm, Tab stops: 1.19 cm, Left
- Formatted: Right: 0.18 cm, Tab stops: 1.19 cm, Left
- Formatted: Right: 0.18 cm
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Left, Indent: Left: 0 cm, Right: 0.18 cm, Space Before: 0 pt, Tab stops: 1.19 cm, Left
- Formatted: Left

Participants of events including programmes, exhibitions, author events and classes.	Based on 2022/2023 attendance stats	6,000	6,250,000	6,500,000	6,007,500
--	-------------------------------------	-------	-----------	-----------	-----------

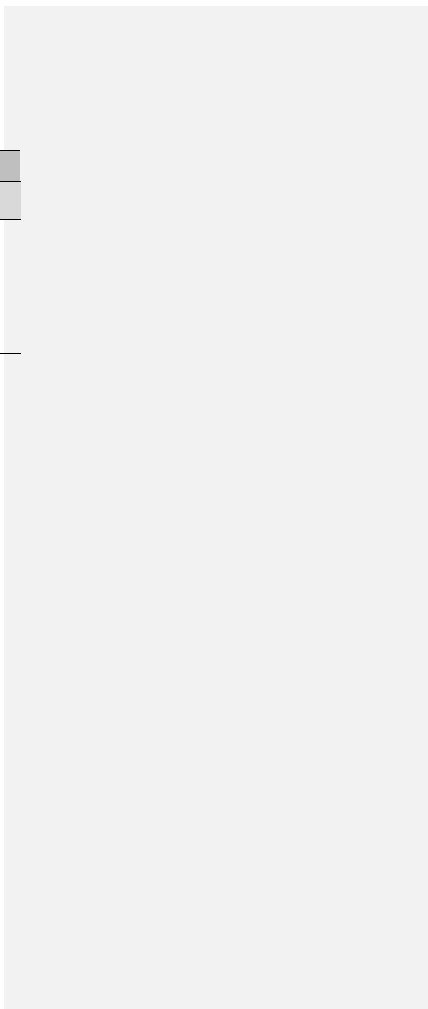
DRAFT



4.6. Cemeteries

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 Districts cemeteries	97% of residents were satisfied in the 2019/20 residents opinion survey.	90%	90%	90%	90%
	No complaints about late or inadequate interment services at our cemeteries	New	100%	100%	100%	100%

DRAFT



5. Planning and Regulatory Services

5.1. District Planning

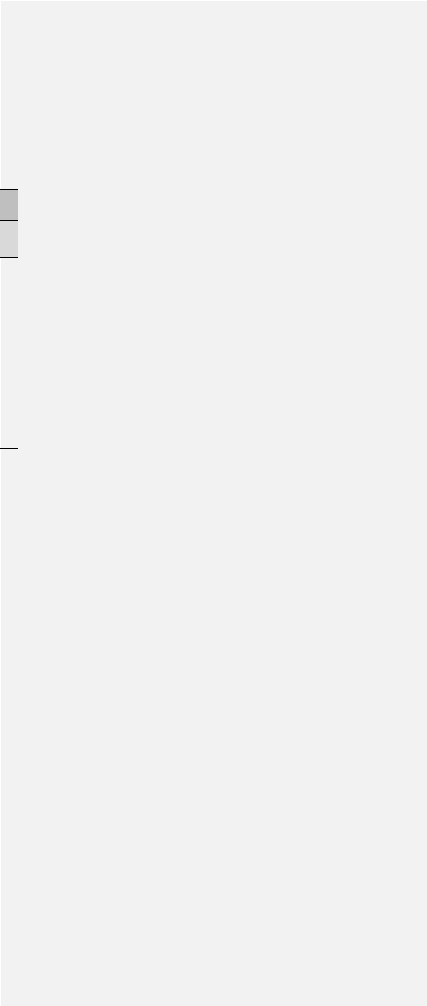
WHAT WE DO	HOW WE SHOW WE ARE DOING A GREAT JOB					
LEVEL OF SERVICE	PERFORMANCE MEASURES	BASELINE	TARGETS 2024/25	TARGETS 2025/26	TARGETS 2026/27	TARGETS 2027+
Council creates an environment where development and the use of land in our district strategically balances the need for growth while protecting our special places and community values. Council creates an environment where development and the use of land in our District balances the need for growth while protecting our special places and community values.	A District Plan that is compliant with the Resource Management Act and other higher order Resource Management Act instruments, within the timeframes required. A District Plan current within the statutory timeframes.	Achieved Our current District Plan is not RMA compliant and we have not given effect to national policy statements	Achieved Net achieved	Achieved Net achieved	Achieved Achieved	Achieved Achieved
	Develop and maintain a programme of work to ensure the District Plan is responsive to growth, is focused on achieving positive environmental outcomes and is consistent with the requirements of the broader planning framework.	New New	Achieved Develop a project plan for changes to respond to growth and rolling reviews over the next ten years.	Achieved Develop changes to the District plan to provide for projected residential and commercial growth.	Achieved Develop changes to the District plan to provide for projected residential and commercial growth.	Achieved Develop changes to the District plan to provide for projected residential and commercial growth.
	A District Plan that is future focussed and responsive to the Districts Growth and development.					

- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)

5.2. Building Control

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 protect the community from unsafe buildings and ensure buildings are designed and constructed in a manner that promotes sustainable development. Council provides an effective Building Consent Authority to service to the district.	The percentage of Building Consents processed within 20 working days (the statutory timeframe)	98%	95% 90%	95%	100%	95%
	The percentage of customers satisfied with Building Consent services provided	88 79% - 2022/23	85%	90%	85%	90%
	The percentage of Code Compliance Certificates processed and issued within 20 working days (the statutory timeframe).	100%	100%	100%	100%	100%

DRAFT



5.3. Animal Services

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+
<p>We provide great customer service and the animal control activity minimises nuisance and makes our community a safer place to live. To ensure that animals are looked after in a humane manner and are not menacing, dangerous or a nuisance to the public.</p>	<p>DIA Non-Financial Performance Measure</p> <p>The percentage of known dogs registered</p>	98.5%	>95%	>95%	>95%	>95%
	<p>DIA Non-Financial Performance Measure</p> <p>Percentage of serious dog incidences responded to within 2 hours</p>	91.5%	100%	100%	100%	100%
	<p>Non-Dia Non-Financial Performance Measure</p> <p>Response to all stock complaints and requests within 24 hours</p>	100%	100%	100%	100%	100%
	<p>Non-Dia Non-Financial Performance Measure</p> <p>The percentage of users satisfied with the Animal Control service provided</p>	90.7%	90%	90%	90%	90%

Formatted: Font: Bold, English (New Zealand)

Formatted: Font: Bold

6. Solid Waste

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 and provides incentives for waste reduction, reuse and recycling in order to achieve its Waste Free CHB goals.	The percentage of total waste that is diverted from the landfill to recycling, re-use and recovery.	New Measure	22%	40%	48%	>50%
	The amount of green waste processed each year	2,273 m3	>2,250 m3	>2,250 m3	>2,250 m3	>2,250 m3
	The number of schools participating in waste minimisation programmes	94.4%	75%	75%	75%	75%
	Hold waste minimisation promotional events in the District	5	4	4	4	4
	The percentage of users satisfied with the solid waste service provided	77%	90%	90%	90%	90%
Provide communities with access to safe, efficient and cost-effective rubbish and recycling services to achieve WasteFREE CHB goals.	The percentage of total waste that is diverted from the transfer station and kerbside refuse, 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%

- Formatted: Font: 8 pt
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Left
- Formatted: Font color: Auto
- Formatted: Font: 8 pt
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Left
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Font: 8 pt, Pattern: Clear (Gray-10%)
- Formatted: Left



<p>The number of complaints received about the performance of the stormwater system (expressed per 1000 properties connected to the stormwater system)</p> <p>4.7 (2022/23 - 7.7)</p>	€ 5	€ 5	€ 5	€ 5		Formatted: Not Highlight
<p>Non-DIA Related Non-Financial Performance Measure: Satisfaction</p> <p>The percentage of users satisfied with the stormwater service provided</p>	92% (2022/23 64%)	90%	90%	90%	90%	Formatted: Font: (Default) +Body (Calibri)
<p>Non-DIA Related Non-Financial Performance Measure: Value from Investment</p> <p>The percentage of open drain network and culverts inspected to inform maintenance requirements and ensure optimal network performance</p>	100%	100%	100%	100%		Formatted: Not Highlight
<p>Non-DIA Related Non-Financial Performance Measure: Value from Investment</p> <p>The percentage of open drain and culvert network for which maintenance has been carried out</p>	20%	20%	20%	20%		Formatted: Font: Bold
						Formatted: Font: Bold
						Formatted: Not Highlight
						Formatted: Not Highlight
						Formatted: Not Highlight
						Formatted: Not Highlight
						Formatted: Indent Left: 0.04 cm
						Formatted: Table Paragraph
						Formatted: Table Paragraph
						Formatted: Font: (Default) Roboto Light, 8 pt
						Formatted: Right: -0.04 cm, Space After: 0 pt
						Formatted: Table Paragraph
						Formatted: Table Paragraph
						Formatted: Font: (Default) Roboto Light, 8 pt
						Formatted: Table Paragraph, Justified
						Formatted: Font: (Default) Roboto Light, 8 pt
						Formatted: Font: 8 pt

8. Wastewater

We will provide an update on these measures in workshop next week.

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 1000 connections to the total sewerage systems)	2.5 (2022/23 – 16.2)	≤10	≤10	≤10	≤10
	Target number of total sewerage overflows (per 1000 connections to the total sewerage)	2.5 (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:					
	abatement notices;	0 (2022/23 – 0)	0	0	0	0
	infringement notices;	0 (2022/23 – 0)	0	0	0	0
	enforcement orders; and	0 (2022/23 – 0)	0	0	0	0
convictions, received by the territorial authority in relation to those resource consents.	0 (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	47 minutes (2022/23 28.8 mins)	≤1hr	≤1hr	≤1hr	≤1hr	

- Formatted: Not Highlight
- Formatted: Not Highlight
- Formatted: Not Highlight
- Formatted: Not Highlight
- Formatted: Not Highlight
- Formatted: Indent Left: 0.04 cm
- Formatted: Not Highlight
- Formatted: Not Highlight
- Formatted: Not Highlight
- Formatted: Not Highlight
- Formatted: Not Highlight

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+
	received to the time that the service personnel reach the site)					
	Median resolution time for attending sewerage overflows resulting from blockages or other faults (measured from the time that notification is received to the time that service personnel confirm resolution of the blockage or other fault)	2 hours 20 minutes (2022/23 - 2 hrs 46 mins)	≤ 4 hrs	≤ 4 hrs	≤ 4 hrs	≤ 4 hrs
	DIA Non-Financial Performance Measure: Customer Satisfaction					
	Number of complaints received per annum per 1000 sewerage connections about any of the following:	144 (2022/23 - 37.5)	≤ 10	≤ 10	≤ 10	≤ 10
	Sewage odour, Sewerage system faults, Sewerage system blockages or Council's response to issues with its sewerage systems.					
	The percentage of users satisfied with the wastewater service provided	91% (2022/23 - 93%)	90%	90%	90%	90%

Formatted: Right: 0.07 cm
Formatted: Not Highlight

Formatted: Not Highlight
Formatted: Not Highlight
Formatted: Not Highlight
Formatted: Not Highlight
Formatted: Indent: Left: 0.05 cm, Right: 0.07 cm, Space Before: 0 pt
Formatted: Indent: Left: 0 cm
Formatted: Not Highlight

9. Water Supply

We will provide an update on these measures in workshop next week.

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 authorities drinking water supply complies with Part 4 of the drinking water standards the new Part D rules under the DWQAR's (bacteria compliance criteria)	Reticulation Otane Pass (2019- Pass) Waipawa Pass (2019- Pass) Waipukurau Pass (2019- Pass) Takapau Pass (2019- Pass) Kairakau Pass (2019- Pass) Perangahau Pass (2019- Pass) 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	Treatment Otane Pass (2019- Fail) Waipawa Pass (2019- Fail) Waipukurau Fail (2019- Fail) Takapau Fail (2019- Pass) Kairakau Fail (2019- Fail) Perangahau Fail (2019- Fail) NEW	All potable supplies 100%	All potable supplies 100%	All potable supplies 100%	All potable supplies 100%
		Unmeasurable	≤ 30% < 40% unmeasurable	≤ 30% < 40% unmeasurable	≤ 30% < 35% unmeasurable	≤ 30% < 35% unmeasurable

Formatted: Not Highlight
 Formatted: Not Highlight
 Formatted: Not Highlight
 Formatted: Not Highlight

Formatted: Not Highlight

Formatted: Indent: Left: 0.04 cm
 Formatted: Not Highlight
 Formatted: Not Highlight
 Formatted: Not Highlight
 Formatted: Indent: Left: 0.04 cm

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+	
	<p>DJA Non-Financial Performance Measure: Fault Response Times</p> <p>Attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site</p>	<p>38 minutes (2022/23 - 23 mins)</p>	<p>≤ 2 hours</p>	<p>≤ 2 hours</p>	<p>≤ 2 hours</p>	<p>≤ 2 hours</p>	Formatted: Not Highlight
	<p>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</p>	<p>4 hour 48 minutes (2022/23 - 3 hrs 25 mins)</p>	<p>≤ 12 hours</p>	<p>≤ 12 hours</p>	<p>≤ 12 hours</p>	<p>≤ 12 hours</p>	Formatted: Not Highlight
	<p>Attendance for non-urgent call outs: from the time that the Local Authority receives notification to the time the service personnel reaches the site</p>	<p>38 minutes (35 mins)</p>	<p>≤ 6 hours</p>	<p>≤ 6 hours</p>	<p>≤ 6 hours</p>	<p>≤ 6 hours</p>	Formatted: Not Highlight
	<p>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</p>	<p>27 hours 18 minutes (15 hrs 40 mins)</p>	<p>≤ 72 hours</p>	<p>≤ 72 hours</p>	<p>≤ 72 hours</p>	<p>≤ 72 hours</p>	Formatted: Not Highlight
	<p>DJA Non-Financial Performance Measure: Customer Satisfaction</p> <p>Number of complaints relating to drinking water received (per annum per 1000 connections to the local authority's networked reticulation system)</p>	<p>3.68 (2022/23 - 18.5)</p>	<p>≤ 5</p>	<p>≤ 5</p>	<p>≤ 5</p>	<p>≤ 5</p>	Formatted: Not Highlight
	<p>The average consumption of drinking water per day per water connection</p>	<p>1.34-65m3</p>	<p>≤ 1.80m3</p>	<p>≤ 1.80m3</p>	<p>≤ 1.80m3</p>	<p>≤ 1.80m3</p>	Formatted: Not Highlight
	<p>The percentage of users satisfied with the water supply service provided</p>	<p>83% (2022/23 - 88%)</p>	<p>90%</p>	<p>90%</p>	<p>90%</p>	<p>90%</p>	Formatted: Not Highlight

7.8 REVIEW OF THE SIGNIFICANCE AND ENGAGEMENT POLICY

File Number:

Author: Lisa Harrison, LTP Programme Manager

Authoriser: Doug Tate, Chief Executive

Attachments: 1. **Significance and Engagement Policy** [↓](#)

PURPOSE

The matter for consideration by the Council is to endorse the Significance and Engagement Policy for inclusion in the Three-Year Plan 2024-2027.

RECOMMENDATION

That the updated Significance and Engagement Policy is adopted.

EXECUTIVE SUMMARY

As part of the Three-Year Plan (Long Term Plan), under Section 11 of Schedule 10 of the Local Government Act 2002, a Long Term Plan must contain a summary of the local authority's significance and engagement policy under s76AA.

The policy is due for review as part of the work programme and this report seek approval to endorse the minor amendments to the policy.

BACKGROUND

A Significance and Engagement Policy (SEP) is a device for letting the public know what decisions or matters the council and the community consider to be particularly important, how the council will go about assessing the importance of matters, and how and when the community can expect to be consulted on both. For this reason, it is integral to good governance and a well-functioning Council.

As good practice, every three years, the SEP needs to be reviewed in line with the Long Term Plan (LTP process). Depending on the extent of change in the policy, it can either be approved prior to the LTP consultation, or as part of it.

Council last completed a review of the SEP and adopted that at its meeting of 27 August 2020. This was further considered as part of the Long Term Plan 2021 – 2031.

This report presents the SEP for adoption as part of the Three-Year Plan 2024-2027 process, recognising the SEP is due for review.

DISCUSSION

In preparation of presenting the SEP to Council for its review, Officers have completed background diligence and considered sector feedback on SEP's and what industry good practice.

The Officer review has concluded that the policy continues to hold the following values:

- It provides a sound and simple approach to assessing significance and engagement.
- Having a simpler approach, limits the likelihood of legal challenge or confusion in the interpretation of complex issues.

- The SEP continues to provide for a level of flexibility when considering the context of significance and engagement (i.e. it is not significantly over rigid or standardised in approach).

There is only one minor wording change highlighted to reflect the accurate name of the Waipawa Districts Centennial Memorial Pool (in the current policy it is called the Waipawa Memorial Pool) under the Schedule of Strategic Assets section, and also the correct naming of the Central Hawke's Bay Municipal Theatre.

Like any Policy, its success is only as successful as its implementation and regular use. An area of the Policy that while not a governance function, is the operational transfer of the Policy into regular training and updates for staff. This has been noted by Officers and will be picked up as part of the organisational calendar of training and development activities.

RISK ASSESSMENT AND MITIGATION

The changes recommended are minor, with no material changes to the current policy (especially relating to criteria for assessment). Therefore, there is minimal risk to approval of the SEP.

FOUR WELLBEINGS

The SEP supports the four wellbeing's as it gives effect to them through a decision-making framework that ensures appropriate engagement with the community on significant issues.

DELEGATIONS OR AUTHORITY

Given the implications of the Significance and Engagement Policy, and that is a key input into the Three Year Plan process it is important that Elected Members endorse the Significance and Engagement Policy.

SIGNIFICANCE AND ENGAGEMENT

In accordance with the Council's Significance and Engagement Policy, this matter has been assessed as minor.

OPTIONS ANALYSIS

Two possible options available to Council are:

Option One – Endorse the draft Significance and Engagement Policy

This option see's Council Adopt the Significance and Engagement Policy with one minor change.

Option Two – Endorse the draft Significance and Engagement Policy with more changes

This option see's Council Adopt the Significance and Engagement Policy, albeit with further changes proposed by Council. Relative to the extent of change, will be the associated implications of any change.

	<u>Option 1</u> Adopt the amended Significance and Engagement Policy	<u>Option 2</u> Adopt the Significance and Engagement Policy with changes
Financial and Operational Implications	Minimal. As the criteria remains the same, there are no new factors to take into consideration by officers in considering significance	Relative to the change, this may require further training of officers to ensure they understand any new criteria or process, and how to assess any new criteria objectively.
Long Term Plan and Annual Plan Implications	There are no obvious implications.	There are no obvious implications.
Promotion or Achievement of Community Outcomes	The SEP supports promotion of community outcomes by adequately ensuring community views are taken into account.	The SEP supports promotion of community outcomes by adequately ensuring community views are taken into account.
Statutory Requirements	We are required by the Local Government Act 2002 to have a SEP in place.	We are required by the Local Government Act 2002 to have a SEP in place.
Consistency with Policies and Plans	This option is consistent with policies and plans.	This option is consistent with policies and plans.

Recommended Option

This report recommends **Option One - Endorse the draft Significance and Engagement Policy** for addressing the matter.

NEXT STEPS

If the recommended option is approved, that the Significance and Engagement Policy will be included as part of the Three-Year Plan 2024-2027.

RECOMMENDATION

That the updated Significance and Engagement Policy is adopted.



Significance and Engagement Policy

Adopted: [6/03/2024/14/03/2024](#)
Review: [1/03/2027/14/03/2027](#)



Together we thrive! E ora ngātahi ana!

Introduction

Central Hawke's Bay District Council (the Council) is responsible for making decisions on behalf of its communities. The Council considers community views and preferences when making decisions and has flexibility about how to engage with its communities. Council gathers information about the views and preferences from our community in many ways and uses this information to inform its decisions.

The Council aspires to actively engage with and work collaboratively with its communities within the decision making roles. Engaging early and well, enables better decisions by ensuring that final decisions take into account or have regard to the views of the community and those affected by the decision. At times (and subject to unique circumstances), engagement activities may need to go beyond the Council's standard approach.

Vision

Councils Vision is for "Central Hawke's Bay to be a proud and prosperous district made up of strong, connected people who respect and protect our environment and celebrate our beautiful part of New Zealand". Values Council intends to deliver on its aspirational vision by adhering to a set of values produced through a consultative piece of work with the community know as Project THRIVE.

The values are:

- Trust – we create trust by acting with integrity
- Honesty – we do what is right even when no one is looking
- Respect – we have respect for each other, our community and our stakeholders
- Innovation – we find smarter ways to do things to produce improved and sustainable results
- Valuing People – we are one team, supporting each other to succeed
- Excellence – we deliver exceptional results

The purpose of this policy is to:

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 they make any decisions.

The extent of significance and engagement is determined on a case-by-case basis. This policy is required under the Local Government Act 2002 (the Act). It includes:

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 and
5. Information on strategic assets and a list of strategic assets owned by Council

The Council will review the Significance and Engagement Policy every three years or as required. This will be amended and confirmed through public consultation if necessary, separately or as part of the Long-term Plan.

How it works in practice

Council officers must answer some key questions when considering how consultation works in practice. Some decisions may require the use of the Special Consultative Procedure under the Local Government Act 2002. See section 6 of this policy about the requirements for these decisions.

For all other decisions, Council will first ensure as part of the project planning process that it clearly identifies the objective, options for achieving the objective, and their advantages and disadvantages.

Document Owner: Brent Chamberlain Activity: Community Engagement

Together we thrive! E ora ngātahi ana! | 2

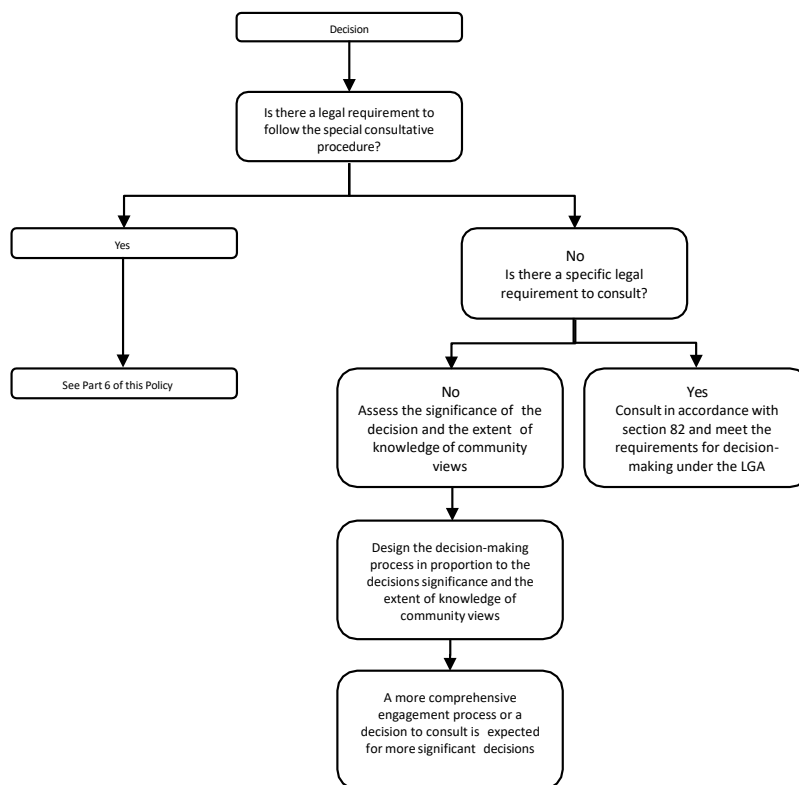
Adopted Date: [6/03/2024](#) Review Date: [1/03/2027](#) Document Approver: Doug www.chbdc.govt.nz

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

1. The level of significance
2. Link the level of significance to the level of engagement
3. Consider 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 below.



A note on consultation versus engagement

Consultation involves obtaining public feedback on proposals; it is one form of engagement. The Council regularly consults communities through processes such as the long-term plan which determine Council’s strategic direction as well as how it sets budgets and prioritises projects. The Council will consult the community on significant decisions. For most Council decisions, there is no express requirement to consult the public, but we will consider people’s views and preferences.

Engagement is a broader and ongoing process of sharing information with the community and seeking its feedback, with the purpose of involving the community in the process of decision making. This process may include a more formal consultation process to meet legal requirements.

There is a general expectation of officers that for more significant decisions they will create a communication and engagement plan as part of their project plan.

Monitoring implementation

All reports by officers to Council seeking a decision will include a statement addressing the issue of significance. The report is to include a statement about how the relevant sections of the Local Government Act 2002 and the Significance and Engagement policy will be observed.

Determining Significance

The Council must determine the level of significance of a decision based on criteria identifying the level of significance and the likely impact of the decision on the current and future wellbeing of the District. It must also take into account any persons likely to be particularly affected by or interested in the decision and the capacity of the Council to perform its role, as well as the financial and other costs of doing so.

The criteria for assessing the degree of significance

The Council's criteria for assessing the degree of significance of a decision are below. All of the following criteria will be considered when determining the level (low to high) of significance of an issue, proposal or decision. The greater the cumulative impact of the decision as assessed by these criteria, the more significant the issue, proposal or decision will be.

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 the Council, ratepayers and wider community of carrying out the decision;
7. Possible benefits/opportunities to the Council, ratepayers and wider community of carrying out the decision;
8. Level of impact on the capacity and capability of the 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 the Council will invest in obtaining the views of affected and interested parties. It is important that the Council design the engagement process in proportion to the decisions significance and the extent of knowledge of community views.

The assessment of the significance of proposals and decisions, and the level of community engagement, will be considered in the early stages of a proposal before decision making occurs and, if necessary, reconsidered as a proposal develops. The aim is to engage early so that the decision-making process is well informed by those impacted by any decision.

The methods of engagement adopted by the Council before it makes a decision will depend on if:

1. the matter is of low or no significance (e.g. technical and/or minor amendments to a Council policy) and there may be a very small group of people affected by or with an interest in the decision;
2. the matter is significant only to a relatively small group of people or is of low impact to many. In this case, they will be informed about the matter in a meaningful way and/or consulted so that any concerns, views or alternatives can be considered as part of the decision-making process.
3. the matter is significant not only to a small group of people particularly affected but also to a wider community that may have an interest in the decision to be made. In this case, a range of methods could be used. Most likely, a mixed method that allows for consultation and direct involvement with the public to get their input and feedback.
4. for more significant matters, the Council may utilise a suite of engagement methods to ensure that the community is given as much opportunity to participate and influence the decision-making process. This could include partnering with the community to identify options.

When might the Council not carry out engagement?

There may be occasions when the Council may not follow this policy, for example where failure to make a decision urgently would result in unreasonable or significant damage to property, risk to people's health and safety, or the loss of a substantial opportunity to achieve the Council's strategic objectives. The Local Government Act 2002 sets out a process for the Council to follow if the Council has a good reason to make a decision outside of this policy.

Our Approach to Engagement

The Council actively seeks to improve opportunities for engagement and ensure that final decisions take into account or have regard to the views of the community and those affected by the decision. The Council will monitor and report on how public input has influenced decisions. The Council works with communities on a number of levels including as customers, stakeholders, citizens, ratepayers, subject matter experts and partners. It views engagement as a genuine dialogue with its diverse communities to help Council make better decisions. Council has working relationships with groups including:

1. mana whenua, iwi and Māori organisations
2. community and business organisations
3. government and education sectors
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 which are not currently under consultation. We may do this in a variety of ways such as having a presence in public spaces, through our digital channels, front line staff, print media, workshops and community events.

Engagement with Māori

The Council acknowledges the unique status of Māori and the wider Māori community and is committed to ensuring that it provides opportunities for Māori to contribute to in the decision-making process. The Council is committed to providing relevant information to inform Māori contribution and improve Māori access to the Council's engagement and decision-making processes, as set out in section 81 of the Act.

The Council will work with mana whenua/iwi to ensure their contributions are represented and their status is publicly recognised. Council recognises that early engagement with iwi is often the most effective - in particular for those decisions which have greater significance.

The Council affirms its obligations to involving Māori in decision-making processes as set down in the Act, which includes recognition of the Treaty of Waitangi.

Principles of consultation

When carrying out consultation, Council will follow these principles of consultation (from section 82 of the Act):

1. identify people who will or may be affected by, or have an interest in, the decision;
2. provide them with reasonable access to relevant information in an appropriate format on the process and scope of the decision;
3. encourage people to give their views;
4. give people a reasonable opportunity to present their views in an appropriate way;
5. listen to, and consider those views, with an open mind; and
6. after the decision, provide access to the decision and any other relevant material.

Where the Act requires Council to consult on a particular draft policy or decision, Council will prepare and make available:

1. a description of what it intends to do, and why;
2. an analysis of the practical options (with advantages and disadvantages); and
3. a draft of the policy or relevant document (or details of the changes to any policy or document).

Special Consultative Procedure (SCP)

The special consultative procedure requires the Council to prepare a statement of proposal and make this publicly available (and make the summary or a full proposal widely available). It must allow feedback of at least 1 month. Council must ensure people are given an opportunity to present their views to Council through spoken interaction (or using sign language).

The Council must use the special consultative procedure for some plans and processes including:

1. adopting or amending a Long Term Plan;
2. adopting, amending, or revoking bylaws of significant interest to or impact on the public (for all other bylaw matters Council will consult following the principles in section 82 of the LGA);
3. adopting, amending or revoking a Local Alcohol Policy; and
4. setting rates.

Unless already explicitly provided for in the Long-term Plan, we will seek to amend the Long-term Plan using a special consultative procedure, when proposing to alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of Council, including commencing or ceasing such an activity; and when transferring the ownership or control of strategic assets, as outlined in section 7.

In these circumstances the Council will develop information that meets the requirements of section 82A of the Act, making this available to the public, allowing submissions for a period of at least 1 month, and will consider all submissions prior to making decisions.

Strategic assets

An important objective of the Council is to achieve or promote outcomes that it believes are important to the current or future well-being of the community. Achieving these outcomes may require the provision of roads, water, wastewater and stormwater collection as well as libraries, reserves and other recreational facilities and community amenities.

Council-owned assets that provide these services are considered to be of strategic value and the Council has determined they need to be retained if its objective is to be met. These assets must be listed in the Council's Significance and Engagement policy. The Act requires that any decision that significantly alters the level of service provided by the Council of a significant activity (including a decision to commence or cease such an activity) or transfers ownership or control of a strategic asset to or from the Council must be explicitly provided for in the Long-term Plan and can only be consulted on in the Long-term Plan, in accordance with section 93E of the Act.¹

Legal framework Strategic assets are defined in section 5 of the Act as: "...an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community; and includes:

1. any asset or group of assets listed in accordance with section 76AA(3) by the local authority; and
2. any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy; and
3. any equity securities held by the local authority in:
4. a port company within the meaning of the Port Companies Act 1988;
5. an airport company within the meaning of the Airport Authorities Act 1966.

¹ 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.

Section 76AA (3) of the Act requires that the Council "must list the assets considered by the local authority to be strategic assets." These assets are determined to be important to achieving the Council's community outcomes. In addition, assets or groups of assets are listed as strategic if the Council ownership or control is essential to the long-term provision of the associated service.

Group or Whole-of-Asset Approach

The Council takes a group or whole-of-asset approach i.e. it means the group assets as a whole and not each individual asset within the group. Without limiting the application of this provision to other assets, the following examples of the application of this policy to group assets are given:

1. "Water supply network assets" means those group assets as a whole and not each individual pipeline, reservoir, and pump station. The Council does not consider that the addition or deletion of parts of that group asset (being a part of the group asset as a whole) will affect the overall group asset's strategic nature.
2. "Roading assets" and "reserve assets" mean those group assets as a whole. Therefore, if the Council acquires land for a new road (or the formed road itself) or new reserve lands as a result of subdivision, those additions are part of the day-to-day business of managing the roading and reserves assets.
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 the Council to meet its strategic outcome will not on their own be regarded as a strategic asset. Examples include:
4. disposal of former roads, provided that the Council has followed the road stopping processes under the Public Works Act 1981
5. disposal of individual reserves, provided that the Council has followed the procedures in the Reserves Act 1977 or the Local Government Act 2002 for areas managed as reserve but not covered by the Reserves Act.

Schedule of Strategic Assets

Assets the Council owns that are strategic assets under section 5 of the Local Government Act 2002:

1. the public rental housing held by the Council to maintain affordable housing

Assets the 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 districts aquatic facilities, including the Waipawa [Districts 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 Waipawa](#) Municipal Theatre.
8. Retirement Housing

7.9 TREASURY MANAGEMENT POLICY REVIEW

File Number:**Author:** Brent Chamberlain, Chief Financial Officer**Authoriser:** Doug Tate, Chief Executive**Attachments:** 1. Treasury Management Policy [↓](#)

PURPOSE

The matter for consideration by the Council is the review of its Treasury Management Policy ahead of setting the Three-Year Plan budgets. This policy has been recommended for Adoption by the Risk and Assurance Committee from its meeting of 7 December 2023.

This item is represented back to Council, following further information and clarifications being sought by the Elected Council at its meeting of 15 February 2024.

RECOMMENDATION

That Council accepts the Risk and Assurance Committees recommendation from its meeting of 7 December 2023 and adopts the revised Treasury Policy (incorporating Investment and Liability policies).

EXECUTIVE SUMMARY

The Council has a Treasury Management Policy that outlines the approved policies and procedures in respect of all treasury activity to be undertaken by Central Hawke's Bay District Council. These policies and procedures will enable treasury risks within Council to be prudently managed.

Leading in the setting the Three-Year Plan for 2024-2027 it is prudent to review Council's Treasury settings given its forecast debt levels and the change in New Zealand's economic climate since the last Long Term Plan was set back in 2021.

The only substantial change being recommended is to allow a change in allowable debt ceilings if and when Council choses to get a credit rating. This change has been endorsed by both Councils treasury advisors and Councils own Risk and Assurance subcommittee.

BACKGROUND

The Council has a Treasury Management Policy that outlines the approved policies and procedures in respect of all treasury activity to be undertaken by Central Hawke's Bay District Council. These policies and procedures will enable treasury risks within Council to be prudently managed.

Leading in the setting the Three-Year Plan for 2024-2027, it is prudent to review Council's Treasury settings given its forecast debt levels and the change in New Zealand's economic climate since the last Long Term Plan was set back in 2021.

To mitigate financial risks the Treasury Policy formalises who has delegation to do what, sets a monitoring framework, limits Council to borrow/invest with only investment grade third parties, limits Council's exposure to interest rate movements through the use of fixed rate instruments, limits Council's exposure to single debt maturity/rollover dates, and caps Council ability to borrow beyond its financial means.

DISCUSSION

Attached is a marked-up version of Council's existing Treasury Policy with some recommended changes ahead of the Three Year Plan consultation, particularly to this debt cap restriction lifting it from 150% to 200% of revenue.

The remaining changes are mainly formatting and clarifications, rather than substantive.

At the 7 December 2023 Risk and Assurance Committee meeting, Bancorp Treasury presented the proposed changes in the attached document and the pros and cons of getting a credit rating. At the end of the presentation, it was resolved that:

"Risk and Assurance recommend to Council the revised Treasury Policy (incorporating Investment and Liability policies) be recommended to Council for adoption."

This policy was originally brought to Council for adoption on 15 February 2024. At that time Council asked for further clauses to be inserted into the draft to clarify the decision-making process and delegations for seeking an external credit rating.

In providing these further changes, Officers have spoken to the Independent Risk and Assurance Chairman Mr Neil Bain on their general direction, recognising the Committee's previous recommendation of the Policy who has endorsed the direction and changes.

The policy on pages 4-5 sets out the responsibility of "Council" and states that:

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

The policy then goes on to list some of these responsibilities and Officers have inserted a new responsibility being:

5. Council *"Approves 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."*

The policy now also repeats this responsibility under the "Borrowing Limit Table" where the borrowing limit depends on:

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

For context, over 85% of Council's debt relates to 3 Waters Infrastructure. At present there is some uncertainty regarding the future direction of government strategy on "Local Water Done Well".

While the draft three-year plan shows Council will get through the 3 year plan without a credit rating, this is based on continued support from the government for the roading recovery post cyclone. If this doesn't eventuate then Council will require the higher debt cap by Year 3, and therefore an external credit rating.

It is likely that there will be opportunities for partnering with neighbouring Councils for "shared water services" to gain the benefits of scale and provide more affordable water service solutions. This may come with balance sheet separation (dependent on Central Government passing legislation relief) that would negate the need for the higher debt cap and the need to incur the cost of obtaining an external credit rating.

RISK ASSESSMENT AND MITIGATION

Risk mitigation is one of the main drivers for having a Treasury Management Policy. The extension of Councils debt cap has a material impact on Council's risk profile but is consistent with policies used by Bancorp Treasury's other Council clients.

FOUR WELLBEINGS

The decision in this report doesn't immediately change any budgets, but potentially changes the settings used to make debt and investment decisions in the future which will have a flow on impact to future budgets and economic wellbeing.

DELEGATIONS OR AUTHORITY

This policy will become a Council policy, and therefore requires adoption by Council. The Risk and Assurance Committee does not hold delegations to approve Policy of Council but can provide expert advice and assurance to Council.

SIGNIFICANCE AND ENGAGEMENT

In accordance with the Council's Significance and Engagement Policy, this matter has been assessed as significant given any changes potentially change the Council's financial strategy contained in the Long Term Plan.

However, the proposed draft changes to the policy do not materially change any of the settings contained in the Financial Strategy or have any budgetary impacts that were not previously indicated in the 2018-2028 Long Term Plan.

OPTIONS Analysis

Council has two options available to it:

1. That after receiving the proposed Treasury Management Policy and recommendation from the Risk and Assurance Committee, it can adopt the modified Treasury Management Policy, or.
2. That after receiving the proposed Treasury Management Policy and the recommendation from the Risk and Assurance Committee, it can choose not to adopt the modified Treasury Management Policy and request further work on it be undertaken on the policy.

Recommended Option

This report recommends option number one, that Council adopts the draft Treasury Policy for addressing the matter.

NEXT STEPS

Assuming the policy is adopted, Officers will include the revised version of the policy in the 3 Year Plan document for public consultation and submission.

Officers will continue to develop the three-year plan budgets and work with Bancorp and the Local Government Funding Agency to determine the best point in time to obtain a formal credit rating.

RECOMMENDATION

That Council accepts the Risk and Assurance Committees recommendation from its meeting of 7 December 2023 and adopts the revised Treasury Policy (incorporating Investment and Liability policies).



Treasury Management Policy

Adopted: 11/12/2021
Review: ~~9/02/2023~~ 14/03/2023

Formatted: Justified



Together we thrive! E ora ngātahi ana!

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.

Formatted: Justified, Space Before: 12 pt, After: 9 pt, Line spacing: single

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.

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

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.

Formatted: Justified, Space After: 9 pt, Line spacing: single

Formatted: Font: 10 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

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.

Formatted: Justified, Space After: 9 pt, Line spacing: single

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.

Formatted: Font: 10 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

Statutory objectives

Formatted: Font: 10 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt

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.

Formatted: Justified, Indent: Left: 0 cm, Space Before: 0 pt, After: 9 pt, Line spacing: single, Tab stops: Not at 1.46 cm + 1.46 cm

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 113.
- 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.

Formatted: Justified, Space Before: 0 pt, After: 9 pt

3. Council will not transact with any Council Controlled Trading Organisation (CCTO) on terms more favourable than those achievable by Council itself.

Formatted: Justified, Indent: Left: 0 cm, Space After: 9 pt, Line spacing: single, Tab stops: Not at 1.46 cm + 1.46 cm

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 the 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. To 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 the 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 which Council seeks to manage, not capitalise on. Accordingly, activity which may be construed as speculative in nature is expressly forbidden.

Policy setting and management

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

The Council exercises ongoing governance over its subsidiary companies (CCO/CCTO), through the process of approving the Constitutions, Statements of Intent, and the appointment of Directors/Trustees of these organisations.

Governance and Management Responsibilities

Overview of Management Structure

The following diagram illustrates those individuals and bodies who have treasury responsibilities. Authority levels, reporting lines and treasury duties and responsibilities are outlined in the following section:

Formatted: Font: 10 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

Formatted: Justified, Space Before: 0 pt, After: 9 pt

Formatted: Justified, Indent: Left: 0 cm, Hanging: 0.85 cm, Space Before: 0 pt, After: 9 pt, Tab stops: Not at 1.46 cm + 1.46 cm

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

Formatted: Font: 10 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt

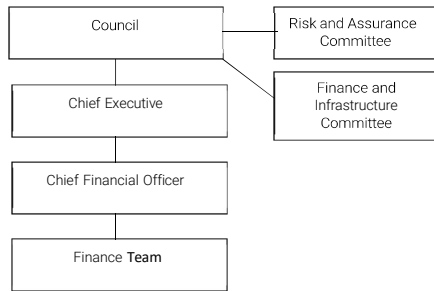
Formatted: Space After: 9 pt, Line spacing: single

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

Formatted: Justified, Space After: 9 pt, Line spacing: single

Formatted: Font: 10 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single



Council

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

The Council is responsible for approving the Policy. While the Policy can be reviewed and changes recommended by other persons, the authority to make or change Policy cannot be delegated.

In this respect, the Council has responsibility for:

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. Approve and adopt the Liability Management and Investment Policies (the Treasury Management Policy).
3. Monitors and reviews the ongoing treasury risk management performance of the Council to ensure that the treasury function is operating in such a way as to ensure that the Council's strategic objectives are being met.

Formatted: Justified, Space Before: 0 pt, After: 9 pt

Formatted: Justified, Space After: 9 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt

Formatted: Centered, Space Before: 0 pt, After: 9 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt

Formatted: Font: 10 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

Formatted: Justified, Indent: Left: 0.21 cm, Space Before: 0 pt, After: 9 pt, Line spacing: single

Formatted: Justified, Space Before: 0 pt, After: 9 pt

Formatted: Justified, Indent: Left: 0.21 cm, Hanging: 0.85 cm, Space After: 9 pt, Line spacing: single, Tab stops: Not at 1.46 cm + 1.46 cm

Formatted: Character scale: 100%

4. Approves new borrowing facilities from the banking sector and capital markets upon the recommendation of the CE in consultation with the CFO.

5. Approves 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.

~~3.~~

4.6. Approval for one-off transactions falling outside Policy.

Finance and Infrastructure Committee

Under delegation from Council:

~~1. Monitor and review treasury activity through at least six monthly reporting, supplemented by exception reporting.~~

Risk and Assurance Committee

Under delegation from Council:

1. Review formally, on a three yearly basis, ~~any changes to~~ the Treasury Management Policy document recommended by the CE in consultation with the CFO.

2. Evaluate and recommend amendments to the Treasury Management Policy to Council.

~~2.3. Monitor and review treasury activity through at least six-monthly reporting, supplemented by exception reporting.~~

Chief Executive Officer (CE)

While the Council has final responsibility for the Policy governing the management of treasury risks, it delegates overall responsibility for the day-to-day management of such risks to the 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:

Formatted: Justified, Indent: Left: 0.21 cm, Hanging: 0.85 cm, Right: 1.97 cm, Space Before: 0 pt, After: 9 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

Formatted: Justified, Space Before: 0 pt, After: 9 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

Formatted: Font: 10 pt

Formatted: Justified, Indent: Left: 0.21 cm, Space Before: 0 pt, After: 9 pt

Formatted: Not Expanded by / Condensed by

Formatted: Justified, Space Before: 0 pt, After: 9 pt

Formatted: Font: 10 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

Formatted: Font: 10 pt

Formatted: Font: 10 pt

Formatted: Justified, Space After: 9 pt, Line spacing: single

Formatted: Font: 10 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

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 inter-generational equity by aligning long-term assets with long-term funding sources and ensure that the cost are met by those ratepayers benefiting from the investment.

Borrowing limits

Debt will be managed within the following limits:

Item	Council Limit	LGFA Limit
Net External Debt / Total Revenue – Unrated*	<150%	<175%
Net External Debt / Total Revenue – Rated *	<200%	< 280% 200%
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 the 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.

Formatted: Justified, Indent: Left: 0.21 cm, Space Before: 0 pt, After: 9 pt, Tab stops: Not at 1.46 cm + 1.46 cm

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

Formatted: Font: 10 pt

Formatted: Justified, Indent: Left: 0 cm, Space Before: 0 pt, After: 9 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt

Formatted: Font: Bold

Formatted: Justified, Space Before: 4 pt, After: 4 pt, Line spacing: single

Formatted Table

Formatted: Justified, Space Before: 4 pt, After: 4 pt, Line spacing: single

Formatted Table

Formatted: Not Highlight

Formatted: Justified, Space Before: 4 pt, After: 4 pt, Line spacing: single

Formatted: Justified, Space Before: 4 pt, After: 4 pt

Formatted: Justified, Space Before: 4 pt, After: 4 pt

Formatted: Justified, Space Before: 4 pt, After: 4 pt, Line spacing: single

Formatted: Justified, Space Before: 4 pt, After: 4 pt, Line spacing: single

Formatted: Justified, Space Before: 4 pt, After: 4 pt

Formatted: Justified, Space Before: 4 pt, After: 4 pt

Formatted: Justified, Space Before: 4 pt, After: 4 pt, Line spacing: single

Formatted: Justified, Indent: Left: 0.27 cm, Space After: 9 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt

Formatted: Justified, Indent: Left: 0 cm, Hanging: 0.85 cm, Space After: 9 pt, Line spacing: single, Tab stops: Not at 1.46 cm + 1.46 cm

Formatted: Character scale: 100%, Not Expanded by / Condensed by

Formatted: Justified, Space After: 9 pt, Line spacing: single

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.

Formatted: Font: 10 pt
Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

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:

Formatted: Font: 10 pt

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.

Formatted: Justified, Indent: Left: 0.42 cm, Space Before: 0 pt, After: 9 pt, Tab stops: Not at 1.46 cm + 1.46 cm

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.

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single
Formatted: Font: 10 pt

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 Councils 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.

Formatted: Justified, Indent: Left: 0.42 cm, Space Before: 0 pt, After: 9 pt, Tab stops: Not at 1.46 cm + 1.46 cm

Debt repayment

The funds from all asset sales, operating surpluses, grants and subsidies will be applied to specific projects or the reduction of debt and/or a reduction in borrowing requirements, unless the Council specifically directs that the funds will be put to another use.

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single
Formatted: Font: 10 pt

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.

Formatted: Font: 10 pt

Formatted: Space Before: 0 pt, After: 9 pt, Line spacing: single

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.

Formatted: Font: 10 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

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:

Formatted: Font: 10 pt

Formatted: Space Before: 0 pt, After: 9 pt, Line spacing: single

1. Contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA. For ~~example~~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 the Council’s rates and rates revenue.
5. Subscribe for shares and uncalled capital in the LGFA.

Formatted: Justified, Indent: Left: 0.42 cm, Space Before: 0 pt, After: 9 pt, Line spacing: single, Tab stops: Not at 1.46 cm + 1.46 cm

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:

Formatted: Justified, Space After: 9 pt, Line spacing: single

Formatted: Font: 10 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

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.

Formatted: Justified, Indent: Left: 0.42 cm, Space Before: 0 pt, After: 9 pt, Tab stops: Not at 1.46 cm + 1.46 cm

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.

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

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

Formatted: Font: 10 pt

Council's general Policy on investments is that:

Formatted: Justified, Space Before: 0 pt, After: 9 pt

- 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.

Formatted: Justified, Indent: Left: 0.42 cm, Space After: 9 pt, Line spacing: single, Tab stops: Not at 1.46 cm + 1.46 cm

Mix of investments

Formatted: Justified, Space After: 9 pt, Line spacing: single

Council maintains investments in the following assets:

Formatted: Font: 10 pt

- 1. Equity investments,
- 2. Property investments,
- 3. Financial investments,

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

Formatted: Justified, Space Before: 0 pt, After: 9 pt

Formatted: Justified, Indent: Left: 0.42 cm, Space After: 9 pt, Tab stops: Not at 1.46 cm + 1.46 cm

Equity investments

Formatted: Justified, Space Before: 0 pt, After: 9 pt

It may be appropriate to have limited investment(s) in equity (shares) when Council wishes to invest for strategic, economic development or social reasons.

Formatted: Font: 10 pt

Council will approve equity investments on a case-by-case basis, if and when they arise.

Formatted: Font: 14 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

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.

Formatted: Justified, Space Before: 0 pt, After: 9 pt

Formatted: Justified, Space After: 9 pt

Council reviews performance of these investments as part of the annual planning process to ensure that stated objectives are being achieved.

Formatted: Justified, Space After: 9 pt, Line spacing: single

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.

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

All income, including dividends, from Council's equity investments is included in general revenue.

Formatted: Justified, Space Before: 0 pt, After: 9 pt

Formatted: Justified, Space After: 9 pt

Equity investment performance is reported to ~~Council~~ the Finance and Services Committee at least annually, along with the consideration of and approval of the Statement of Intent.

Formatted: Justified, Space After: 9 pt, Line spacing: single

New Zealand Local Government Funding Agency Limited

Formatted: Font: 10 pt

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

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

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 the Council.

As a borrower, Council's LGFA investment includes borrower notes.

Property investments

Council's primary reason to own property is to allow it to achieve its strategic objectives as stated in the LTP or deemed to be a core Council function. Council reviews property ownership through assessing the benefits of continued ownership in comparison to other arrangements which could deliver the same results. This assessment is based on the most financially viable method of achieving the delivery of Council services. Council generally follows similar assessment criteria in relation to new property investments.

Council may also hold investment properties that are not held for core function delivery purposes, where such a property is held for commercial returns (both rental returns and capital gains). Any purchase of investment properties must be approved by Council Resolution.

Council reviews the performance of its property investments at least annually and ensures that the benefits of continued ownership are consistent with its stated objectives. Council's policy is to dispose of any property that does not achieve a commercial return having regard to any restrictions on title or other requirements or needs to achieve Council objectives. All income, including rentals and ground rent from property investments is included in the consolidated revenue account. All rented or leased properties will be at an acceptable commercial rate of return so as to minimise the rating input, except where Council has identified a level of subsidy that is appropriate.

Proceeds from the disposition of property investments are used firstly in the retirement of related debt and then are credited to the Capital Projects Fund.

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.

Formatted: Justified, Space Before: 0 pt, After: 9 pt

Formatted: Justified, Indent: Left: 0.42 cm, Space After: 9 pt, Tab stops: Not at 1.46 cm + 1.46 cm

Formatted: Justified, Space Before: 0 pt, After: 9 pt

Formatted: Font: 10 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

Formatted: Font: 10 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt

Formatted: Justified, Right: 1.97 cm, Space After: 9 pt, Line spacing: single

Formatted: Space Before: 0 pt, After: 9 pt

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.

Formatted: Font: 10 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

Formatted: Justified, Space After: 9 pt

Formatted: Justified, Space After: 9 pt, Line spacing: single

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,

Formatted: Font: 10 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

Formatted: Justified, Space Before: 0 pt, After: 9 pt

Formatted: Justified, Indent: Left: 0.42 cm, Right: 1.97 cm, Space After: 9 pt, Line spacing: single, Tab stops: Not at 1.46 cm + 1.46 cm

2.1. 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;

2.2. Treasury reporting is completed on at least a six-monthly basis.

Formatted: Justified, Space Before: 0 pt, After: 9 pt

Formatted: Justified, Indent: Left: 0.42 cm, Right: 1.97 cm, Space After: 9 pt, Line spacing: single, Tab stops: Not at 1.45 cm + 1.45 cm

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.

Formatted: Justified, Space Before: 0 pt, After: 9 pt

Formatted: Justified, Space After: 9 pt, Line spacing: single

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.

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

Formatted: Font: 10 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt

Formatted: Justified, Space After: 9 pt, Line spacing: single

Formatted: Space Before: 0 pt, After: 9 pt, Line spacing: single

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:

Formatted: Font: 10 pt

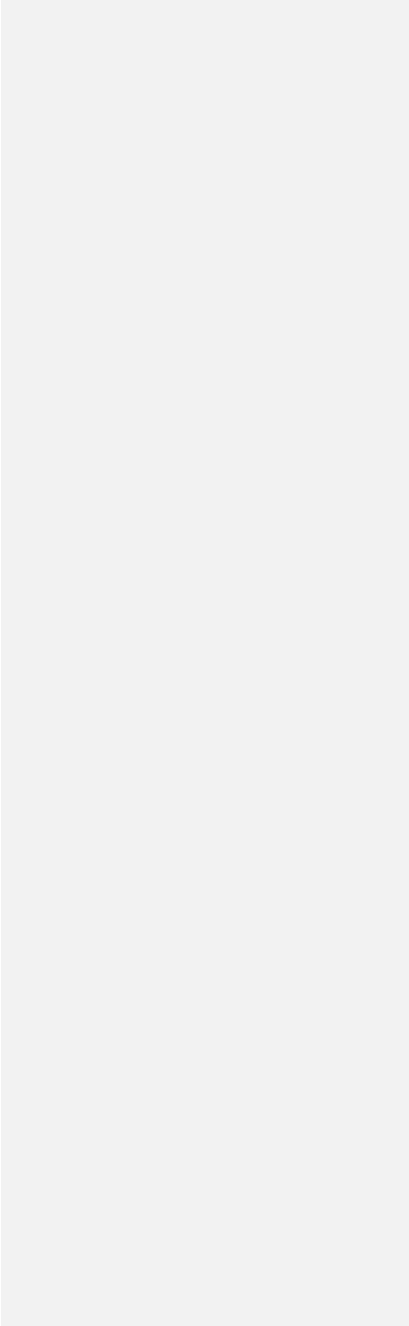
Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

Formatted: Justified, Space Before: 0 pt, After: 9 pt

Formatted: Justified, Space After: 9 pt, Line spacing: single

Formatted: Space Before: 0 pt, After: 9 pt, Line spacing: single

|



Document Owner: Brent Chamberlain Activity: Finance
Adopted Date: 11/12/2021 Review Date: 9/02/2023 Document Approver: Doug Tate

Together we thrive! E ora ngātahi ana! | 12
www.chbdc.govt.nz

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 3 months forward on a continuous rolling basis.
2. "Floating Rate" is defined as an interest rate repricing within 3 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 8 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 BondNote (Medium Term Note/Bond) ▪ Commercial paper (CP)/Promissory notes ▪ Fixed Rate term Loans.
Financial investments – no more than 12-month term (except for LGFA borrower notes, investments linked to debt pre-funding and bank bonds)	Refer to Appendix A.
Interest rate risk management	Interest rate swaps including: <ul style="list-style-type: none"> ▪ Spot and fForward start swaps ▪ Swap maturity extensions and shortenings ▪ Interest rate options ea: ▪ Bank bills (purchasedPurchased caps and one for one collars) ▪ Interest rate swaptions (purchased swaptions and one for one collars only).

Formatted: Justified, Space Before: 0 pt, After: 9 pt

Formatted: Justified, Space Before: 4 pt, After: 4 pt

Formatted: Justified, Space Before: 4 pt, After: 4 pt

Formatted: Justified, Space Before: 4 pt, After: 4 pt

Formatted: Justified, Space Before: 4 pt, After: 4 pt

Formatted: Justified, Space Before: 4 pt, After: 4 pt

Formatted: Justified, Space After: 9 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt

Formatted: Justified, Right: 1.97 cm, Space After: 9 pt, Line spacing: single

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

Formatted: Font: 10 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt

Formatted: Justified, Space Before: 4 pt, After: 4 pt, Line spacing: single

Formatted Table

Formatted: Justified, Right: 0.42 cm, Space Before: 4 pt, After: 4 pt, Line spacing: single

Formatted: Justified, Space Before: 4 pt, After: 4 pt

Formatted: Justified, Space Before: 4 pt, After: 4 pt

Formatted: Not Expanded by / Condensed by

Formatted: Justified, Right: 0.4 cm, Space Before: 4 pt, After: 4 pt, Line spacing: single

Formatted: Justified, Space Before: 4 pt, After: 4 pt

Formatted: Character scale: 100%, Not Expanded by / Condensed by

Formatted: Justified, Indent: Left: 0.18 cm, Space Before: 4 pt, After: 4 pt, Line spacing: single, No bullets or numbering

Formatted: Justified, Space Before: 4 pt, After: 4 pt

Formatted: Justified, Space Before: 4 pt, After: 4 pt

Formatted: Justified, Space Before: 4 pt, After: 4 pt, Line spacing: single

Category	Instrument
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 the Council on a case-by-case basis and only be applied to the one singular transaction being approved.

Liquidity risk/funding risk

Risk recognition

Cash flow deficits in various future periods based on long term financial forecasts are reliant on the maturity structure of cash, short-term financial investments, loans and bank facilities. Liquidity risk management focuses on the ability to access committed funding at that future time to fund the gaps. Funding risk management centres on the ability to re-finance or raise new debt at a future time at acceptable pricing (fees and borrowing margins) and maturity terms of existing loans and facilities.

A key factor of funding risk management is to spread and control the risk to reduce the concentration of risk at one point in time so that the overall borrowing cost is not unnecessarily increased and desired maturity profile compromised due to changing market conditions or unexpected credit events.

Liquidity/funding risk control limits

To ensure funds are available when needed Council ensures that:

- There is sufficient available operating cash flow, liquid investments (cash/cash equivalents) and unused committed bank facilities to meet cash flow requirements between rates instalments as determined by the Finance Team.
- For liquidity purposes Council maintains the following;
 - External term debt plus committed bank facilities, plus unencumbered cash/cash equivalents to existing external debt of at least 115%.
- Council has the ability to pre-fund up to 12 months forecast debt requirements including re-financings.
- The CFO after consulting with the CE has the discretionary authority to re-finance existing external debt.
- Council will only borrow from strongly rated institutions/banks 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).
- 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 Councils total debt can mature in any 12 month rolling period.

Formatted: Justified, Space Before: 4 pt, After: 4 pt, Line spacing: single

Formatted Table

Formatted: Justified, Space Before: 4 pt, After: 4 pt

Formatted: Justified, Space Before: 4 pt, After: 4 pt, Line spacing: single

Formatted: Justified, Space Before: 4 pt, After: 4 pt

Formatted: Justified, Space After: 9 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt

Formatted: Justified, Space After: 9 pt, Line spacing: single

Formatted: Font: 10 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

Formatted: Justified, Space Before: 0 pt, After: 9 pt

Formatted: Justified, Space After: 9 pt, Line spacing: single

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

Formatted: Font: 10 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt

Formatted: Justified, Indent: Left: 0.42 cm, Right: 1.97 cm, Space Before: 0 pt, After: 9 pt, Line spacing: single, Tab stops: Not at 1.46 cm + 1.46 cm

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 the Council is a party. The credit risk to Council in a default event will be weighted differently depending on the type of instrument entered into.

Credit risk will be regularly reviewed by the Finance and Services Committee at least six-monthly. Treasury related transactions would only be entered into with approved counterparties.

Counterparties and limits are only approved on the basis of the Standard & Poor's (or equivalent Fitch or Moody's rating) long and short-term credit ratings for NZ Registered Banks of AA-/AA-1. Limits should be spread amongst a number of counterparties to avoid concentrations of credit exposure.

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 the 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.

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

Formatted: Font: 10 pt

Formatted: Justified, Space After: 9 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

Formatted: Justified, Right: 1.97 cm, Space Before: 0 pt, After: 9 pt, Line spacing: single

Formatted: Justified, Space After: 9 pt

Formatted: Font: (Default) Roboto Light, 9 pt

Formatted: Normal, Justified, Indent: Left: 0.27 cm, Right: 1.97 cm, Space After: 9 pt

Formatted: Font: (Default) Roboto Light, 9 pt

Formatted: Font: (Default) Roboto Light, 9 pt

Formatted: Font: +Body (Calibri), 12 pt, Character scale: 100%

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

Formatted: Justified, Space Before: 0 pt, After: 9 pt

Formatted: Justified, Indent: Left: 0.46 cm, Right: 1.97 cm, Space After: 9 pt, Line spacing: single, Tab stops: Not at 1.46 cm + 1.46 cm

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

Formatted: Font: 10 pt

Formatted: Font: 10 pt

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.

Formatted: Font: 10 pt

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.

Formatted: Font: 10 pt

Council will seek to minimise this risk by adopting Policy regarding:

Formatted: Justified, Space Before: 0 pt, After: 9 pt

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.

Formatted: Justified, Indent: Left: 0.42 cm, Right: 1.97 cm, Space After: 9 pt, Line spacing: single, Tab stops: Not at 1.46 cm + 1.46 cm

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.

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

Formatted: Font: 10 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt

Formatted: Justified, Space After: 9 pt, Line spacing: single

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.

Formatted: Font: 10 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

Formatted: Justified, Space Before: 0 pt, After: 9 pt

Formatted: Justified, Space After: 9 pt, Line spacing: single

Measuring Treasury Performance

In order to determine the success of Council's treasury management function, the following benchmarks and performance measures have been prescribed.

Formatted: Justified, Right: 1.97 cm, Space Before: 0 pt, After: 9 pt, Line spacing: single

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.

Formatted: Justified, Space Before: 0 pt, After: 9 pt

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.

Formatted: Font: Bold

Formatted: Justified, Space Before: 4 pt, After: 4 pt

Formatted Table

Formatted: Justified, Space Before: 4 pt, After: 4 pt

Management	Performance
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.

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

Formatted: Font: Bold

Formatted: Justified, Space Before: 4 pt, After: 4 pt

Formatted Table

Formatted: Right: 0.1 cm, Space Before: 4 pt, After: 4 pt, Line spacing: single

Formatted: Justified, Space Before: 4 pt, After: 4 pt, Line spacing: single

Formatted: Right: 0.1 cm, Space Before: 4 pt, After: 4 pt, Line spacing: single

Formatted: Justified, Space Before: 4 pt, After: 4 pt, Line spacing: single

Formatted: Justified, Space After: 9 pt, Line spacing: single

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

Formatted: Justified, Space After: 9 pt, Line spacing: single

Formatted: Justified, Right: 1.97 cm, Space Before: 0 pt, After: 9 pt, Line spacing: single

Formatted: Font: 10 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

Formatted: Justified, Indent: Left: 0.42 cm, Right: 1.97 cm, Space Before: 0 pt, After: 9 pt, Line spacing: single, Tab stops: Not at 1.46 cm + 1.46 cm

Formatted: Justified, Space Before: 0 pt, After: 9 pt

Formatted: Font: 10 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

chooses not to hedge account. Council accepts that the marked-to-market gains and losses on the revaluation of derivatives can create potential volatility in Council's financial accounts.

The Finance Team is responsible for advising the CE of any changes to relevant New Zealand Public Sector PBE Standards which may result in a change to the accounting treatment of financial arrangements.

All derivative instruments must be revalued (marked-to-market) at least six-monthly for reporting purposes.

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 90-day bill rate for reporting month,
- 10% - 2-year swap rate at end of reporting month,
- 10% - 2-year swap rate, 2 year ago,
- 10% - 4-year swap rate at end of reporting month,
- 10% - 4-year swap rate, 4 years ago,
- 15% - 8-year swap rate at end of reporting month,
- 15% - 8-year swap rate, 8 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 the annual-review report every three years (following the preparation of annual financial statements) that is presented to the CE. The report will include:

1. Recommendation as to changes, deletions and additions to the Policy.
2. Overview of the treasury function in achieving the stated treasury objectives and performance benchmarks.
3. Summary of breaches of Policy and one-off approvals outside Policy.

Council receives the report, approves Policy changes and/or rejects recommendations for Policy changes. The Policy review should be completed and presented to the Council, through the Finance and Services Committee within five months of the financial year-end.

Formatted: Font: 10 pt

Formatted: Justified, Space Before: 0 pt, After: 9 pt

Formatted: Justified, Space After: 9 pt

Formatted: Justified, Right: 1.97 cm, Space After: 9 pt, Line spacing: single

Formatted: Justified, Space After: 9 pt, Line spacing: single

Formatted: Justified, Space Before: 0 pt, After: 9 pt

Formatted: Justified, Space After: 9 pt, Line spacing: single

Formatted: Justified, Indent: Left: 0.42 cm, Space Before: 0 pt, After: 9 pt, Tab stops: Not at 1.46 cm + 1.46 cm

Formatted: Justified, Space Before: 0 pt, After: 9 pt, Line spacing: single

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 Bonds/MTNs/FRNs	S&P ST rating of 'A-1' or LT 'A-' or A S&P ST rating of 'A-1+' or LT 'A+' or better	\$2 million \$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 Bonds/MTNs/FRNs	S&P ST rating of 'A-1' or LT 'A-' or 'A' S&P ST rating of 'A-1+' or LT 'A+' or better	\$3 million \$12 million
State Owned Enterprises	33%	Commercial Paper Bonds/MTNs/FRNs	S&P ST rating of 'A-1' or LT 'A-' or 'A' S&P ST rating of 'A-1+' or LT 'A+' or better	\$2 million \$4 million
Corporates	25%	Commercial Paper Bonds/MTNs/FRNs	S&P ST rating of 'A-1' or LT 'A-' or 'A' S&P ST rating of 'A-1+' or LT 'A+' or better	\$1 million \$2 million
Financials	25%	Commercial Paper Bonds/MTNs/FRNs	S&P ST rating of 'A-1' or LT 'A-' or 'A' S&P ST rating of 'A-1+' or LT 'A+' or better	\$1 million \$2 million

Formatted: Indent: Left: 0.19 cm, Space Before: 4 pt, After: 4 pt, Line spacing: single

Formatted: Space Before: 4 pt, After: 4 pt, Line spacing: single

Formatted: Space Before: 4 pt, After: 4 pt, Line spacing: single

Formatted: Space Before: 4 pt, After: 4 pt

Formatted: Space Before: 4 pt, After: 4 pt

Formatted: Space Before: 4 pt, After: 4 pt, Line spacing: single

Formatted: Space Before: 4 pt, After: 4 pt, Line spacing: single

Formatted: Space Before: 4 pt, After: 4 pt, Line spacing: single

Formatted: Space Before: 4 pt, After: 4 pt

Formatted: Space Before: 4 pt, After: 4 pt

Formatted: Space Before: 4 pt, After: 4 pt

Formatted: Space Before: 4 pt, After: 4 pt

Formatted: Space Before: 4 pt, After: 4 pt

Formatted: Space Before: 4 pt, After: 4 pt

Formatted: Space Before: 4 pt, After: 4 pt

Formatted: Justified

Document Owner: Brent Chamberlain Activity: Finance
 Adopted Date: 11/12/2021 Review Date: 9/02/2023 Document Approver: Doug Tate

Together we thrive! E ora ngātahi ana! | 19
www.chbdc.govt.nz

7.10 PROPOSED CHANGES TO SOLID WASTE FEES AND CHARGES

File Number:

Author: Robert Hon, Environmental Waste Manager

Authoriser: Doug Tate, Chief Executive

Attachments: 1. Solid Waste Pricing Schedule 2024/25 [↓](#)

PURPOSE

The matter for consideration by the Council is a proposed change to the fee and charges structure for solid waste and whether to implement this change ahead of 1 July 2024 to offset unplanned Solid Waste costs in the 2023/24 financial year.

RECOMMENDATION

That Council adopts the proposed changes to Fees and Charges relating to the Transfer Station and Refuse Bag pricing to take effect from 1 May 2024.

EXECUTIVE SUMMARY

The Solid Waste activity is one activity of Council that is currently not meeting its revenue budget. It is planning to review its current fee and charge structure in July 2024 along with all Council divisions.

Council could consider bringing this change forward by two months to help close part of this revenue gap in the current financial year. This option is proposed and recommended by Officers.

BACKGROUND

The Solid Waste activity is one activity of Council that is currently not meeting its revenue budget. Unlike many other activities, it has an opportunity to increase fees ahead of 1 July to help minimise the revenue shortfall. It is planning to review its current fee and charge structure in July 2024 along with all Council divisions.

The paper below set out how the fee review has been undertaken, what the proposed fees will be, what other changes are coming up in the transfer station space and how this is impacting Councils fee structure and raises the possibility of changing the fees early.

A resolution to consider this matter was not moved at Councils February meeting with further information needing to be provided to support decision making on the matter.

DISCUSSION

Historically Council has had a number of unique price agreements across Councils commercial solid waste customers, which Officers have been working to return to standard carded rates.

The next step in the process is ensuring that ratepayers are paying the correct costing of the activity. Officers have been working to ensure that each division of solid waste is also paying their fair share of operating costs and the ETS scheme. This work has highlighted is that the current fee structure at the transfer stations, and the price of refuse bags are not fully paying their share of these activities, and when compared to other Council operated landfills (Palmerston North, Opotiki, Porirua, Grey) are currently lower than our peers.

During February Officers have also gained better understanding of the Henderson Road, Hastings Transfer Station observing the weights of various loads going over their weighbridge to ensure that our pricing reflects the expected charges once Waipukurau's transfer stations weighbridge is operational.

Based on Officers observations, Council is currently undercharging the utes, trailers and truck loads at the transfer station. These observations are reflected in the proposed changes and account for the discrepancies in rate changes between categories.

Another observation was that an uncaged trailers tends to be 2/3's of the weight of a caged trailer.

The prices paid at the transfer station includes the cost of operating the transfer station, the transport of the refuse to the landfill, and the landfill operational costs.

Officers are planning to adjust their fee structures in July 2024 as part of the Three-Year Plan process, however Officers are recommending Councillor's consider doing this early (1 May 2024) to help offset the likely end of year loss in this activity. An early adoption of the new fee structure would generate approximately an additional \$18k in Q4.

Below are some examples of the proposed changes. The full proposed changes to fees and charges are outlined in the **attachment**:

Transfer Station	Current Price	Proposed Price	Average of Peer Councils
Carload	\$28	\$32	\$37
SUV Load	\$32	\$36	\$57
Van/Ute Load	\$36	\$52	\$60
Small Trailer Load	\$72	\$86	\$72
Large Trailer Load	\$84	\$100	\$108
Bags (60 litre)	\$3.10	\$3.60	

There were some specific questions sought of Officers at Councils February meeting. The responses to these are provided below:

Q: Why are the increases in the volumetric green waste prices less than the increase in the volumetric waste prices?

The green waste prices are not influenced by the landfill costs (in particular the significant contract adjustment, or the Emissions Trading Scheme) as these materials are diverted.

It also incentives waste producers to separate out their green waste wherever possible.

Q: How did you calculate the new rubbish bag price?

The new bag price is based on sales data over the past financial year and a bag weight sampling exercise conducted in December 2023.

From the data, we could on average, calculate the cost to dispose of 1 bag of rubbish considering the proposed landfill gate fee in the 2024/25 Annual Plan. These gate fees, and therefore the bag fee, take into account the increase in costs of the Landfill contract, the increase in government waste levies, and the carbon credit pricing.

The proposed price of the bag covers the cost to manufacture, distribute the bags and 100% of the cost to dispose of it at the landfill.

For those ratepayers who enjoy a kerbside collection service, this collection service is paid for separately through the refuse targeted rate and doesn't form part of the bag cost.

Q: When will we switch to a weight-based charging model at the Waipukurau Transfer Station?

It is expected that the weighbridge will be installed by 30 June 2024. While Council has some data from Henderson Road, officers would like at least a three month period to iron out any teething problems and to collect more weight vs volumetric data before going live with new pricing. Officers are currently working to a go live date of 1 November 2024.

Q: Will a weight-based charging model be cheaper or more expensive for users?

Based on the work done to date, and the observations undertaken at the Henderson Road site officers believe on average the pricing will be cost neutral to the rate payer.

A weight-based charge is a fairer model and subject to less challenges to the kiosk operator as to which load type is being delivered to the transfer station.

RISK ASSESSMENT AND MITIGATION

The public never likes fee increases and the risk is that it is only ten months since the last fee adjustment, so any decision would need some appropriate communications to support this change. Council is also planning to give more than 30 days' notice of the change, so the commercial operators (mainly wheelie bin operators) get a chance to also review their fees.

FOUR WELLBEINGS

The recommended fee change helps the waste minimisation cause by adding financial incentives to separate green waste and general refuse.

However, the fee increase will add further financial burdens on households.

DELEGATIONS OR AUTHORITY

Fees and Charges are set by Council, and this therefore requires a Council resolution before they can be changed.

SIGNIFICANCE AND ENGAGEMENT

In accordance with the Council's Significance and Engagement Policy, this matter has been assessed as minor in terms of significance. While there will be community interest is not significant overall.

OPTIONS ANALYSIS

Three possible options for Councillors to consider include:

Option 1 – Retain the current structure till 1 July 2024

Retain the current fee structure and not make any changes till 1 July 2024 (the next schedule review date).

Option 2 – Adopt the Proposed feed effective 1 May 2024

Adopt the proposed fee changes (as attached) to take effect on 1 May 2024.

Recommended Option

Officers recommend option 2, adopt the recommended fee changes for the transfer stations and refuse bags effective from 1 May 2024 for this matter.

NEXT STEPS

In the event Council accept Officers recommendation, Officers will write to the commercial customers and work with the communications team to get some public communications advising of any fee changes agreed to (if any) ahead of the change.

RECOMMENDATION

That Council adopts the proposed changes to Fees and Charges relating to the Transfer Station and Refuse Bag pricing to take effect from 1 May 2024

Transfer Station- Refuse	Current Fee (incl GST)	Proposed Fee (incl GST)
Car Boot Only	\$14.00	\$16.00
Car Boot + Back Seats	\$28.00	\$32.00
SUV or Station Wagon Boot Only	\$16.00	\$18.00
SUV or Station Wagon Boot + Back Seats	\$32.00	\$36.00
UTE and Vans	\$36.00	\$52.00
½ Load for UTEs and Vans	\$18.00	\$26.00
Trailer up to 2.2m long (6-7ft long) with no cage	\$36.00	\$52.00
½ Load for trailer up to 2.2m long (6 -7ft long) with no cage	\$18.00	\$26.00
Trailer up to 2.2m long (6-7ft long) with cage	\$72.00	\$86.00
½ Load for trailer up to 2.2m long (6-7ftlong) with cage	\$36.00	\$43.00
Trailer between 2.2m to 3.05m (8 -10 ft) with no cage	\$42.00	\$60.00
½ Load for trailer between 2.2m to 3.05m (8 -10 ft) with no cage	\$21.00	\$30.00
Trailer between 2.2m to 3.05m (8 -10 ft) with cage	\$84.00	\$100.00
½ Load for trailer between 2.2m to 3.05m (8- 10 ft) with cage	\$42.00	\$50.00
Flat Deck Truck up to 4.8m long, Courier Vans (seats removed) or Trailers over 3.05 with cage	\$125.00	\$150.00
	Landfill or pre agreed measured m ³ rate	Landfill or pre agreed measured m ³ rate
½ Load for Flat Deck Truck up to 4.8m long, Courier Vans (seats removed) or Trailers over 3.05 with cage	\$62.50	\$75.00
Other Truck	Landfill or pre agreed measured m ³ rate	
Per cubic metre (compacted)	\$126.25	\$160.00
Per cubic metre (not compacted)	\$60.00	\$80.00

Transfer Station- Refuse	Current Fee (incl GST)	Proposed Fee (incl GST)
Vehicle and Trailer	Charged for both individually	Charged for both individually
Mixed loads	Charged at refuse rate	Charged at refuse rate
Concrete/Bricks (per cubic metre)	\$100.00	\$150.00
Wood (per cubic metre)	\$100.00	\$100.00
Gas Bottles/Canisters	\$5.00	\$5.00
Bicycles	No charge	No charge

Transfer Station - Greenwaste	Current Fee (incl GST)	Proposed Fee (incl GST)
Car Boot Only	\$8.00	\$10.00
Car Boot + Back Seats	\$16.00	\$20.00
SUV or Station Wagon Boot Only	\$9.00	\$11.00
SUV or Station Wagon Boot + Back Seats	\$18.00	\$22.00
Utilities and Vans	\$20.00	\$24.00
½ Load for UTEs and Vans	\$10.00	\$12.00
Trailer up to 2.2m long (6-7ft long) with no cage	\$20.00	\$24.00
½ Load for trailer up to 2.2m long (6-7ft long) with no cage	\$10.00	\$12.00
Trailer up to 2.2m long (6-7ft long) with cage	\$40.00	\$46.00
½ load for trailer up to 2.2m long (6-7ft long) with cage	\$20.00	\$23.00
Trailer between 2.2m to 3.05m (8 to 10 ft) with no cage	\$23.00	\$28.00
½ load for trailer between 2.2m to 3.05m (8- 10 ft) with cage	\$11.50	\$14.00
Trailer between 2.2m to 3.05m (8 to 10 ft) with cage	\$46.00	\$52.00

Transfer Station - Greenwaste	Current Fee (incl GST)	Proposed Fee (incl GST)
½ load for trailer between 2.2m to 3.05m (8- 10 ft) with cage	\$23.00	\$26.00
Flat Deck Truck up to 4.8m long, Courier Vans (seats removed) or Trailers over 4m with cage	\$60	\$70
	Measured m ³ rate	Measured m ³ rate
½ load for Flat Deck Truck up to 4.8m long, Courier Vans (seats removed) or Trailers over 3.05 with cage	\$30	\$35
Other Truck	Direct to Compost Facility	Direct to Compost Facility
Steel	Fee (incl GST) 2023/2024	Fee (incl GST) 2023/2024
Charged as per volume charges above.		
Note: Metal and Steel only accepted at Waipukurau Transfer Station.		

Paint	Current Fee (incl GST)	Proposed Fee (incl GST)
Paint/Oil/Batteries (Paint up to 4 litre can)	Free for residential quantities. No commercial quantities	Free for residential quantities. No commercial quantities

Tyre Disposal	Current Fee (incl GST)	Proposed Fee (incl GST)
Car	\$10.00	\$10.00
Motorcycle	\$10.00	\$10.00
4x4	\$15.00	\$15.00
Truck	\$20.00	\$20.00
Tractor	\$50.00	\$50.00
Tyres on rims	2x individual tyre charge	2x individual tyre charge
Refuse bags / Recycling bin Charges	Current Fee (incl GST)	Proposed Fee (incl GST)
Refuse Bag - 35 litre – Recommended Retail Price	\$2.60	\$3.10
Refuse Bag - 60 litre – Recommended Retail Price	\$3.10	\$3.60
Refuse Bag 35 litre (Box of 500)	\$1,175	\$1,400
Refuse Bag 60 litre (Box of 500)	\$1,350	\$1,650
Recycling Bin	\$30.00	\$35.00

Electronic Waste	Current Fee (incl GST)	Proposed Fee (incl GST)
Television (Old)	\$40.00	\$40.00
Television (flat screen)	\$25.00	\$10.00
Monitor (old)	\$22.00	\$22.00
Monitor (new flat screen)	\$16.00	\$5.00
Printer/Scanner (small)	\$20.00	\$20.00
Printer/Scanner (large)	\$50.00	\$50.00
Laptops and Tablets	No charge	No charge
Photocopier Small/Medium	\$50.00	\$50.00
Photocopier Large	\$75.00	\$75.00
Small Appliances/Drills/Alarm Clocks/Cameras	No charge	No charge
Heaters/Fans	No charge	No charge
Vacuums	No charge	No charge
Microwaves	No charge	No charge
DVD/VCR players	No charge	No charge
Stereo Systems and Gaming Consoles	No charge	No charge
Stereo Speakers per unit	No charge	No charge
Washing Machines/Dryers/Dishwashers	\$30.00	\$10.00
Fridges/Freezers	\$45.00	\$20.00

Electronic Waste	Current Fee (incl GST)	Proposed Fee (incl GST)
Stoves	\$30.00	\$10.00
Keyboards and Docking Stations	No charge	No charge
Electric Bike Batteries/UPS	\$30.00	\$20.00

Unauthorised dumping	Current Fee (incl GST)	Proposed Fee (incl GST)
Note: Council may prosecute persons caught dumping rubbish unlawfully.		
Staff time for investigating and clearing per hour	\$160.00	\$180.00
Travel Costs (per km)	\$1.20	\$1.50
Minimum Charge	\$200.00	\$250.00

7.11 FUNDING ASSISTANCE FOR SIGNIFICANT NATURAL AREAS IN THE DISTRICT

File Number:**Author:** Brent Chamberlain, Chief Financial Officer**Authoriser:** Doug Tate, Chief Executive**Attachments:** Nil

RECOMMENDATION

- 1. That Councils approach to recognise properties with Significant Natural Areas, registered in the Council District Plan is Option 1 – Defer the Decision and continue with the Status Quo OR Option 2 – Establishment of a Contestable Fund OR Rates Relief through Rates Remission Policy.**
- 2. DELETE IF NOT USED: That Officers make provision for this fund in the first and ongoing years of the Three Year Plan of \$30,000.**
- 3. DELETE IF NOT USED: That Officers develop a further Policy approach based on the preferred option to be brought back to Council for its consideration.**

EXECUTIVE SUMMARY

At the October 2023 Council meeting Officers were asked to research what other Councils do to support landowners with Significant Natural Areas (SNAs) on their property.

Councils fall into three categories – provide one-off contestable grants for the SNAs protection/restoration, provide rates relief, or do nothing.

This paper considers the pros and cons of each approach and concludes by recommending Council establishes a contestable fund to provide assistance to landowners with SNAs on their properties.

BACKGROUND

At the 19 October 2023 Council meeting Council adopted the Rates Remission, Postponement, Discounts, and Collection Policy.

At this time Officers were asked to undertake further research to understand what other Councils did to assist landowners to protect Significant Natural Areas (SNAs) on their properties, or recognise the value of those SNAs on private properties.

This paper brings back to the Council table those findings. The timing of this report is important if Council is to include any funding in the first year of the Three-Year Plan 2024 – 2027 or subsequent years.

DISCUSSION

Council is required under Section 6 of the Resource Management Act 1991 (RMA) to:

- 6(a) - the preservation of the natural character of the coastal environment (including the coastal marine area), wetlands, and lakes and rivers and their margins, and the protection of them from inappropriate subdivision, use and development.
- 6(b) - the protection of outstanding natural features and landscapes from inappropriate subdivision, use and development
- 6(c) - the protection of areas of significant indigenous vegetation and significant habitats of indigenous fauna
- 6(d) - the maintenance and enhancement of public access to and along the coastal marine area, lakes and rivers
- 6(e) - the relationship of maori and their culture and traditions with their ancestral land, water, sites, wahi tapu, and other taonga
- 6(f) - the protection of historic heritage from inappropriate subdivision, use, and development.
- 6(g) - the protection of protected customary rights
- 6(h) - the management of significant risks from natural hazards

While much of Section 6 of the Act relates to the consenting of activities on these sites, many Councils are proactive in the encouragement of landowners to protect privately owned SNAs through the use of grants to encourage certain protective works to be undertaken, or through the use of rates remissions.

The majority of Councils that fall into this proactive encouragement approach offer contestable funding to assist with works that protect, respect and restore ecosystems, and in particular Heritage Features, Significant Natural Areas, Outstanding Natural Features and Significant Trees.

This funding is normally made on a co-funding basis with the landowner, is contestable, and is capped at a fixed amount each year.

Examples of Councils in this camp include Auckland Council, Hauraki District Council, Marlborough District Council, Selwyn District Council, South Taranaki District, New Plymouth District Council, Timaru District Council, Waimakariri District Council and Waitaki District Council.

The other group of Councils that offer rates relief is smaller and includes Dunedin City Council, New Plymouth District Council, South Waikato District Council, and Waimakariri District Council.

The Councils that offer a range of remissions range from 33%-100% of general rates, based on factors such as:

- The extent to which features of cultural, historic and natural heritage assets are present
- The degree to which these features are being, or will be, preserved
- The degree to which these features inhibit economic utilisation of the land
- The extent to which the features will be promoted by granting a remission of rates
- The level of District Plan, NZ Historic Places Trust or Iwi recognition of the features
- Any other assistance that the ratepayer has already received from Council or elsewhere in order to protect the features of interest.

If the SNA is only a proportion of the total land area, the remission is prorated based on the area of the SNA as a percentage of the total rating area.

Central Hawke's Bay District Council's appeals version of the District Plan has 542 identified SNAs covering 27,087 hectares, however many (15,046 hectares) of these are on Department of Conservation land which are already exempt from rates under schedule one of the Local Government Rating Act 2002.

Central Hawke's Bay District Council already allows for rates exemptions for those land areas protected by QEII covenants which account a further 633 hectares of SNAs.

This paper provides the additional advice sought from Council and now seeks formal direction, as to a pathway or any further information that Elected Members may require to progress an option.

RISK ASSESSMENT AND MITIGATION

Council has an obligation to comply with section 6 of the RMA, and while it does this through its consenting arm, many Councils go further to encourage individual landowners to protect and restore the SNAs on their land as good stewards of their districts. This is an additional method of ensuring Council is seen as being compliant with RMA legislation.

FOUR WELLBEINGS

By protecting the district's SNAs it is actively protecting culturally and environmentally sensitive sites, and allowing areas of natural beauty to be enjoyed by generations to come.

DELEGATIONS OR AUTHORITY

Council sets the Council's annual budgets/rates every three years through the Long Term Plan or annually through the Annual Plan, and then determines the policy settings to ensure that the rates are collected in a fair and equitable manner in order to deliver the plan.

SIGNIFICANCE AND ENGAGEMENT

In accordance with the Council's Significance and Engagement Policy, this matter has been assessed as being of some significance.

OPTIONS ANALYSIS

Three possible options available to Council include:

Option 1 – Defer the decision and continue with the status quo.

While Council wants to provide relief to those that hold SNAs and other features on their property, this option acknowledges that now is not the right time to consider this in light of other financial pressures the general rate is experiencing district wide.

In this option, landowners with SNAs on their property would continue to be treated as a standard rate payer. Council may pick this matter up in future years.

Option 2 – Establishment of a Contestable Fund

Council could set up an annual contestable fund that landowners could apply to assist with the protection or restoration of their SNA. This fund could be extended in time to Outstanding Natural Features and other provisions of the plan, such as heritage trees, where the plan has provision for the protection of these areas.

The advantage of this option is it would be a one-off grant, with no on-going compliance monitoring, however would support the ongoing status of the protection of the SNA. Council can accurately budget the size of the contestable fund it wishes to make available. The cost of this fund

would be borne by every ratepayer in the district if the general rate is used. Here Council can be seen to encouraging and assisting landowners to protect their SNAs.

An estimated Fund of circa \$30,000 would be estimated to be required to have any substantial impact. This would require a rates increase of nearly .1% in Year 1 of the Three Year Plan 2024 – 2027. Council may choose to implement this in Year 1 or alternatively defer the funding and its establishment until later years of the plan. Either way funding is ideally required to be included in the Three Year Plan 2024 -2027 at this time, rather than through an Annual Plan process.

Option 3 – Rates Relief through Rates Remission Policy

Council could provide for rates relief through its Rates Remission, Postponement, Discounts, and Collection Policy.

Council Officers would need to develop an assessment matrix to determine the level of rates remission available for each SNA based on the estimated economic loss caused by the protection, develop a register of SNA rates rebates being granted, and these properties would need to be periodically inspected to ensure that the SNA protection was still in place.

The sum of the rebates granted is not capped and would be ongoing into perpetuity (assuming the SNA remains protected) and will grow each year as rates increase. This loss of revenue will need to be spread across the remainder of Council's rating base.

It is hard to estimate the likely impact of rates remissions, but below is rough estimate if a full remission was granted to every SNA across the district:

Land Area of SNA's in district	27,087 hectares
• Less Department of Conservation SNA's (non rateable)	15,046 hectares
• Less QEII SNA's (non rateable)	<u>633 hectares</u>
• SNA's area currently being rated	11,408 hectares
• @ Land Value of \$15,750 per hectare	\$179.7m Land Value
• General Rate @ \$0.0009 per \$ (23/24 factor)	\$161,730
• Land Transport Rate @ \$0.0015 per \$ (23/24 factor)	\$269,550

Council could apply the remission to only the general rate, or it could apply it to all rate types. Here Council can be seen to encouraging and assisting landowners to protect their SNAs.

Recommended Option

While Officers provide a recommendation below on the best operational approach, ultimately there are other factors such that Council should consider amongst the context of the Three Year Plan. To this end, options are provided for Council to consider.

It is however Officers' recommendation that Option number 2, establishing a contestable fund to encourage protection and restoration works undertaken by landowners is the most appropriate option for addressing the matter and for Council to move forward.

The rationale for this recommendation, is that this option begins to provide a level of funding to support land owners with SNAs, however at this time does not commit Council to a remission for the long term, particularly at a time when there is pressure on the general rate overall. If Council adopt this option Officers would confirm how best to implement this. This could include the use of the existing Biodiversity Hawke's Bay Fund or supporting another similar organisation that may be able to assist in the distribution of fees, without the establishment of a further Council structure.

This option is also not significantly out of step with other Councils, and allows Council to take further proactive steps in the future to further enhance the funding and relax or extend its criteria if it chooses into the future. Operationally, this approach will introduce a new activity into Council, however provides an opportunity to Council to explore and further enhance its existing Environmental and Sustainability Strategy. Existing funding methods, used for Rural Travel and other CVOS funding tools could be used also.

NEXT STEPS

Relative to the direction that Council takes, will inform the timing and approach for the next steps to be completed.

RECOMMENDATION

1. **That Councils approach to recognise properties with Significant Natural Areas, registered in the Council District Plan is Option 1 – Defer the Decision and continue with the Status Quo OR Option 2 – Establishment of a Contestable Fund OR Rates Relief through Rates Remission Policy.**
2. **DELETE IF NOT USED: That Officers make provision for this fund in the first and ongoing years of the Three Year Plan of \$30,000.**
3. **DELETE IF NOT USED: That Officers develop a further Policy approach based on the preferred option to be brought back to Council for its consideration.**

7.12 WATER SERVICES REFORM UPDATE AND FUTURE DIRECTION

File Number:**Author:** Doug Tate, Chief Executive**Authoriser:** Doug Tate, Chief Executive**Attachments:** Nil

RECOMMENDATION

That the report be noted.

PURPOSE

The purpose of this report is to formally update Council on the Water Services Reform post-election, outline the expected future direction of Three Waters reform from the new Government and to note how Council is preparing to respond to this.

A further workshop and an update on the Hawke's Bay Waters Model is also proposed with Councillors on 20 March 2024.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as of some significance, noting the substantial impact that Three Waters is having in the proposed Three-Year Plan and ongoing affordability challenges it presents to the District and wider region.

BACKGROUND

Origins of waters reform discussions

Following the 2016 Havelock North drinking water contamination incident, significant work has been done, both locally and nationally, to investigate options for a new service delivery model. Central Hawke's Bay elected members have taken a particularly strong lead in this, recognising the significant long term impact three waters will have on Council. Concerns about the current model whereby service delivery is managed by 67 separate local/unitary authorities include:

- The cost of meeting new regulation and addressing aging infrastructure is forecast to increase significantly in the next 30 years, with the cost of water services for households forecast to increase as high as fourfold in some areas over 30 years,
- Population density and geographic spread means that households across the country are already paying notably different costs per square meter of water produced and wastewater treated,
- There is scope to improve the safety and quality of drinking water services, and the environmental performance of wastewater and stormwater systems, brought into sharp focus following several high-profile asset failures,
- Partnership, co-design and co-governance with Māori are not adequately provided for at a strategic and an operational level,
- There is limited ability to harness economies of scale or consider infrastructure needs at a scale beyond council boundaries,

- Smaller councils face capability challenges in a highly competitive labour market, often competing with each other for talent.

In mid-2017, following a Government Inquiry into Havelock North Drinking Water, the Government established a Three Waters Review to analyse the need for new regulation and/or different service delivery arrangements. The findings of the 2019-20 Hawke's Bay review were timely to inform Hawke's Bay councils' discussions with central government during this national review.

The Hawke's Bay Three Waters Review

Beginning in 2018, Central Hawke's Bay District Council, Hastings District Council, Hawke's Bay Regional Council, Napier City Council and Wairoa District Council worked together through a Joint Three Waters Steering Group to review the current and potential three waters service delivery options for Hawke's Bay. The final report (July 2020) evaluated five models, two of which were variations of CCOs. The differences between a *management* CCO and an *asset owning* CCO are briefly outlined as follows:

OPTION	COUNCIL RESPONSIBILITY	APPROACH
Management Council Controlled Organisation (CCO)	<ul style="list-style-type: none"> • Collectively the Councils would: • Form a joint committee with other councils and Māori in a co-governance model. • In co-governance role with Māori determine the objectives for the CCO • Monitor the CCO performance. • Be accountable to ratepayers and residents for CCO performance. • Retain three waters asset ownership. • Approve strategies and plans 	<ul style="list-style-type: none"> • The management CCO would: • Be accountable to Councils and provide performance reports. • Employ its own staff and provide its own support services. • Deal directly with the public for three waters matters. • Have regional strategic responsibility for network management and asset management strategies and deliver all capital and operational work for the region. • Recover costs from each Council based on the funding model chosen. • Be overseen by a board of directors and be accountable to the joint committee. •
Asset Owning (CCO)	<ul style="list-style-type: none"> • Collectively the Councils would: • Form a joint committee with other councils and Māori in a co-governance model. • In co-governance role with Māori determine the objectives for the CCO • Monitor the CCO performance. • Be accountable to ratepayers and residents for CCO performance. 	<ul style="list-style-type: none"> • The asset owning CCO would: • Be accountable to councils and provide performance reports. • Own the three waters assets. • Be responsible for investment strategies and plans required for new infrastructure and meeting standards. • Consolidate operational and infrastructure costs to develop economies of scale. • Employ its own staff and provide its own support services. • Deal directly with the public for three waters matters. • Have regional strategic responsibility for network

		<p>management and asset management strategies and deliver all capital and operational works for the region.</p> <ul style="list-style-type: none"> • Recover costs directly from each customer. • Be overseen by a board of directors and be accountable to the joint committee.
--	--	--

Ultimately, the reviewers Morrison Low recommended the creation of an asset owning Council Controlled Organisation (CCO) formed under Part 5 of the Local Government Act 2002 to balance desired outcomes of:

- Affordability
- Prioritisation of investment
- A model that has rural delivery at its heart
- Scale to unlock strategic capacity and capability
- Embedding a meaningful role for Māori
- Improving operations
- Unlocking savings for households.

The asset owning model was recommended over a management CCO as it would unlock greater economic efficiencies and allow for more consistent, strategic and long-term investment decisions.

Beginning of the national reform conversation

In July 2020, the Government announced a \$761 million funding package to provide post Covid-19 stimulus to maintain, and improve three waters infrastructure, support a voluntary three-year programme of reform of local government water service delivery arrangements (reform programme), and support the establishment of Taumata Arowai, the new Waters Services Regulator.

In August 2020, Central Hawke's Bay District Council agreed to sign a Memorandum of Understanding with the Crown, where it was agreed that we would work in good faith to contribute to the design and conversation on the future shape of 3 Waters Service Delivery. At the same time Council received a \$11.09 million stimulus grant, which was allocated to 3 Waters projects that without the funding would not have advanced at the pace they have.

At its meeting of 14 September 2020 Council received the Hawke's Bay Three Waters Business Case of Three Waters Delivery. This work culminated in the identification of an asset-owning Council Controlled Organisation (CCO) as the preferred model. This item can be found on Councils website [here](#).

While the report was received for Councils information only, the report clearly set out that the status quo is not an option for the future of Three Waters Services in Hawke's Bay. The Hawke's Bay Councils face the same or substantially the same issues and need to address these challenges in an affordable, coordinated way that eliminates duplication and ensures that all councils and their communities have access to the appropriate strategic capacity to do so.

Central Government's four-entity model

By 2021, the Government released its proposal to establish four regional water entities, where Hawke's Bay three waters services would transfer to a regional entity comprising of 21 councils from the East Coast of the North Island to the top of the South Island and the Chatham Islands. At this stage, despite earlier signals that changes would be 'opt-in', it was confirmed that councils were compelled to take part in the reforms, with all entities to be operational by 1 July 2024.

A further substantial formal update was provided to Council at its meeting of 29 July 2021. This update provided further background and explanation on Cabinet decisions and reform proposals. This report can be found on page 44 of Councils Agenda of 29 July 2021 on Councils website [here](#).

Preliminary readiness and transition activity took place in 2021 and 2022 while the legal framework for the reforms moved through the parliamentary process. Transition support packages and Better Off funding was made available to councils to facilitate transition activity and invest in local community wellbeing. 2021 also saw the establishment of Taumata Arowai as a dedicated water services regulator, a parallel product of the Three Waters Review.

At Councils 7 July 2022 Strategy and Wellbeing Committee meeting, Council approved its submission on the Water Services Entities Bill. While the Submission broadly supported the outcomes the Bill sought to achieve and agreed that the status quo was not an option, Council strongly noted that the Hawke's Bay Model was Councils preferred model for the future. This submission and the supporting report can be found in Councils Strategy and Wellbeing Committee Agenda of 7 July 2022 on Councils website [here](#).

Shift to a ten-entity model

In April 2023, a government led reset saw the four water services entities originally proposed increased to ten entities to achieve a "better balance between delivering economic benefits that come from scale and providing for local representation and influence (Cabinet Paper, 11 April 2023). The establishment timeline also changed from a national go-live on 1 July 2024, to a staggered establishment approach where the entities go-live between 1 July 2024 and 1 July 2026.

With this reset, Hawke's Bay councils' water services were now to transfer to Entity F (Tairāwhiti – Gisborne Hawke's Bay) with a preliminary go-live date of 1 October 2024 announced but not yet confirmed through Order in Council. In August 2023, the final two of four key statutes underpinning the reform programme finished the parliamentary process.

Post 2023 General Election

The 100-day plan from the new coalition government committed to introducing legislation to repeal the Water Services Entities Act 2022 (WSE Act) by March 2024. The Water Services Acts Repeal Act was passed by Government on 13 February 2024 and received Royal Assent on 16 February. This Act dismantled the 10-entity structure, overriding any requirements for asset transfer away from council, and removed the obligation on councils to cooperate with requests from the Department of Internal Affairs/National Transition Unit.

Cabinet has signalled that a replacement framework will be established via two additional bills through Parliament over the course of 2024 and 2025. The Local Water Done Well Policy sets out the likely replacement principles and structure. In summary, this would see:

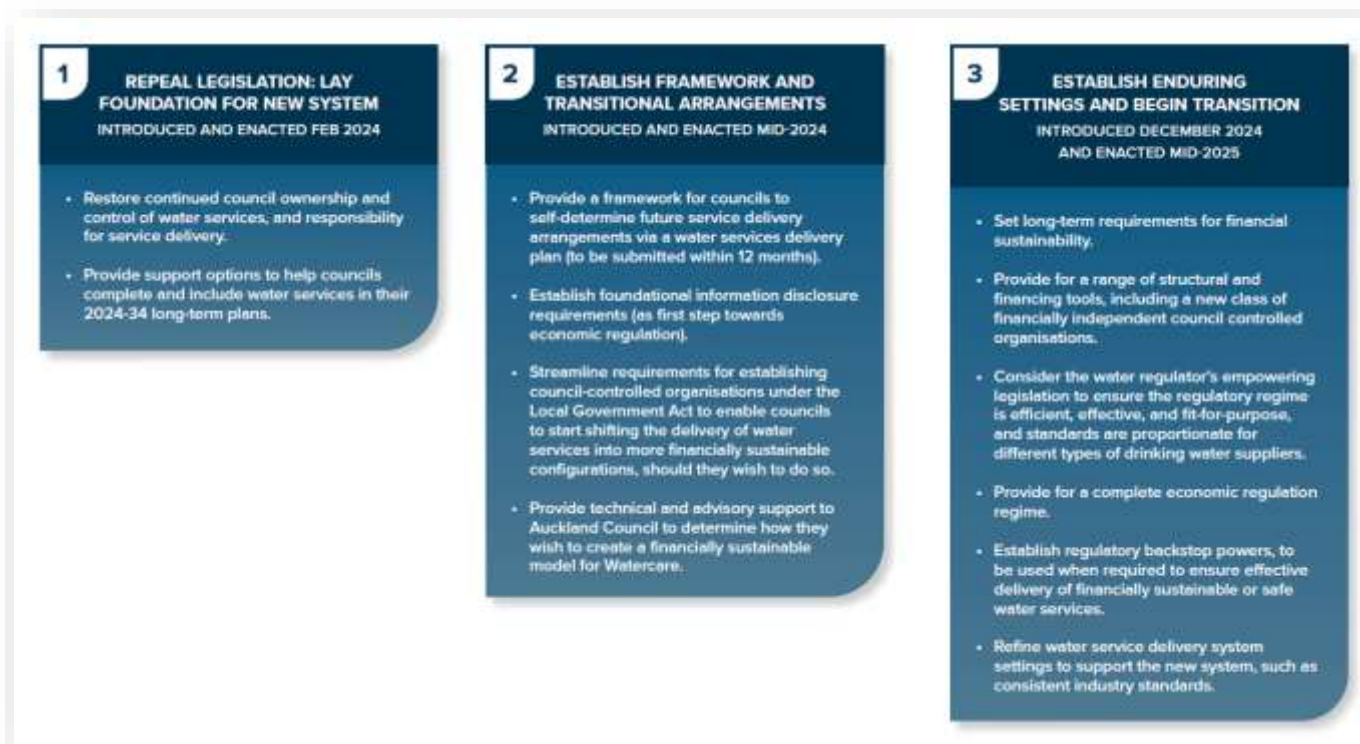
- Creation of a new Water Infrastructure Regulator to:
 - Monitor investment in waters assets to ensure sufficiency and sustainability,
 - Ensure fair pricing for consumers, and
 - Set quality standards for infrastructure.

- Introduction of new financial requirements that require:
 - Water services revenue to cover maintenance and depreciation of assets,
 - Water services to be self-funding (no 'top ups' from other council activities), and
 - Access to sufficient borrowing to enable growth.
- Streamlined requirements for establishing council-controlled organisations under the Local Government Act 2002
- A requirement that within a year of the repeal of the WSE Act (February 2025), councils deliver a plan for an alternative model to the Minister of Local Government for signoff. That model must provide financial sustainability and meet the investment and quality standards set by the new Water Infrastructure Regulator. Provided those bottom lines are met, councils will have flexibility to choose a model and governance structure that works best for them and their communities. Regulatory backstop powers will be included to allow central government to step in if local councils or CCOs are not fulfilling their requirements (effectively incurring too much debt).

In terms of timeframes, Cabinet has signalled 'Bill 2' will establish the framework and transitional arrangements for the new policy settings and is signalled complete the Parliamentary process by mid-2024. 'Bill 3' would then establish the long-term water services settings and is expected to be introduced by late 2024 and be enacted mid-2025.

This timing is indicative only and subject to the parliamentary process.

A new Technical Advisory Group ('TAG') has been established to advise the Government on the implementation of the new legislation. The TAG will be chaired by Andreas Heuser, managing director at Castalia Limited, a consultancy which led the design of the alternative model for Communities 4 Local Democracy. The other experts on the panel have experience in finance, infrastructure, and local government.



DISCUSSION

Impacts and Constraints – Post Cyclone Gabrielle

Affordability challenges are more pronounced than ever as the response and recovery costs incurred following Cyclone Gabrielle have pushed Hawke's Bay councils closer towards their upper debt limits.

The full long-term resilience and resulting financial impacts from Cyclone Gabrielle on many water assets is also not fully understood. This is likely to have a potentially much higher impact on the level of investment required for the future than currently understood.

In a Central Hawke's Bay context, the criticality of the Hawke's Bay Model progressing with pace is essential to address the long term challenges the district and region faces relating to three waters. CHBDC's Three Year Plan and the draft Financial Strategy only further reiterate the known fact that the status quo is not an option for the future of Three Waters Services in Hawke's Bay.

Progressing the Hawke's Bay model

The case for change demonstrated in 2020 is still strong, if not stronger, after the four intervening years.

Hawke's Bay has an opportunity to remain a leader in the progression of a sustainable approach to three waters management for the future, like it did in exploring the Hawke's Bay model in 2018 – 2020. Ultimately, we've ended up in a position where the Government is empowering councils to pursue a model that works best for local communities, which makes the work done to achieve this end in 2018-2020 highly relevant once again.

While we await fuller details of the government's replacement framework and in light of increasing urgency of an intervention, it has been prudent for Hawke's Bay councils revisit the regional model scoped in 2019/2020. The intention is that Morrison Low will be commissioned to revisit financial modelling of forecasted costs of water service delivery based on councils' newly revised budgets for the next three years to understand the potential efficiencies that could be unlocked and reconfirm the financial case.

While a sustainable asset owning CCO solution would require legislative amendment to enabling provisions, this should not be seen as a barrier. The need for empowering legislation to this effect is being emphasised to and responded to positively by the new government.

Officers are currently preparing a timeline for a business case to demonstrate readiness for transition to a local model. This business case will reexamine the case for change in 2024 the resourcing, support and financial implications to see the model delivered.

A further workshop and an update on the Hawke's Bay Waters Model is also proposed with Councillors on 20 March 2024, where Morrison Low will provide a further update and background to Council on the Hawke's Bay Three Waters Model.

Funding

In 2021, Council started receiving instalments of funding as part of a 'Transition Support Package'. This package is entirely funded through the Department of Internal Affairs. This funding was to be applied to any activity necessary to support the transition (e.g. consultant support to prepare information requests, participation of staff local transition planning/transition teams).

This funding might stay with council, might be recalled but other funding made available, or may be recalled with the expectation that councils fund their own planning and transition activity as required. A small provision has been made in draft 2024/25 operating budgets to enable continued progress on locally led options if the Transition Support Package if funding is withdrawn.

There is also no clarity yet on the future of the \$500 million no worse off funding package. That funding was earmarked to ensure that no council was left worse off as a result of the costs and financial impacts of the transition process.

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made.
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter.
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan.
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council or would transfer the ownership or control of a strategic asset to or from the Council.

NEXT STEPS

This report has or will be presented to the four Hawke's Bay Councils that deliver water services, to provide a formal regional update on the Hawke's Bay Waters model.

Further regional updates and next steps will be outlined to each Council once the timeline for the Hawke's Bay water model business review has been confirmed.

As noted earlier, financial modelling is currently being updated given councils' changing financial positions and improved understanding of asset condition and investment need in the intervening four years. The outcomes of this modelling are expected within the next few months.

Hawke's Bay has a track record of harnessing local expertise to unlock positive outcomes for our region. We again have the opportunity to use our preexisting partnerships and our 2018-2020 investigations to position itself as an early adopter with central government.

RECOMMENDATION

That the report be noted.

7.13 KEY PROJECT STATUS REPORT - BIG WASTEWATER/BIGWATER STORY

File Number:**Author:** Ben Swinburne, Project Manager**Authoriser:** Doug Tate, Chief Executive**Attachments:**

1. The Big Wastewater Story - March 2024 KPSR [↓](#)
2. The Big Water Story KPSR - March 2024 [↓](#)

RECOMMENDATION

That the report be noted

PURPOSE

The purpose of this key project status report serves as an opportunity to formally report to elected members on the progress of each of the projects and their expected delivery against time, scope, budget and quality standards against the larger programme objectives.

The report covers key programmes:

- The Big Water Story (including all renewals projects).
- The Big Wastewater Story (Wastewater Upgrade Programme).

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

BACKGROUND

As part of Project Thrive, the importance of water to our community was one of the loudest messages. This, combined with a vision for growth and prosperity, environmental responsibilities, as well as strong and durable infrastructure is how #thebigwaterstory began.

To deliver the improvements required, Council has developed a programme of upgrades and improvements to ensure that the drinking water, wastewater and stormwater infrastructure is able to meet the current and future needs of the community.

Following project THRIVE, creation of The Big Water Story brand, and adoption of the LTP in 2018 and subsequently 2021, attention and focus have shifted from discussion and consultation to planning and delivery. Projects must be sequenced and prioritised based on several factors. This holistic approach to managing several interrelated projects to achieve a single promised outcome is referred to as Programme Management.

DISCUSSION

The detail is generally outlined with the attached relevant key project status report.

For the Wastewater programme:

- The impact of both Cyclone Gabrielle and repeal of the 3 Waters Reform (Affordable Waters) programme has meant council has had to consider the rephasing of the Big Wastewater Story capital works programme. Following officers undertaking optioneering, and feedback being provided, a rephased approach has been proposed within the Three-year plan.

For the Water Supply Upgrade and Renewal Programmes:

- The impact of both Cyclone Gabrielle and repeal of the 3 Waters Reform (Affordable Waters) programme has meant council has had to consider the rephasing of the Big Water Story capital works programme. Following officers undertaking optioneering, and feedback being provided, a rephased approach has been proposed within the Three-year plan. This phasing follows the following principles:
 - Ensuring drinking water supply infrastructure is resilient is critical.
 - We need to continue to fund the replacement of our aging pipeline assets.
 - We need to enable strategic growth
- The last remaining detail on the Pōrangahau Road Water main upgrade is to be installed during future wider network shutdown for which planning is continuing.
- Officers are investigating the details relating to the non-potable Pouterere supply that has been registered as a public supply. It is programmed to present the findings and options to Council in April 2024.

Across all of these projects and programmes the capital constraints that Cyclone Gabrielle has created, as well as uncertainty around central governments reform programmes (particularly following the recent election), are a critical risk to the long-term implementation of these programmes of work. Council will need to carefully consider the constraints, risk and options ahead of it and rephase, re-prioritise or modify these programmes as required to ensure the best possible outcomes are achieved.

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made.
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter.
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan.
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council or would transfer the ownership or control of a strategic asset to or from the Council.

RECOMMENDATION

That the report be noted.

**# the BIG.
Waste Water Story**



KEY PROGRAMME STATUS REPORT



**CENTRAL
HAWKE'S BAY**
DISTRICT COUNCIL

**Together
we thrive!**
E ora ngātahi ana!

KEY PROGRAMME STATUS REPORT- The Big Wastewater Story



Programme Name	The Big Wastewater Story
Programme Manager	Ben Swinburne
Programme Sponsor	Doug Tate
Reporting Period	October 2023 – February 2024

Programme Objectives:

- Upgrade infrastructure so that it will last longer, and we can maintain and improve service levels.
- Meet changing legislative and compliance requirements relevant to 3 water assets.
- Ensure we are providing for smart growth in the district including the rapidly growing number of new homes being built in our residential areas and forecast over the next 10 years.
- Deal with wastewater to ensure minimal impact on our rivers.
- Ensure we do not burden future generations with ageing infrastructure.
- To deliver the capital projects in the allocated year/s that align with future resource consents.
- To deliver within budget and quality whilst ensuring maximum community benefit from these projects.
- Communicate and engage with the community and Mana whenua on the programme and the progress of each project.

KEY PROGRAMME STATUS REPORT- The Big Wastewater Story



Executive Summary:

Officers focus has foremost been in considering and providing options to ensure the best possible outcomes for the community as funding constraints limit our ability to deliver the programme to the timeframes outlined within the 2021-31 Long Term Plan. This follows an update to budget forecasts and assessments of the impact of both Cyclone Gabrielle and the repeal of 3 Waters Reform (Affordable Waters) legislation and ceasing of that programme. This has culminated in options being included within the three-year plan consultation.

The need to make some improvements in particular at Waipukurau is apparent, currently compliance with existing consent conditions is difficult to fully achieve and maintain, while some minor short term works are continuing, this remains a significant risk.

We continue to work through the final technical issues impeding the granting of a new discharge consent in Porangahau while also continuing to engage with iwi to ensure the proposed consent conditions both align with cultural views and values but remain achievable.

Budgetary constraints affecting the wider programme also have impact at Takapau where in October 2022 a new discharge consent was issued. Infrastructure upgrades will be required in order to achieve compliance with this new consent. Officers continue to work with the new land irrigation site landowner in Takapau and HBRC around issues with stream erosion in the wake of recent storm events, this relationship is key to the implementation of upgrades in Takapau and remains a significant risk.



KEY PROGRAMME STATUS REPORT- The Big Wastewater Story



Risk and Issues Assessment

Key Issues Impact on Project Objectives	Yes	No	Explanation and Proposed Resolution
Are there scope control problems?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Scopes are set at the initiation of each project. Overall programme scope remains although some short term refinement may be required due to funding constraints
Will target dates be missed?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The milestone targets set within the LTP 21-31 will be missed, this is primarily due to the impacts of Cyclone Gabrielle both in terms of funding uncertainty created and environmental impact where sites have or may be impacted in the future
Will project budgets be overrun?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Recent budget projections, accounting for cost escalations resulting from inflation, material price increases and design refinements indicate project costs are likely to be overrun at the programme level.
Are there quality problems?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	None at present
Are there resource problems?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	With the delays mentioned above, the future availability of consultants to complete key design and consenting work is a risk.
Are there risk management problems?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No significant risk management problems are perceived at present, risks will be identified below and managed as per project management practices, with programme level risks escalated to the project governance group. Hazard/operability and Safety in design workshops are held for each physical works package.
Are there issues with key stakeholders?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Key affected stakeholders will be communicated with and managed as per defined stakeholder management and communication plans for each project.
Are there communications problems?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	None present, regular updates placed on CHBDC website and social media.
Are there health and safety issues?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	None at present

KEY PROGRAMME STATUS REPORT- The Big Wastewater Story



Key Programme Risks

Risk	Mitigation	Residual Risk Level
Programme Funding and Cost increases	Thorough assessment of the opportunities for mitigation and the effects of this risk. Engagement with Governance group and councillors will be regular and ongoing	Extreme
Programme Delays	Thorough assessment of the opportunities for mitigation and the effects of this risk. Engagement with Governance group and councillors will be regular and ongoing	Extreme
Existing and future consent non-compliances	Alternative short-term options have been formulated and assessed, balancing maximum possible benefit with affordability constraints, active engagement with regulators on the challenges faced	Extreme
Takapau Landowner Relationship	Continued communication with landowners to keep updated about HBRC work and concurrently progress agreement on operational and easement agreements.	Extreme
Takapau River Erosion	HBRC are currently working implementing plans to protect the affected area. We will continue to work with HBRC as their design progresses and works commence	Significant
Pōrangahau Consenting	Further conversations with HBRC directly to minimise the risk presented by current outstanding technical issues The current 2A categorisation for Pōrangahau will create additional complexity	Significant
Tarewa Swingbridge Project Delay	Delay will occur due to the consenting process and requirement to wait for outcomes from the river scheme review.	Significant

Likelihood	Consequence				
	1 - Insignificant	2 - Minor	3 - Significant	4 - Major	5 - Catastrophic
5 - Almost certain	Low	Moderate	Significant	Extreme	Extreme
4 - Very Likely	Low	Moderate	Significant	High	Extreme
3 - Likely	Low	Moderate	Significant	Significant	Extreme
2 - Unlikely	Low	Low	Moderate	Moderate	Moderate
1 - Rare	Low	Low	Low	Low	Low

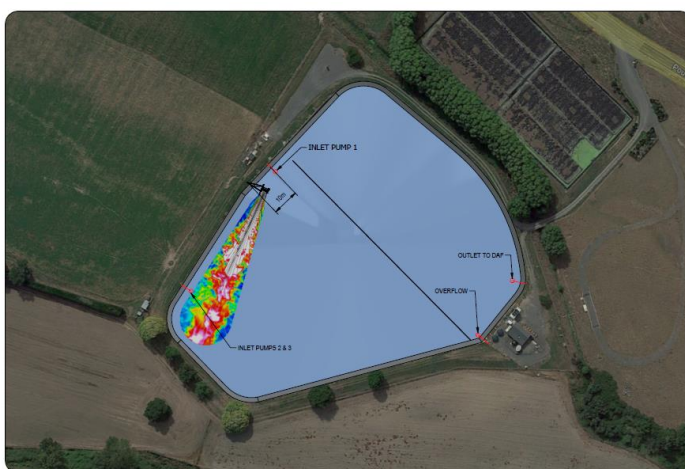
KEY PROGRAMME STATUS REPORT- The Big Wastewater Story



Communications and Engagement

The communications and engagement with various key stakeholders will continue to be key to the successful delivery of outcomes for the community. As we work through affordability issues mentioned above, and council considers how the programme can be phased considering these constraints, officers expect to need to work closely with stakeholders to communicate these changes and understand how these may affect them. This will in effect consist of engagement during the three-year plan process and targeted follow ups with key stakeholders.

Following the long-term plan process currently underway, officers also plan to refresh our communications and engagement plan to reflect the potential need for changes in our approach.



WAIPAWA WWTP AERDISC UPGRADE (1 : 1300)

Figure 1 - Proposed Trial Aerator Location - Waipawa WWTP

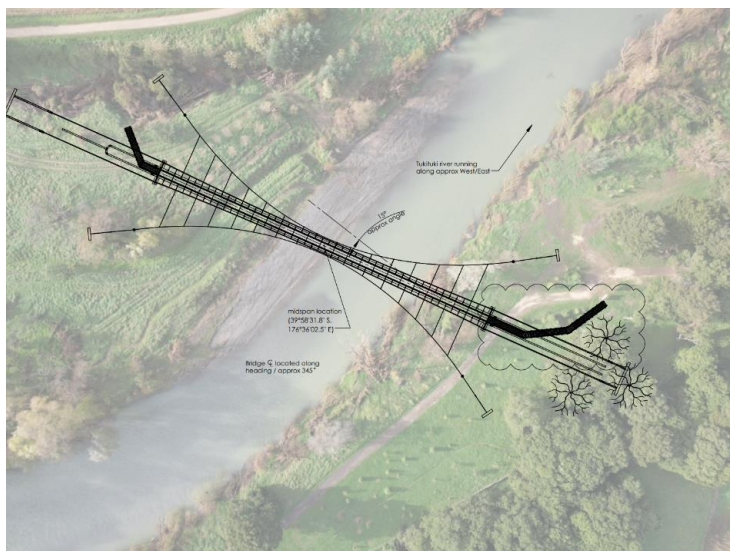


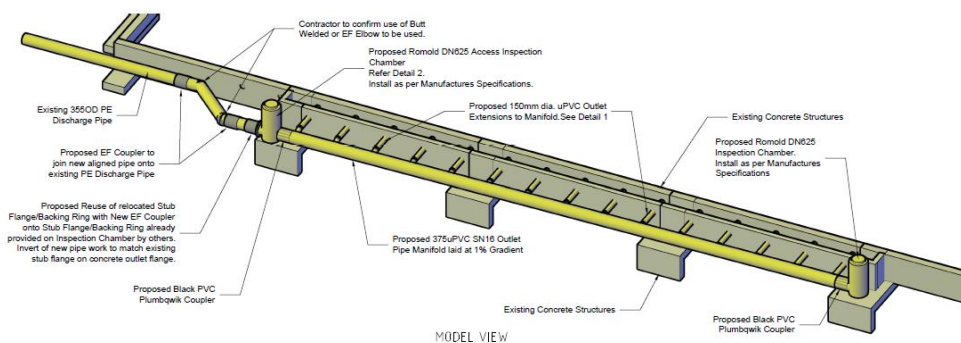
Figure 2 - Proposed Tarewa (Tukituki) Swingbridge alignment

KEY PROGRAMME STATUS REPORT- The Big Wastewater Story



Project 1: WOW Upgrades (Short term upgrades)

Various	60% PROGRESS	2020 START DATE	TBC END DATE	\$TBC BUDGET	\$2.89m SPEND TO DATE
Scope: The focus for now continues to be on Waipukurau WWTP and the potential affordable treatment upgrades that can be undertaken. Effort at Waipawa WWTP concentrates on operational optimisation of treatment performance. Once funding is approved, a number of the short-term upgrade projects will proceed into procurement and construction.					
Design and planning continues to progress on identified upgrades and improvements: <ul style="list-style-type: none"> • Design of UV upgrades for Waipukurau, Waipawa • Repair of Waipukurau Anaerobic pond outlet channel degradation • Optimisation of Treatment systems at Waipawa • Trial aerator installation at Waipawa • Waipukurau Tertiary treatment improvement options (DAF) are proposed in the Three year plan 					
PROGRAMME	The programme is expected to be delayed due to funding constraints and the impacts and uncertainty created by the river scheme review. Anaerobic pond outlet works is about to commence				
BUDGET	The works currently being undertaken are all on track to be delivered within set budgets.				
RISK	No significant risks exist within the works currently being completed.				



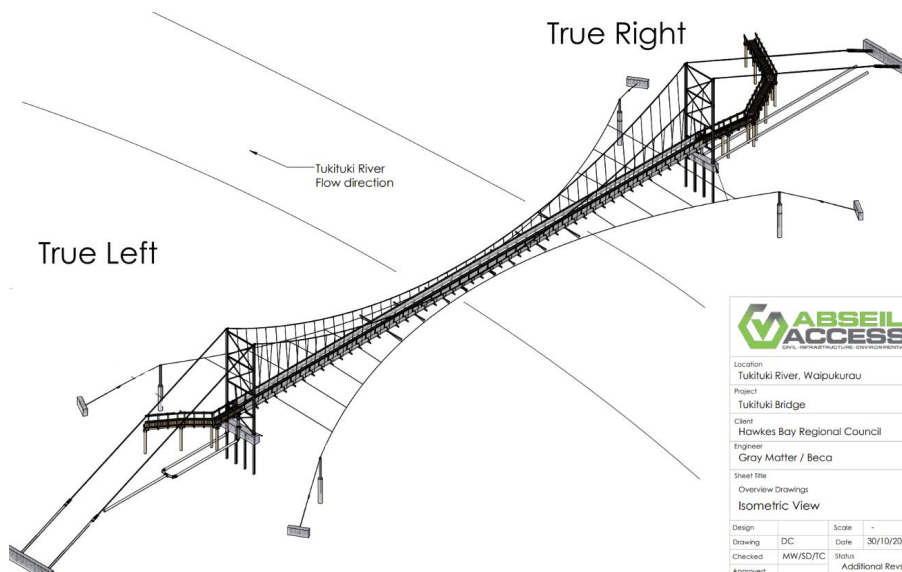
KEY PROGRAMME STATUS REPORT- BIG WASTEWATER STORY

KEY PROGRAMME STATUS REPORT- The Big Wastewater Story



Tukituki Swing Bridge

Planning	30% PROGRESS	Aug 2022 START DATE	Apr 2025 END DATE	\$1,565,000 BUDGET	\$280,000 SPEND TO DATE
Scope: To design and rebuild the Tukituki swing bridge whilst ensuring it is able to accept the planned future wastewater pipes enabling conveyance of wastewater from Waipukurau to Waipawa. Furthermore, ensuring resilience of the bridge is also of key importance.					
PROGRAMME	The project has been delayed significantly as officers have worked to mitigate risks following Cyclone Gabrielle, updating flood modelling, design changes and peer review and additional requests through the resource consenting process. We have been informed that Resource consent will not be considered until results of the HBRC river scheme review are known. Due to this, and the additional funding requirements, the council has placed the project on hold, with consultation to occur as to whether the project should continue				
BUDGET	The mitigation of risks mentioned above, including a number of unforeseen costs has seen the forecast budget for the project significantly increase, further approval will be required in order for the project to progress.				
RISK	A number of previously significant risks have now been mitigated				



KEY PROGRAMME STATUS REPORT- The Big Wastewater Story



Project 2: Pōrangahau and Te Paerahi Wastewater Upgrade

Planning	15% PROGRESS	Dec 2019 START DATE	Jul 2029 END DATE	\$17.6M BUDGET	\$1.8M SPEND TO DATE
Scope: To consent and build a land-based discharge system for the Pōrangahau and Pōrangahau Beach wastewater system to accommodate current and future growth and meet the community, environmental and cultural aspirations while balancing the affordability constraints.					
PROGRAMME	Milestone targets set within the LTP 21-31 will be missed. Progress through the consenting process is unrushed to ensure the best outcomes for community and Council. Planning has taken place in preparation for the commencement of key milestones such as procurement of an irrigation contractor, finalisation of landowner agreements and commencement of UV & conveyance design.				
BUDGET	Recent budget projections, accounting for cost escalations resulting from inflation, material price increases and design refinements indicate project costs are likely to be overrun at a programme level.				
RISK	There is a risk that consent conditions imposed by HBRC regarding nitrogen loading and concentration lead to a significant increase in cost to meet design standards and necessary change in scope.				



KEY PROGRAMME STATUS REPORT- The Big Wastewater Story



Project 3: Takapau Wastewater Upgrade

Planning	20% PROGRESS	Sep 2017 START DATE	Jul 2025 END DATE	\$3M BUDGET	\$1.68M SPEND TO DATE
Scope: To consent and build a land-based discharge scheme for the Takapau wastewater system to accommodate current and future growth and meet the community, environmental and cultural aspirations while balancing the affordability constraints.					
PROGRAMME	Milestone targets set within the LTP 21-31 will be missed. Planning has taken place in preparation for the commencement of key milestones such as procurement of an irrigation contractor				
BUDGET	Recent budget projections, accounting for cost escalations resulting from inflation, material price increases and design refinements have been included in the Three year plan				
RISK	<p>There is a risk of a change in scope and/or cost to meet UV disinfection requirements set by the resource consent conditions.</p> <p>There is a risk of delay and increased cost to the project if the landowner declines to sign the operational agreement and easement agreement with the Council.</p> <p>There is a risk that the current irrigation design will need to be altered following erosion along the Mākāretu River's boundary with the proposed irrigation site.</p> <p>The current consent will need to be varied with updated timeframes in the Three year plan</p>				



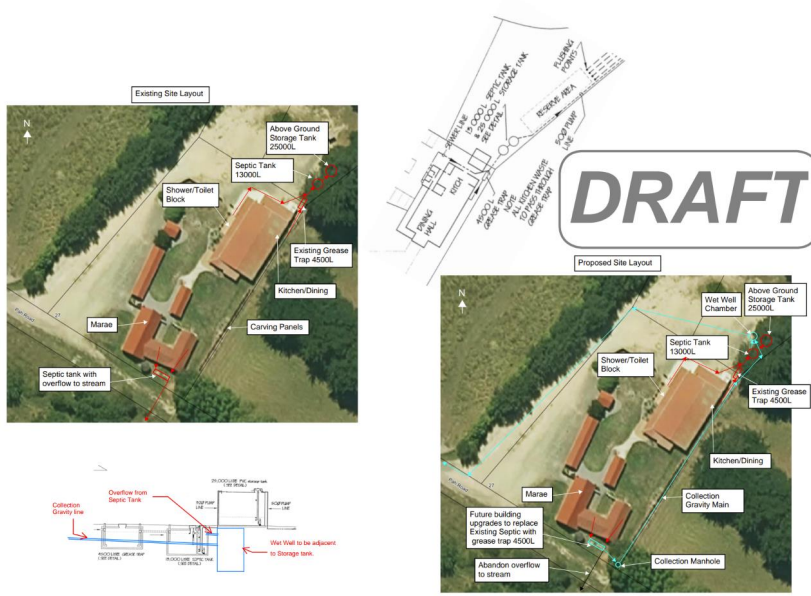
KEY PROGRAMME STATUS REPORT- BIG WASTEWATER STORY

KEY PROGRAMME STATUS REPORT- The Big Wastewater Story



Rongomaraeroa Marae Wastewater Connection

Planning	20% PROGRESS	Jun 2022 START DATE	Jul 2024 END DATE	\$764,800 BUDGET	\$52,319 SPEND TO DATE
Scope: To design and construct a wastewater pump station and conveyance pipeline which connects Rongomaraeroa Marae (Pōrangahau Marae) to the existing local wastewater network.					
PROGRAMME	Detailed design is being finalised. A procurement plan is to be prepared, and engagement of a contractor will follow approval of the plan. A decision to proceed with the construction phase or not will need to be made shortly due to re-prioritisation of projects post Cyclone Gabrielle, officers plan to request formal guidance on this at April's Council meeting				
BUDGET	The project is 50% funded by the Tourism Infrastructure Fund (TIF). The progress is behind the original schedule, and as such, the spend to date is also low. TIF has paid for two key milestones, totalling \$248,300 received to date.				
RISK	Current risks include: <ul style="list-style-type: none"> - Ability for Council to fund project with higher priorities post Cyclone Gabrielle - Delay with development of Cultural Impact Assessment having the potential to prevent commencement of construction - Project costs increasing beyond current budget - Construction delays results in frustration from Marae Trustees and impacting relationship 				



KEY PROGRAMME STATUS REPORT- The Big Wastewater Story



Project 4: Residuals Management

Planning	30% PROGRESS	Nov 2021 START DATE	June 2025 END DATE	\$200K BUDGET	\$30K SPEND TO DATE
Scope: A residuals management strategy has been developed for implementation to inform the larger wastewater programme. As part of this, the current focus is on removal of the matured biosolids stored at the treatment plant for beneficial reuse. A consent has been acquired for this activity, an application management plan has been developed, we have completed a procurement exercise and are currently working through methodology.					
PROGRAMME	Some programme delays have presented themselves in the form of budget prioritisation, however this is not expected to cause major issues. Main programme risk is consent expiry in December 2024.				
BUDGET	Contractor quotes have been lower than engineers estimates for biosolids application short term works. Budget for implementation of residuals management strategy remains undetermined with higher priority items taking precedence.				
RISK	Main risk for short term works lies in landowner relationship which is necessary to keep amenable if we wish to utilise the existing consent. Risk for strategy implementation is currently low.				



KEY PROGRAMME STATUS REPORT- The Big Wastewater Story



Project 5: Inflow and Infiltration

Execution	65% PROGRESS	July 2020 START DATE	June 2027 END DATE	\$1.5M BUDGET	\$701K SPEND TO DATE
Scope: Investigation of wastewater reticulation defects allowing liquid ingress and remediation of defects. Includes identification of stormwater system improvements that reduce I&I. Aimed at reducing treatment upgrade cost, increasing level of service of Stormwater/Wastewater system and reducing the environmental contamination.					
PROGRAMME	I&I management strategy and implementation plan for each township has been completed, aligning with the adoption of the District I&I strategy in August 2021. Pipe Vision have completed their investigation contract with CHBDC. During the contract 21km of pipe was CCTV'd and 1640 houses were inspected for defects. A total of 573 defects were found on private property. The next step is to send defects notices to property owners with defects, which has been planned for in the second quarter of the 2024/25 Financial year.				
BUDGET	Projected budget does not exceed what is in the LTP.				
RISK	There is a risk that the community will negatively engage with the remediation process of the private assets.				

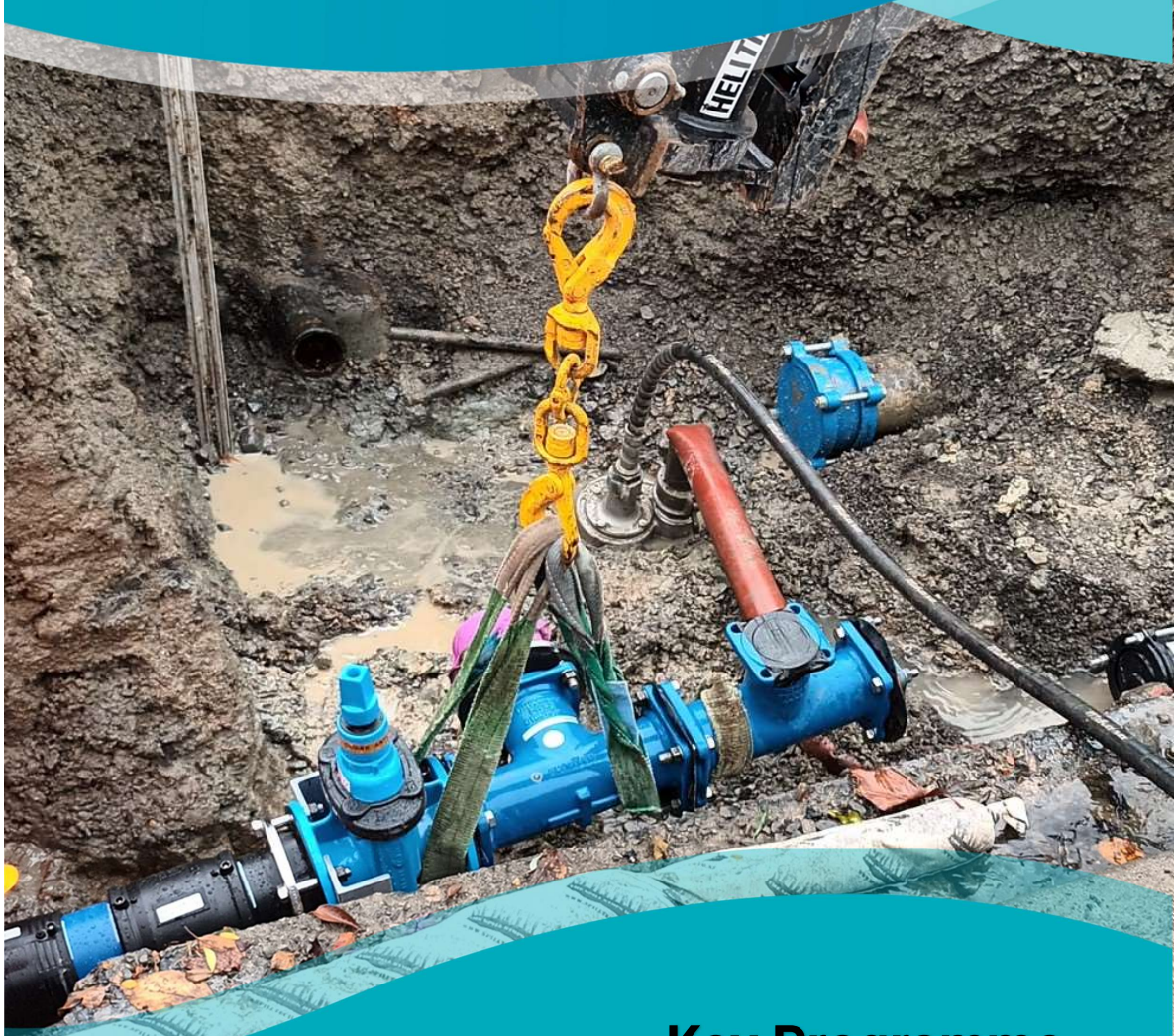


Above image: Private properties inspected in Waipawa during Pipe Vision's contract.



**CENTRAL
HAWKE'S BAY**
DISTRICT COUNCIL

**#the BIG.
Water Story**



Key Programme Status Report

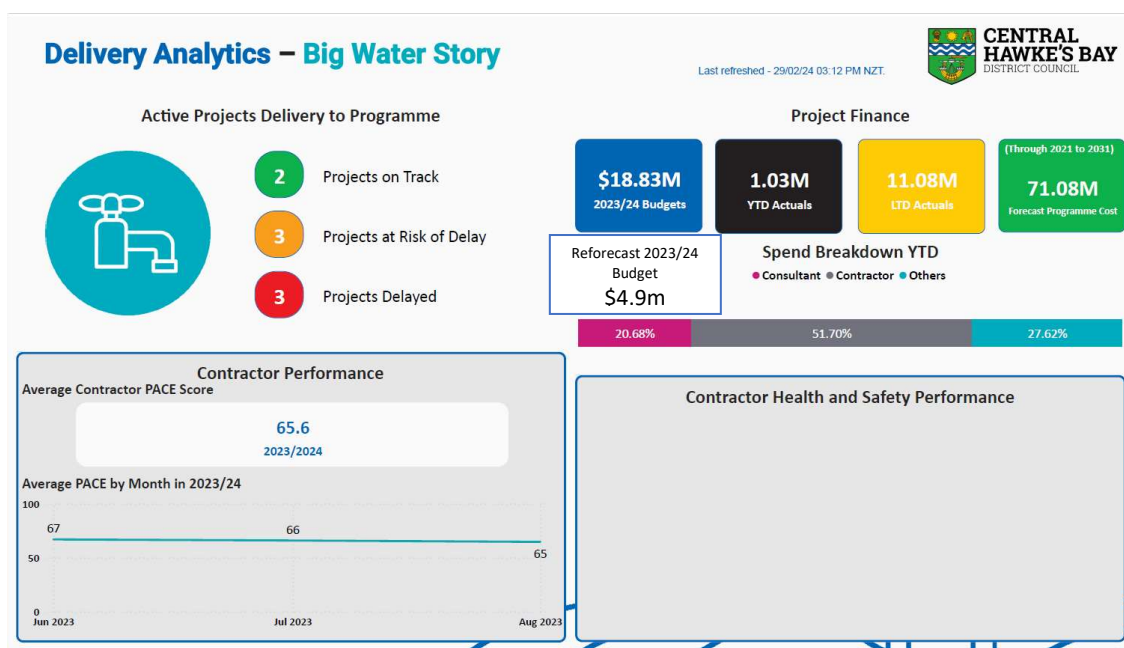
**Together
we thrive!**
E ora ngātahi ana!



Programme Name	Water Supply
Programme Manager	Ben Swinburne/Bilyana Podrumac
Programme Sponsor	Doug Tate
Reporting Period	October 2023 – Feb 2024

Programme Objectives:

- To deliver the capital and renewal projects in the allocated year/s that together form the Big Water Story to budget and quality whilst ensuring maximum community benefit from these projects.
- To Upgrade infrastructure to last longer, meet changing legislative and compliance requirements relevant to waters assets and build resilience in our waters infrastructure by having second supplies, firefighting capacity and right sized reticulation systems.
- To communicate to the community on the programme and the progress of each project.
- To provide input through the design and improvement projects to future infrastructure works and asset management plans, to inform where future expenditure and improvements are targeted for the betterment of infrastructure in the district.





Executive Summary:

The impact of both Cyclone Gabrielle and repeal of the 3 Waters Reform (Affordable Waters) programme has meant council has had to consider the rephasing of the Big Wastewater Story capital works programme. Following officers undertaking optioneering, and feedback being provided, a rephased approach has been proposed within the Three-year plan. This phasing follows the following principles:

- Ensuring drinking water supply infrastructure is resilient is critical.
- We need to continue to fund the replacement of our aging pipeline assets.
- We need to enable strategic growth

The resiliency of critical drinking water assets remains a significant risk to the continued safe and reliable delivery of water services to the community. Phasing options aim to manage the ongoing risks while delivering new infrastructure in a way that is affordable for our community.

Officers have continued to progress works where required which has seen the close out completed on previously completed or active projects. Within the reporting period a number of projects have been completed or significantly progressed, these include the Second Supply Central Reservoir access track, Kairakau water treatment, Great North Road main renewal, the Porangahau Rd Water main renewal has been essentially completed with the last remaining detail to be installed during future wider network shutdown.

Where logical designs and resource consents processes that were underway have been continued to enable future works to progress quickly once the funding allows.



Risk and Issues Assessment

Key Issues Impact on Project Objectives	Yes	No	Explanation and Proposed Resolution
Are there scope control problems?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The scope of the Big Water Story is defined with listed projects. Project scopes will be refined as each project progresses through phases.
Will target dates be missed?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Uncertainty of budget allocation and funding has meant that planned target dates set in the 21-31 LTP will be missed. Rephasing funding of key projects the Waipukurau 2 nd Water Supply and the Reservoir Replacement programme has been proposed in the Three year plan
Will project budgets be overrun?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Forecast costs to complete key programmes indicate significant budget increases are required above what was allocated in the 2021-31 LTP, these updated forecasts have been included in the Three year plan
Are there quality problems?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The quality of physical works is considered non-negotiable and is managed through well-established project management processes.
Are there resource problems?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	With the delays mentioned above, the future availability of consultants to complete key design and consenting work is a risk. Contractor resource is expected to primarily be managed through the Civil and Pipeline panel however programme delays may have an impact on this resourcing.
Are there risk management problems?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The risk management system is in place and is regularly reviewed and updated.
Are there issues with key stakeholders?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	There is generally stakeholder support for key projects with additional focus required in some cases. Iwi impact is considered high specifically for proposed river crossings. These ongoing and longer-term programme level risks require mitigation and management through regular engagement.
Are there communications problems?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Internal communication is well established. External communication with affected parties and wide public is being run in a similar manner with regular project updates on Council website, social media and direct communication with affected landowners, when required.
Are there health and safety issues?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	H&S management is another non-negotiable for the delivery of all Big Water Story projects. It is mandatory that robust H&S management plans and procedures are provided for each project



Key Programme Risks

Risk	Mitigation	Residual Risk Level
Budget overruns	Rephasing of the Second Supply Project, Reservoir Renewals programme and the pipework Renewals Programme.	Significant
Aging, end of life or not 'fit for purpose' infrastructure fails prior to renewal/ replacement	Prioritisation of critical drinking water resilience projects in the three year plan, including Reservoir Replacement Programme and Second Water supply. Also ensuring continued operational awareness	Significant
Flooding impacts at the Tikokino Rd WTP	Rebuild like for like stop bank to provide protection against moderate event in short term, then determine best long term mitigation (relocate to high ground). Maintain interim flood protection measures until above completed.	Significant
Resource consent not obtained for W2WS river crossings	Currently not progressed, may be able to be fully mitigated or eliminated as the more work is undertaken to better understand and plan the delivery of this.	Moderate

Likelihood	Consequence				
	1 - Insignificant	2 - Minor	3 - Significant	4 - Major	5 - Catastrophic
5 - Almost certain	Low	Moderate	Significant	Extreme	Extreme
4 - Very Likely	Low	Moderate	Significant	High	Extreme
3 - Likely	Low	Moderate	Significant	Significant	Extreme
2 - Unlikely	Low	Low	Moderate	Moderate	Moderate
1 - Rare	Low	Low	Low	Low	Low

Communications and Engagement

Project	Communication and engagement to date	Risks/Issues
Waipukurau 2 nd supply	Regular web site updates, direct communication with affected landowners (access track)	Future engagement needed regarding river crossings
Abbotsford Road reservoirs replacement	Negotiations with two adjacent landowners. Agreements to lease/purchase land for access track and platform drafted.	Land purchase and lease agreements.
Waipawa WTP stopbank rebuild	Negotiations with affected landowner completed and agreement signed to access site of works through private land. Consent from LINZ granted for the works	Community and landowners communications
Waipawa WTP relocation to above flood level platform	Negotiations with affected landowner to commence.	Purchase agreement, land value being agreed



WAIPUKURAU SECOND WATER SUPPLY

Execution	25% PROGRESS	July 2017 START DATE	Dec 2024 END DATE	\$15.8M BUDGET	\$6.1M SPEND TO DATE
Scope:					
<ul style="list-style-type: none"> To find and construct a new water source bore, pipe and rising main to a reservoir. To erect new Central Reservoir and gravity feedback into Waipukurau as a second water supply to the town. To upgrade Waipawa WTP. 					
PROGRAMME	Access track and platform for new Central Reservoir completed. Pipework design 90% complete. Programme funding has been rephased in the Three year plan. Following adoption of the plan full reprogramming of the project will be undertaken.				
BUDGET	Budget adjustment required to reflect forecasted increase in costs as well as potential changes in scope associated with improving the resilience of the Tikokino Rd WTP.				
RISK	WTP Stopbank construction timeline Funding constraints. Resource consent for river crossings. Budget for new water treatment plant.				





TIKOKINO ROAD WATER TREATMENT PLANT FLOOD PROTECTION

Execution	25% PROGRESS	August 2023 START DATE	June 2025 END DATE	\$2.5M BUDGET	\$65k SPEND TO DATE
Scope:					
<ul style="list-style-type: none"> Phase 1 – Reinstate low level protection (like for like stopbank) Phase 2 – Provide additional long term flood mitigation 					
PROGRAMME	Expected Phase 1 to be delivered prior to wetter winter months				
BUDGET	Phase 1 expected to be delivered cost effectively, with remain external funding aimed to be allocated to Phase 2 (yet to be fully determined)				
RISK	Enabling Phase 1 prior to any weather events of significance given the minimal current protection provided				





KAIRAKAU WATER TREATMENT UPGRADE

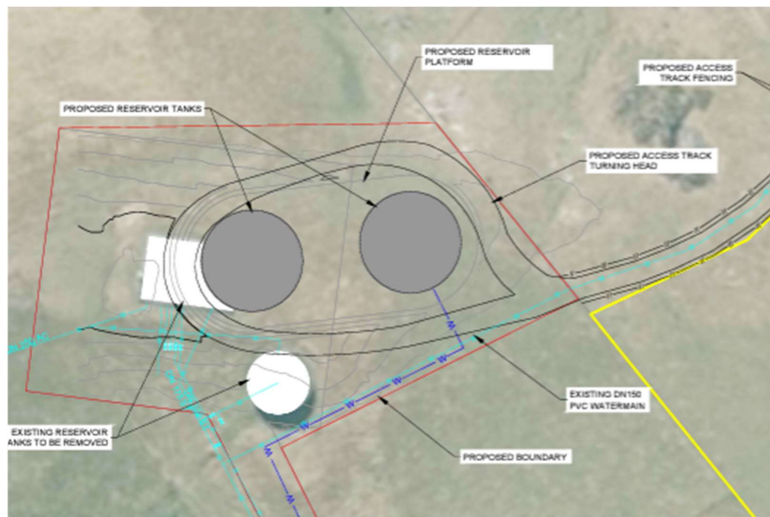
Closure	100% PROGRESS	July 2017 START DATE	August 2023 END DATE	\$1.868M BUDGET	\$1.86M SPEND TO DATE
Scope: To upgrade Kairakau WTP to meet Drinking Water standards and address aesthetic water quality issues, specifically water hardness.					
PROGRAMME	Works have now been completed and plant is operational. Project in the Defects Notification period with contractor attending to defects as identified by operations team.				
BUDGET	Project completed now completed, updated spend provided above and presented to council in June 2023				
RISK	Defects being managed through contractual defect liability period				





RESERVOIR REPLACEMENT PROGRAMME – WAIPAWA RESERVOIRS REPLACEMENT

Planning	15% PROGRESS	July 2017 START DATE	July 2025 END DATE	\$0 BUDGET	\$281K SPEND TO DATE
Scope: To replace end of life reservoirs with new. Considering additional resilience, improving access, increases in capacity and minimising impact on the existing networks during the project					
PROGRAMME	Design of the new reservoirs is 90% completed. Programme on hold pending budget availability to complete as well as forming agreements with affected landowners				
BUDGET	The Reservoir replacement programme has been rephased and allowance made for recent extreme construction inflation in the Three year plan.				
RISK	The Landowners' agreement required could either not be obtained with landowner agreement or could impact the budget requirements				





TIKOKINO ROAD WATER RISING MAIN STAGE 2, 3 AND STAGE 3 PHASE 2

Monitoring	95% PROGRESS	2023 START DATE	Dec2024 PROJECTED END DATE	\$1.74m BUDGET	\$1.7m SPEND TO DATE
Scope: To Complete the last remaining section of Tikokino Road Water Stage 3					
PROGRAMME	Running over scheduled time due to difficulty in sorting sufficient potable water quantity to carry out disinfection of Stage 2, 3 and 3.2. Current water restrictions have extended delay in completing.				
BUDGET	Currently within budget, however is requiring close monitoring due to delays and changes to material and fitting requirements. Additional budget is likely to be required with change in potable water supply for disinfection purposes due to unavailability of original drawdown source.				
RISK	Delay in commissioning Stage 2, 3 and 3.2 of the Tikokino Road water main is delaying recommissioning current AC Rising Main, which is known to have leak (drawdown is confirmed). Final budget requirements still to be determined once potable water source is confirmed, likely post lifting of water restrictions.				

TIKOKINO ROAD WATER MAIN RENEWAL STAGE 4 AND 4A

Monitoring	95% PROGRESS	April 2023 START DATE	Dec 2024 PROJECTED END DATE	\$720K BUDGET	\$540K SPEND TO DATE
Scope: To renew and replace the water main from the Tikokino Road water treatment plant to the reservoir on Abbottsford Road					
PROGRAMME	Works largely complete with Stage 4A (connecting the reservoir) on hold due to ongoing negotiations with an affected landowner.				
BUDGET	Budget forecast is within approved budget.				
RISK	Landowner negotiations are ongoing and remains a risk to the successful delivery of this project.				



**GREAT
WATER
UPGRADE
TO
(STAGE 1**



**NORTH RD
WASTEWATER
EXTENSION AND
SUPPLY
- ABBOTSFORD
TAMUMU
+2)**

Closure	100% PROGRESS	January 2021 START DATE	October 2023 END DATE	\$1.3M BUDGET	\$1.23M SPEND TO DATE
Scope:					



PROGRAMME	Works completed.
BUDGET	Final spend within approved budget.
RISK	Project construction completed. Risk of public annoyance over Waka Kotahi potholes.





PORANGAHAU ROAD WATER MAIN IMPROVEMENTS STAGE 1 AND 2

Monitoring	95% PROGRESS	2022 START DATE	February 2024 PROJECTED END DATE	\$1.7m BUDGET	\$1.374m SPEND TO DATE
Scope: To renew and replace the water main along Porangahau Road between Gaisford Tce and Lakeview Road to increase water network capacity.					
PROGRAMME	Works largely completed with 100% Stage 1 and 95% of Stage 2 completed. Last remaining detail is on hold due to Risks associated with aging valving infrastructure that requires replacement first. Larger Waipukurau Water Shutdown Project is directing final delivery of this Project				
BUDGET	Budget forecast is currently within approved budget but is likely to require reforecasting once all known costs are worked through in relation to the delay with completion and addition works required to complete.				
RISK	Delays in Valve replacement due to risk of extended water shutdown to the Waipukurau Water Network leading to additional planning work to be undertaken.				





SH2 BOREFIELD WAIPUKURAU

Monitoring	95% PROGRESS	2019 START DATE	June 2024 PROJECTED END DATE	\$1.918m BUDGET	\$1.901m SPEND TO DATE
Scope: To complete the upgrade the Waipukurau Borefield on SH2 with 3 new Bore Pumps and upgraded Control System.					
PROGRAMME	Running over scheduled time due to numerous design changes, turbidity issues and pump failure during commissioning. Project team assessing cost and workflow requirements to complete site works.				
BUDGET	Budget has been increased from original to deal with multiple design changes and turbidity changes. Further issues during commissioning, pump failure, adds to overall budget requirements.				
RISK	<p>Due to numerous design changes and pump failure on commissioning there is additional risk been placed on the borefield to maintain continuous water supply. This creates heightened risk should the existing operational pumps fail.</p> <p>Currently officers are preparing a report for the CEO to further understand options to mitigate these significant risks as soon a is practicable to continued operation and delivery of expected levels of service</p>				



7.14 CYCLONE GABRIELLE - ROADING RECOVERY UPDATE

File Number:**Author:** Rebecca England, Project Manager**Authoriser:** Doug Tate, Chief Executive**Attachments:** 1. **Key Program Status Report: Planned Response Recovery** [↓](#)

PURPOSE

The purpose of this report is to provide an update to the Council on the Land Transport Recovery programme and the work undertaken during February 2024. This update is provided within the attached Road to Recovery Key Programme Status Report.

RECOMMENDATION

That the report be noted.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

BACKGROUND

A year on from Cyclone Gabrielle the regularity of Recovery reporting has shifted to a bi-monthly report. Recognising the financial scale and impact of Land Transport recovery, a report will still be provided on a monthly basis on the Land Transport Recovery Programme.

This report presents this month's update.

DISCUSSION

The attached Key Programme Status Report provides an update to the Council on the Roding Recovery projects during February 2024.

Throughout February significant progress has been made in our current programme of work. Construction has commenced at 12 sites, including the Douglas Cutting Bridge, with one site's construction already completed.

We are also in the process of developing a prioritisation tool that will enable us to seek further funding and plan for the unfunded recovery sites effectively, connected into a long term BAU opportunity to prioritise the wider roading network for future levels of service.

An application for additional response funding has been submitted to Waka Kotahi, utilising projects which have been selected in consideration of their feasibility for delivery in alignment with the June 2024 deadline. We expect to receive an update on the status of this application by mid-March.

Furthermore, tender evaluation is currently underway for sites in the Request for Tender phase 2 package. We anticipate that these contracts will be awarded following the aforementioned update from Waka Kotahi.

Looking ahead to the coming month, construction is expected to begin at six more sites before mid-March. Additionally, we are working with our contractors to develop the PACE scores, which will ensure a collaborative approach to continuous improvement in our projects. Despite the

positive progress being made across the programme there are still significant risks which need to be considered. These include the current lack of funding certainty from the central government as we move closer to a winter season which will likely lead to further degradation of an already damaged network.

BEYOND 30 JUNE 2024

Officers continue to collaborate closely with the Regional Recovery Agency, advocating for further funding support from Central government. to deliver the 82 sites, currently valued at \$129 million.

To develop this programme Officers have aligned with the 3-year plan financial and infrastructure strategies by assuming a Council contribution of \$2 million annually to the Land Transport Recovery programme.

The duration of the programme will be heavily dependent upon the funding assistance by Central government.

In order to support the building of a delivery programme work has started on the development of a Multi-Criteria Analysis which enables prioritisation of the sites through consideration of factors including:

- Risk of complete loss of service before repair
- Social/Community importance/ impact
- Route Importance to network
- Weight restrictions in place
- Detour routes available

Following this prioritisation, our ability to resource and fund the projects will inform the further advancement of a Land Transport Recovery programme.

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

1. Council staff have delegated authority for any decisions made.
2. Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter.
3. Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.
4. Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan.
5. Any decisions made are consistent with the Council's plans and policies; and
6. No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council or would transfer the ownership or control of a strategic asset to or from the Council.

RECOMMENDATION

That the report be noted.



Key Programme Status Report

ROAD to RECOVERY



**CENTRAL
HAWKE'S BAY**
DISTRICT COUNCIL

KEY PROGRAMME STATUS REPORT- LAND TRANSPORT PLANNED RESPONSE & RECOVERY



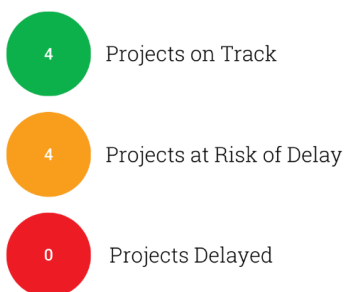
Programme Name	Land Transport Planned Response and Recovery
Programme Manager	Rebecca England
Programme Sponsor	Doug Tate
Reporting Period	Jan 24- Feb 24

Programme Objectives:

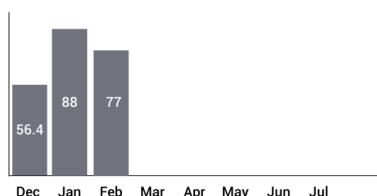
- To rapidly assess and prioritise road damage to facilitate immediate response efforts.
- To ensure immediate safe access for affected community members and road users. In some areas undertaking temporary road repairs to restore basic functionality for emergency services and essential transportation.
- Where able under budget constraints permanently re-establish access to isolated or affected areas by repairing damaged roads
- To communicate and engage with the community on the programme and progress of each project.
- To deliver these capital projects in alignment with budget and quality parameters whilst ensuring community benefit
- To work with community members, affected landowners, businesses, iwi and other stakeholders to establish priorities and ideal levels of service which will inform future recovery works.

Delivery Analytics

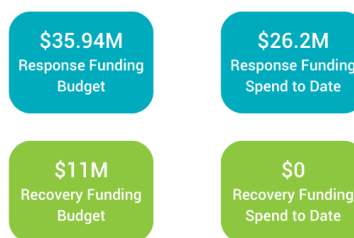
Active Project Delivery



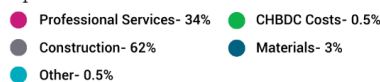
Contractor Performance



Programme Finance



Spend Breakdown



Response



Recovery



**KEY PROGRAMME STATUS REPORT- LAND TRANSPORT PLANNED
RESPONSE & RECOVERY****Executive Summary:**

Throughout February significant progress has been made in our current programme of work. Construction has commenced at 12 sites, including the Douglas Cutting Bridge, with two site's (Wakarara Road landslide and Flaxmill Bridge) construction already completed. We are also in the process of developing a prioritisation tool that will enable us to seek further funding and plan for the unfunded recovery sites effectively.

An application for additional response funding has been submitted to Waka Kotahi, utilising projects which have been selected in consideration of their feasibility for delivery in alignment with the June 2024 deadline. We expect to receive an update on the status of this application by mid-March.

Furthermore, tender evaluation is currently underway for sites in the Request For Tender phase 2 package. We anticipate that these contracts will be awarded following the aforementioned update from Waka Kotahi.

Looking ahead to the coming month, construction is expected to begin at six more sites before mid-March. We will continue to collaborate closely with the Regional Recovery Agency, advocating for further funding support from the central government. Additionally, we are working with our contractors to develop the PACE scores, which will ensure a collaborative approach to continuous improvement in our projects.

Despite the positive progress being made across the programme there are still significant risks which need to be considered. These include current lack of funding certainty from central government as we move closer to a winter season which will likely lead to further degradation of an already damaged and vulnerable Land Transport network.

**KEY PROGRAMME STATUS REPORT- LAND TRANSPORT PLANNED
RESPONSE & RECOVERY**



Risk and Issues Assessment

Key Issues Impact on Project Objectives	Yes	No	Explanation and Proposed Resolution
Are there scope control problems?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The scope for the remainder of the emergency response funding was confirmed at the end of 2023. Development of scope for recovery phase 1 works is underway.
Will target dates be missed?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Despite delays in the projects of the Douglas Cutting and Gwavas Bridges, the programmes indicate that work will be completed before the 30 June 2024 deadline. This situation is being closely monitored.
Will project budgets be overrun?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	None at present.
Are there quality problems?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Performance from contractors to date has been variable. Within some projects, the quality of service provided by the contractors has not been adequate. Where required we have asked contractors to immediately rectify the quality of their delivery and re-outlined Council's expectations.
Are there resource problems?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The scale of the programme and the funding deadline continue to present resourcing issues including forwarding planning. This is being managed both internally at Council and through work with consultant partners.
Are there risk management problems?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	None at present, a risk register is established and regularly maintained by key team members.
Are there issues with key stakeholders?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	None at present.
Are there communications problems?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	None at present, all communications are operating in alignment with the overarching plan.
Are there health and safety issues?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	None at present.

Key Programme Risks

Likelihood	Consequence				
	1 - Insignificant	2 - Minor	3 - Significant	4 - Major	5 - Catastrophic
5 - Almost certain	Low	Moderate	Significant	Extreme	Extreme
4 - Very Likely	Low	Moderate	Significant	High	Extreme
3 - Likely	Low	Moderate	Significant	Significant	Extreme
2 - Unlikely	Low	Low	Moderate	Moderate	Moderate
1 - Rare	Low	Low	Low	Low	Low

KEY PROGRAMME STATUS REPORT- LAND TRANSPORT PLANNED RESPONSE & RECOVERY



Risk	Mitigation	Residual Risk Level
At present all response funding (excluding \$11M provided by the Crown) has a deadline of the 30 th of June 2024. Unless further funding is secured all work will stop or incur further costs to CHBDC and in turn ratepayers.	A further funding application has been provided to Waka Kotahi and is currently available for review. Collaboration with the Regional Recovery Agency is underway to generate a forward programme which can be presented to the Crown for further funding. In April through work with the Regional Recovery Agency a meeting is planned with the PMO where the Mayor and Chief Executive Officer, along with partners from across the region will be able to advocate for further funding assistance.	Extreme
Funding constraints restrict work from taking place at certain sites. There is a risk that with continued rain we will lose access to some roads. E.g. Titoki Bridge, Kahuranaki Rd and Cooks Tooth Rd and Patangata bridge.	At-risk sites have been weight-restricted, closed and or temporary repairs implemented where possible. Monitoring and repair of sites where possible under funding restrictions.	Extreme
There is a risk that Hawkes Bay Regional Council remove the provision of emergency works (RMA S330) which results in significant delays to projects whilst consent is granted and will result in response funding not being spent by June 2024. This would also affect two of the recently approved recovery projects.	Riased as a risk to the Chief Executive for discussions across the region with support from the Regional Recovery Agency.	Extreme
Minimal visibility or direction of future funding provisions from Waka Kotahi or the Crown could lead to uncertainty in the current programme of work and the ongoing operation and maintenance of unrepaired recovery sites.	Discussions with Waka Kotahi, Hawkes Bay Regional Recovery Agency to enable further work are currently taking place. Considerations to align Land Transport maintenance planning with the recovery programme are also taking place.	Extreme
Contractor performance does not meet Council’s expectations therefore leading to unforeseen cost increases, programme delays, poor quality results and negative public perception of the work being completed by Council.	Clearly outlining Council’s expectations to Contractors at commencement of the contract. Building a collaborative working relationship with contractors that allows for clear and regular communication. Regular performance monitoring utilising Performance Assessment through Consistent Evaluation scores (PACE).	Significant
There is a risk that without funding certainty a forward programme not be developed in order to provide certainty for external resources supporting the programme.	Transparent and ongoing communication has been taking place with consultants and contractors to outline funding challenges and plan for work past June 2024.	Significant
There is a risk that unknown ground conditions and further design refinement lead to an increased cost and delay to the programme of works.	Contingency allowance within budget. Early investigation at sites, including survey, ground investigation etc.	Moderate
Lack of communication with the community leads to incorrect messaging of the work programme and in due course reputational damage to the Council.	Implementation of work outlined in the finalised communications plan including visual aids, website, social media, radio and community conversations.	Moderate

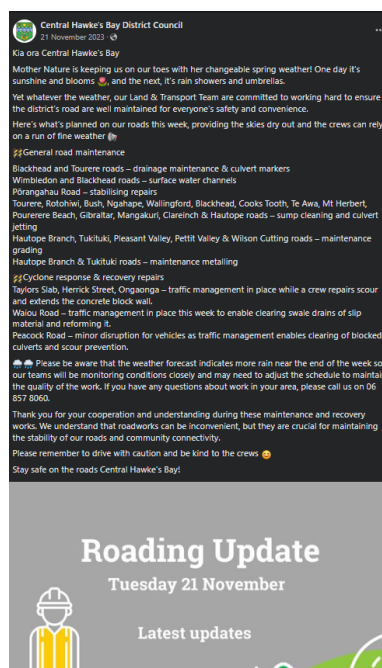
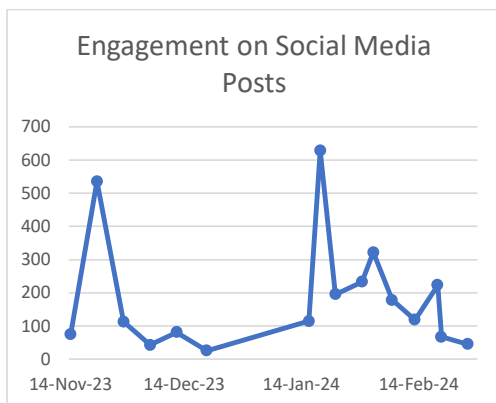
KEY PROGRAMME STATUS REPORT- LAND TRANSPORT PLANNED RESPONSE & RECOVERY



Communications and Engagement

In addition to direct communication with road users and community members through site signboards and newsletters, we are also utilising social media and the CHBDC website to regularly update the wider community on the programme's progress.

Since mid-November last year, we have produced 16 different social media posts providing updates on the work taking place across the district's road network. Now construction is in progress we are looking at the data available regarding the community engagement with these posts and considering how we can improve moving forward.



Whilst we persevere to improve our communication with wider external audiences, we are also continuing to engage with organisations such as iwi, the Pōrangahau Catchment Group (PCG) and Transport Rebuild East Coast Alliance (TREC Alliance).

Most recently this has involved providing programme updates to the PCG and Mana whenua, building relationships with team members at the TREC Alliance and providing information to support funding for the PCG.

In the coming month we will be attending the first Transport Rebuild East Coast Alliance Southern Liaison Group meeting along with other Council's and entities across the Te Matau a Māui region. These meetings are planned to take place monthly and will enable Council Officers further insight to the TREC work programme.

**KEY PROGRAMME STATUS REPORT- LAND TRANSPORT PLANNED
RESPONSE & RECOVERY**



Taurekaitai Bridge

Execution	25% PROGRESS	Aug 2023 START DATE	Jun 2024 END DATE	\$417,500 BUDGET	\$27,444 SPEND TO DATE
Scope: To design and construct a repair to the true left bank approach of Taurekaitai Bridge and provide rock armouring to the bridge					
PROGRAMME	The tender has been evaluated and we are currently preparing an outcome report before completing contract award.				
BUDGET	Tenders have been received for completion of physical works. Further funding to support completion of this work has been applied for with Waka Kotahi.				
RISK	There is a risk that communities are affected by road closures during construction. A specific communications implementation plan is to be drafted.				

Note: spend to date for this site only includes work from September 2023 onwards, all costs of immediate inspections, and emergency works are included in the overarching budget and spend above.



Douglas Cutting Bridge

Monitor and Control	40% PROGRESS	Mar 2023 START DATE	Jun 2024 END DATE	\$1,719,005 BUDGET	\$32,799 SPEND TO DATE
Scope: To design and construct a new bridge replacing the infrastructure damaged in Cyclone Gabrielle					
PROGRAMME	Construction commenced on site on 26 February and is planned for completion by the end of June. Close monitoring of risks to the programme is taking place to ensure the funding deadline is met.				
BUDGET	Design-build contract in place.				
RISK	Work to reach an agreement with the landowner on the acquisition of property and temporary access is still underway.				

Note: spend to date for this site only includes work from September 2023 onwards, all costs of immediate inspections, and emergency works are included in the overarching budget and spend above.



KEY PROGRAMME STATUS REPORT- LAND TRANSPORT PLANNED RESPONSE & RECOVERY



Gwavas Road Bridge

Monitor and Control	55% PROGRESS	Mar 2023 START DATE	Jun 2024 END DATE	\$2,892,388 BUDGET	\$23,762 SPEND TO DATE
Scope: To design and construct a new bridge replacing the culvert on Gwavas Road.					
PROGRAMME	Construction commenced on site in mid Jan and is planned for completion by the end of June. Close monitoring of risks to the programme is taking place to ensure the funding deadline is met.				
BUDGET	Design-build contract in place to an agreed value. Variation is expected to demolish the existing bridge.				
RISK	Clear communication about timing of works has been delivered to the community				

Note: spend to date for this site only includes work from September 2023 onwards, all costs of immediate inspections, and emergency works are included in the overarching budget and spend above.



Wakarara Road Bridge

Monitor and Control	55% PROGRESS	Mar 2023 START DATE	Jun 2024 END DATE	\$279,318 BUDGET	\$7,680 SPEND TO DATE
Scope: To design and construct true right abutment repairs to the Wakarara Road Bridge					
PROGRAMME	Construction has been delayed by 1 week due to unforeseen circumstances outside the contractor's control. Programme deadlines are still expected to be met.				
BUDGET	A contract is now in place.				
RISK	There is a risk that construction could be delayed due to high flow and river levels				

Note: spend to date for this site only includes work from September 2023 onwards, all costs of immediate inspections, and emergency works are included in the overarching budget and spend above.



**KEY PROGRAMME STATUS REPORT- LAND TRANSPORT PLANNED
RESPONSE & RECOVERY**



Titoki Bridge

Execution	30% PROGRESS	Aug 2023 START DATE	Jun 2024 END DATE	\$398,760 BUDGET	\$123,918 SPEND TO DATE
Scope: To design and construct an underpinning of the true left abutment.					
PROGRAMME	A tender has been received from the contract and a evaluation and subsequent tender outcome report is in progress. Construction is planned to start on 11 March.				
BUDGET	A tender price within budget has been received.				
RISK	Access is restricted to a 3.5t weight limit which is significantly impacting the farming business located on Titoki Road. There is risk that further adverse weather results in the complete closure of the road.				

Note: spend to date for this site only includes work from September 2023 onwards, all costs of immediate inspections, and emergency works are included in the overarching budget and spend above.



Pōrangahau Stream Bridge

Monitor and Control	85% PROGRESS	Aug 2023 START DATE	Jun 2024 END DATE	\$101,800 BUDGET	\$8,950 SPEND TO DATE
Scope: Debris removal upstream of the bridge and further works to protect the abutment of the bridge from further erosion. Reinstatement to the TL abutment will also take place.					
PROGRAMME	Construction is nearing completion with the contractor currently working to complete a snag list.				
BUDGET	A contract is in place. A minor variation is expected to allow for additional debris removal.				
RISK	Feedback from the community surrounding works which are being undertaken has been positive.				

Note: spend to date for this site only includes work from September 2023 onwards, all costs of immediate inspections, and emergency works are included in the overarching budget and spend above.



KEY PROGRAMME STATUS REPORT- LAND TRANSPORT PLANNED RESPONSE & RECOVERY



Simple Landslip Sites

Monitor and Control	25% PROGRESS	Aug 2023 START DATE	Jun 2024 END DATE	\$2,772,543 BUDGET	\$256,514 SPEND TO DATE
Scope: 44 simple and complex landslip sites have been identified across the district. Within current response funding, 15 sites will receive treatments. Treatments at each site can differ depending on the scale, size, and complexity of the site.					
PROGRAMME	Construction of 7 has started and is currently in progress. The site on Wakarara Road pictured below has now been completed. We are expecting completion of 2 other sites in the coming weeks.				
BUDGET	Variations have been received for sites due to poor ground conditions on several sites. At this time this presents no risk to the budget.				
RISK					

Note: spend to date for this site only includes work from September 2023 onwards, all costs of immediate inspections, and emergency works are included in the overarching budget and spend above.



Old Hill Road 5.94- currently in progress



Wakarara Rd 28.4- work complete



Rangitoto Road RP4.187- in progress



Hautope Rd RP1.27- in progress

KEY PROGRAMME STATUS REPORT- LAND TRANSPORT PLANNED RESPONSE & RECOVERY



Rock Armouring and River Protection

Monitor and Control	20% PROGRESS	Aug 2023 START DATE	Jun 2024 END DATE	\$770,009.63 BUDGET	\$31,888 SPEND TO DATE
Scope: 26 bridges at risk of scour and erosion have been identified across the district following the Cyclone. Within current response funding, we will deliver river protection at 8 at-risk sites across the district. This includes Flaxmill Bridge, Renalls Bridge, Saleyards Bridge, and Wallingford Bridge.					
PROGRAMME	All four funded sites have been awarded to contractors and construction has commenced on Flaxmill with others follow in the next 3 weeks.				
BUDGET	A lump sum contract has been awarded for each site.				
RISK	There is a risk that construction at certain sites may be delayed in we experience significant rainfall.				

Note: spend to date for this site only includes work from September 2023 onwards, all costs of immediate inspections, and emergency works are included in the overarching budget and spend above.



Wallingford Bridge- construction underway



Renalls Bridge- construction to start 11 March



Saleyards Bridge- awaiting construction



Flaxmill Bridge- nearing completion

KEY PROGRAMME STATUS REPORT- LAND TRANSPORT PLANNED RESPONSE & RECOVERY



Recovery, Phase 1

Project Delivery Plans were submitted to Crown Infrastructure Partners before Christmas and approval from the Crown Recovery Unit is expected by the end of February. Whilst waiting for approval optioneering and procurement planning for each site continues.

It is expected that the funding agreements will be in place following approval from the Crown Recovery Unit by the end of March 2024. Despite delays through the funding process, the programme will see partial construction to reopen access at Fletchers Crossing and safer access at Wimbledon 9.5-9.7 taking place before winter 2024. The remaining construction at all sites is planned to start following Winter of 2024.

The four sites included in this funding are:

- Wimbledon Road 1.3
- Wimbledon Road 9.5- 9.7
- Fletchers Crossing, Wakarara Road
- Elsthorpe Road



Wimbledon 9.5-9.7



Wimbledon 1.3



Fletchers Crossing



Elsthorpe Road

7.15 REPRESENTATION REVIEW UPDATE AND TIMELINE

File Number:

Author: Annelie Roets, Governance Lead

Authoriser: Doug Tate, Chief Executive

Attachments: 1. **2024 Representation Review Timeline** [↓](#)

RECOMMENDATION

That the report be noted.

PURPOSE

To provide and update on the 2024 Representation Review and associated timeframe around it.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

BACKGROUND

Council as good practice and as required under the Local Electoral Act 2001, is required to review its local representation arrangements every six years. Council last completed a representation review in 2018 with changes coming into effect for the 2019 Local Government Election.

Council is now in its third phase of its representation review. The **first phase** in August 2023, saw Council confirming its Electoral System, where it resolved to continue with the current first past the post electoral system for the 2025 Local Body Elections. The **second phase** was confirmed at Council's meeting on 15 November 2023, the Council voted in favour of introducing Māori wards at the 2025 and 2028 Local Elections.

This report now outlines the timeframe for the **third phase** of the Review, being the comprehensive representation review.

DISCUSSION

Having confirmed the first two phases, the **third phase** being the comprehensive representation review, is the most significant body of work for Council to complete.

The first step in this phase is for Council officers to evaluate the Council's current representation informed by preliminary engagement with community to understand what they think representation should look like. This is when residents decide on the makeup of the Council Table – The number of Wards, Councillors, and whether to include community boards.

Council's present representation structure consists of a Mayor and 8 Councillors. The Mayor is elected by the whole district and the Councillors are elected from 2 wards: Aramoana/Ruahine (4 Councillors) and Ruataniwha (4 Councillors).

The current representation structure meets the legal requirements for the number of residents per Councillor in each ward.

Number of Wards

This review must determine the number of Wards the district is divided into. Currently Council is divided into two wards, but by virtual of introducing Māori wards this number will need to change and the public will need to give feedback on their preferred ward mix.

Number of Councillors

This review then must determine the number of Councillors required for effective representation of our communities. Legislation requires that council is made up of between 6 and 30 Councillors plus the Mayor.

Residents will provide feedback on how many Councillors they would like to represent them.

Based on the preferred number of Councillors and the population living in each Ward Boundaries, and the split of voters on the Māori Roll compared to the General Roll, Officers will be able to determine the number of Councillors that will present each ward at the next election.

This must be done in a manner than ensures each Councillor represents a similar number of constituents (ensuring compliance with the +/- 10% rule).

Residents will have to make a decision in how this representation should be made up and determine the number of councillors and wards.

Method of Electing Councillors

Currently, the Mayor is elected at-large (by the whole district) and Councillors are elected by ward.

During the 2024 Representation Review, our community can decide how Councillors are elected to represent the community by deciding to be voted "at large", "by wards" or a combination of the two structures (with some members being elected by the whole district and some elected from Wards).

It is important to note that voters can only vote for the candidates standing in the ward in which they live, and representing the Roll they are registered on.

The number of Councillors in each ward depends on the number of people who live there. Under an 'at-large' voting system, Councillors are elected by the whole district, and voters are able to vote for the people they think are the best candidates, regardless of where they live.

A mixed system, when some Councillors are elected from wards and some at-large can be seen to provide a balance between representation of district wide interest and local concerns.

Community Boards

Communities can also be represented through Community Boards. Community Boards can represent various areas of geographical interest, such as rural communities which can be defined within geographical boundaries. Currently, Central Hawke's Bay has no Community Boards.

The Board's main role is to represent and speak on behalf of the rural community, however, Rural Board members do not have a vote in Council or Committee decisions.

Residents can now decide whether the district should have Community Boards or not.

Pre-engagement

The first step of a representation review is to listen to our communities and learn what they think representation should look like at the council via a preliminary survey.

The survey will contain a questions which will assist officers in developing a draft initial Representation Review Proposal. Questions will include geographical questions, whether residents

believe any particular changes should be made, what the total number of wards will be, what the total number of councillors will be (status quo is 8 plus the Mayor), how councillors are elected to represent the community (as a whole 'at-large', by wards or a combination of the two, whether community boards should be established. The preliminary survey will be live from mid-March to 2 April 2024.

A meeting with Mana whenua is proposed in this timeframe also to discuss this and other important Kaupapa.

Based on feedback from the preliminary survey, Officers supported by ElectionNZ will analyse the feedback and present options including a draft proposal for feedback and questions at Councils workshop on 18 April 2024.

There will be additional opportunities for Councillors to provide feedback on options, with Council then adopting a draft Initial Representation Review Proposal at their meeting on Thursday, 27 June 2024 followed by a 6-week Public Notice on the draft proposal closing on 28 August 2024.

Based on the formal consultation feedback, Submission Hearings (if required) will be held on 5 September 2024.

Council will then formally adopt the Representation Review at their 19 September 2024 Council meeting.

Community members can make an appeal to the Local Government Commission (LGC) on this decision if they wish, and the LGC will determine the final decision by April 2025. If no appeals are made, April 2025 will be when we know what the future representation of the council will look like.

The attached timeline sets out the timeframes and key decision points required of Councils Governance.

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made.
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter.
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan.
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council or would transfer the ownership or control of a strategic asset to or from the Council.

NEXT STEPS

The next step is making live the survey for community members to complete in early March to early April 2024. This will follow with the draft Representation Review Proposal will be presented to a Council workshop on 18 April to consider and provide feedback.

Ongoing updates to Council will be provided primarily through the Organisational Performance Report, and as part of other reports to Council on the project.

RECOMMENDATION

That the report be noted.



CENTRAL HAWKE'S BAY

DISTRICT COUNCIL

2024 Representation Review Timeline

Preliminary Survey

From Mid March – 2 April 2024

Manawhenua Kahui

Tuesday, 12 March at 5.30pm – 7.00pm
Council Chamber

Council considers feedback and determines best representation arrangement

Council Workshop
Thursday, 18 April 2024

Adopt Draft Initial Representation Review Proposal

Thursday, 27 June 2024 at 9.00am

Formal Public Notice on the Draft Representation Review Proposal

15 July - 28 Aug 2024

Manawhenua Kahui

Tuesday, 13 August at 5.30pm – 7.00pm
Council Chamber

Adopt FINAL Initial Representation Review Proposal

Thursday, 19 September 2024 at 9.00am

Formal Public Notice on the FINAL Representation Review Proposal

4 October - 4 November 2024

Appeals & Objections close

Monday, 4 November 2024 at 5pm

Appeals & Objections forwarded to Local Government Commission (if required)

Friday, 20 December 2024

Last date for LGC determination on Representation Review

10 April 2025

7.16 PETITION - SPEED REDUCTION IN ONGAONGA

File Number:

Author: Annelie Roets, Governance Lead

Authoriser: Doug Tate, Chief Executive

Attachments: 1. [Petition - Speed reduction limits in OngaOnga](#) [↓](#)

RECOMMENDATION

That Council receive the petition from the Ongaonga Community on the speed reduction limits in Ongaonga.

PURPOSE

The purpose of this report is to present a petition received from the Ongaonga Community by the Chief Executive, petitioning about the level of speeding through the village within the '50 km/h' zone and seeking the following:

- Extra speed limit signs (3) are installed at the corner of Herrick and Bridge Streets, Ongaonga.
- Speed cameras (2) are installed at each end of the village.
- Speed bumps are installed at appropriate places.

Mr Phil Stroud, Acting Group Manager Community Infrastructure and Development will speak to the report.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as of some significance, as it is reflective of community feedback on this specific issue.

BACKGROUND

In accordance with Central Hawke's Bay District Councils Standing Orders, the attached petition has been received, and in being consistent with Councils standing orders is presented to Council.

The petition recognises that the speeds reach limits of estimate 80 km/h or more. Mornings and evenings to be the main time for speedsters who seem to end up at the corners of Herrick and Bridge Streets in Ongaonga. These speeds pertain to trucks, double trucks, utes, cars and even the school bus.

These speeds the petition also noting it poses a risk to community and danger to children of the community. The signed concerned citizens are petitioning for speed reduction and measures be put in place to reduce speed limits in the village.

DISCUSSION

Since receiving the submission, staff have spoken with the resident who has led the petition. In discussion with staff, while a petition was presented, there was not general support overall from all for other speed interventions such as speed humps.

Council is limited in what regulatory functions it has to police speed limits. Council does not have the power to regulate speeding in the same way that the New Zealand Police does. Council does,

however, have a legislated duty to promote and enhance the wellbeing of communities and are well placed to advocate for and provide valuable local context and knowledge.

Council does not have the ability to enforce speed limit violations as this is the responsibility of NZ Police.

Five of the physical options that could be available to Council include:

1. Additional speed limit signs are possible and relatively inexpensive and can be installed easily for around \$1,000 to \$3,000.
2. Install traffic counter to confirm speeds at the Bridge Street / Herrick Street intersection. This will provide speeds of the vehicles using the roads. We had installed a traffic counter (29 July 2023) at the eastern gate to the community well within the 50km limit and the 85th percentile speed was 75km/h.
3. Installation of speed cameras (permanent) would cost approximately between \$75,000 to \$100,000.
4. Relocate a couple of Council's temporary mobile cameras to either end of Bridge Street at a cost of approximately \$15,000 if there is an existing power pole at either end. If not, then the cost could be \$20,000 at each end.
5. Speed bumps are possible but would create their own problems with noise and potential vehicle damage. The cost of installing a permanent speed bump ranges between \$30,000 and \$60,000 per bump. As the road is straight this is conducive to increasing speed therefore, 3 or 4 bumps would be required.

These options are not identified in current budgets. They would also likely be funded through categories that have been reduced in the proposed Three Year Plan 2024-2027, including the Low cost Low Risk programme. This approach aligns with the refocussed direction of NZTA of reducing or removing speed bumps also.

Council has in the past installed calming structures and additional signage to try and provide further protection for those living in the location. Low Cost, Low Risk safety improvements are proposed to be reduced in the 2024/27 Three Year plan. This approach aligns with the recently announced Government Policy Statement on Land Transport 2024 where calming structures and measures are not prioritised.

As the current speed limit is 50km is more likely an enforcement issue which would fall to the NZ Police. Council will request police presence at the appropriate times to start to deal with the problem.

In relation to the options that Council can tangibly impact, it is Officers recommendations that no physical action is taken at this time, until such a time as other options such as enforcement have been explored.

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made.
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter.

- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would significantly alter the intended level of service provision for any significant activity undertaken by or on behalf of the Council or would transfer the ownership or control of a strategic asset to or from the Council.

NEXT STEPS

It is suggested that Council's Land Transport representative meet with the Ongaonga Community Planning group, to further test what other local options and solutions may be available. This will include facilitating a meeting with the NZ Police on what support they can provide to address the issues raised by residents.

RECOMMENDATION

That Council receive the petition from the Ongaonga Community on the speed reduction limits in Ongaonga.

Waipukurau Police Station
PO Box 1
Waipukurau, 4200

CHB District Council
PO Box 127
Waipawa, 4240

Waka Kotahi, NZ Transport Agency

Dear All

The residents of Ongaonga, CHB, (signatures below) are upset with the level of speeding through the village within the '50 km/h' zone.

Speeds reach an estimated 80 km/h or more. Mornings and evenings seem to be the main time for speedsters who seem to end up at the corner of Herrick and Bridge Streets. These speeds pertain to trucks, double trucks, utes, cars, and even the school bus!

To help alleviate this speeding, could we suggest that:

- (1) Extra speed limit signs (3) are installed at the corner of Herrick and Bridge Streets;
- (2) Speed cameras (2) are installed one at each end of the village. These could be used to gauge what speed of the above vehicles is.
- (3) Speed bumps are installed at appropriate places.

People in the village have been told to get the rego numbers of the offending vehicles. There is a problem with this as the offending vehicles go past too quickly to get the number (and people don't always have their phones at the ready).

More information can be provided if necessary.

Yours sincerely

[Signature]
Julie & Brett Morse
90 Bridge Street, Ongaonga

[Signature]
Mike + Leanne Horvath
Bridge St

[Signature]
Sonya + Craig Minto
Bridge St, Ongaonga

[Signature]
A.P. Wall 71 Bridge St Ongaonga

[Signature]
Ford 63 Bridge St.

15 Bridge St Shearwater
[Signature]
Carmen Edgecombe
60 Bridge St
Ongaonga

[Signature]
MARK LARKEN

LAURENCE GORDON
44 BRIDGE ST
ONGAONGA
[Signature]

- Arie & Trish Groenewald. Att 6.
56 Bridge st; Groenewald,
Onga Onga.
- 50 Bridge Street Omdirek
- 50 Bridge Street (City)
- 55 Bridge St T Greenaway
- 53 Bridge St O'Kane
- 48 Bridge St. Malbur BUTLER.
- 59 Bridge Street Onga Onga Store Chaceon
Cashla Isaacson.
- 65 Bridge St Onga Onga (garage) S
- 82 Bridge St Onga Onga → Peter + Betty Smith
Bob Butl.
- 86 Bridge st. Onga Onga, J. M. White
- 69 BRIDGE ST ONGA ONGA M.A. REID CHAIRMAN
- 67 BRIDGE ST ONGA ONGA
- 25 Bridge St Onga Onga - NOVINA KING
" " " " Roy Lefort
- 16 Bridge St, Onga Onga - l'staurlox - C Taylor
- 59 Bridge Street (shop) Jasmine Carr
- 26 Bridge Str Onga Onga J M Evans.
- 28 Onga Onga si Onga Onga Del Island
- 41 BRIDGE ST Onga Onga
- 47 B R-oge st onga onga
M.L. Hill

54 Bridge St. G. Frater S. J. Frater

38 Bridge St Gail Sharp G. L. Sharp

19 Bridge St Robin DeLacke

Ongaonga Playcentre - D. Te Ano

"

- Clare Tanton

- Emma Harding

- Catherine Lancaster

49 Bridge St, Onga Onga Kibedgini

11 Bridge St, Onga Onga - Henriette Kaiwhia

Jones Monu

Margaret Monu

17 BRIDGE ST ONGAONGA. G W WILKINSON

13 Bridge St, Ongaonga Balarej; Stefan

7 Bridge St Onga Onga Bryan Taylor

Museum - Delsie Schaw

Museum Jenni's Schaw

Museum. Kathryn Gunnson.

24 Bridge Street
Mikaela Tutrey

14 Bridge St Onga Onga. Mills Buchanan

29 Bridge St, Onga Onga, Istvan Lengyel

" " Amber Lengyel

35 Bridge Street Onga Onga Haedyn Borch

36. Bilyana Podrumac; 64 Bridge Street - Deb Busch.

37 Anya Podrumac 64 Bridge Street Alodum

7.17 RESOLUTION MONITORING REPORT

File Number: COU1-1400

Author: Annelie Roets, Governance Lead

Authoriser: Doug Tate, Chief Executive

Attachments: 1. Resolutions Monitoring Report [↓](#)

RECOMMENDATION

That the report be noted.

PURPOSE

The purpose of this report is to present to Council the Resolution Monitoring Report. This report seeks to ensure Council has visibility over work that is progressing, following resolutions from Council.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

DISCUSSION

The monitoring report is **attached**.

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made.
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter.
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan.
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would significantly alter the intended level of service provision for any significant activity undertaken by or on behalf of the Council or would transfer the ownership or control of a strategic asset to or from the Council.

NEXT STEPS

An updated Resolution Monitoring Report will be presented at the next Ordinary Council meeting.

RECOMMENDATION

That the report be noted.



Council Resolution Monitoring Report - 14 March 2024

Key	
Completed	
On Track	
Off Track	

Item Number	Item	Council Resolution or Action	Resolution Date	Responsible Officer	Progress Report	
1	7.2	Third Quarter Non-Financial Performance Report (Jan - March '23)	2. That council schedule a review of the measures and tools for building the LTP including Snap, Send Solve.	18-May-23	Doug Tate	On track - This item has been reopened. This area has been updated in the organisational report and this agenda includes Performance Measures for the Three Year Plan. Guidance is sought from Governance on whether this item can be closed and if not what action Councilors wish Officers to take.
2	7.3	Centralines Aquatic Centre - Annual Plan 2023/24	1. That the report is noted 2. That Council notes that a Section 17a Review will be conducted in collaboration with the Trust ahead of the development of a new agreement beyond 30 June 2024. 3. That subject to the funding for urgent works being confirmed by Council, Officers will develop an agreement with the Trust confirming expectations and obligations of the funding, including that the Trust continue to seek external funding support for the required works.	15-Jun-23	Dennise Eiers	On Track There is a delay to the reopening of the pool to 25 March due to shipping delays of heat pumps. Ceiling works are completed, scaffolding is now removed and pool refills will commence over the week of 4 March. At this point there is no confirmed timing for a further update with Council on the Section 17a review, with the Trust providing feedback to Council on the potential future direction and aspirations of the Trust due in the coming weeks.
3	7.4	Review of Rates Remission, Postponement, Discounts & Collection Policy	1. That Council accepts the recommended changes to the Rates Remission, Postponement, Discounts and Collection Policy as amended. 2. That the Rates Remission, Postponement Discounts and Collections Policy is brought back to Council to consider any proposed changes from the implementation of the new District Plan, including but not limited to SNA's.	19-Oct-23	Brent Chamberlain	Complete - Updated policy is now live on website and implemented. Significant Natural Areas rates rebate is considered in a Council report as part of agenda for this meeting.
4	7.5	Adoption of Draft Statement of Proposal - Freedom Camping	That Council adopt the draft Statement of Proposal for Freedom Camping Bylaw for consultation with amendments.	19-Oct-23	Lisa Harrison	On Track - The Bylaw consultation period has closed. Officers are currently working on analysis of the 533 submissions, supported by an external consultant. An update will be provided when complete.
5	7.2	Representation Review - Māori Representation	1. That Council resolves to establish a Māori Ward for the 2025 and 2028 Local Body Elections but invites hapu and marae to select up to two representatives for māori representation in an advisory role	15-Nov-23	Doug Tate	On Track - The Chief Executive has formally written to Te Taiwhenua o Tamatea and Tamatea Pokai Whenua Trust about the process for the appointment of Hapu/marae representatives. Progress is ongoing.
6	7.4	Options on Pool Inspection Fees & Charges	1. That Council include the introduction of a targeted rate to pool owners for pool inspection fees from 1 July 2024, to be consulted on and formally considered as part of the Long-Term Plan 2024/34.	15-Nov-23	Nicola Bousfield	Complete - This item will be consulted on as part of the 3 Year/LTP consultation on the revenue and financing policy.

7	7.6	Three Year Plan - Update and early Direction	<p>1. That Council notes the significant cost pressures as we develop the Three Year Plan.</p> <p>2. That Council note and endorse the two budget focus areas (contained in Section 3 of this report), as the basis for Officers to continue early work on the development of the 3 Year Plan Budget.</p> <p>3. That Council indicates its early intentions to engage and consult with community on the options and measures available to reduce the impact of rates as part of the Three Year Plan development.</p>	14-Dec-23	Doug Tate	Complete - This agenda provides further key essential documents and policies for Council to endorse in the development of the Three Year Plan 2024 - 2027.
8	7.7	Tukituki Swingbridge - Project Update	<p>1. That the report be noted.</p> <p>2. That the Tukituki swing bridge is included in Council's 3-Year plan process for prioritisation and consultation.</p>	14-Dec-23	Ben Swinburne/ Doug Tate	Complete - The Tukituki Swingbridge project is included as part of the Wastewater Capital Programme and will be considered as part of the Long Term Plan.
9	7.3	Endorsement of Three-Year Plan 2024-2027 Direction	<p>1. That the report be noted.</p> <p>2. That Council endorses the direction and draft estimated budget and rates requirement for the Three Year Plan 2024-2027 outlined in this report for the continued development of the Three Year Plan.</p>	15-Feb-23	Doug Tate	Complete - This resolution has formed the basis for the ongoing formation of the Three Year Plan 2024 - 2027, and this agenda provides further key essential documents and policies for Council to endorse.
10	7.4	Proposed Amendments and Updates to Council Delegations Manual	That Council accepts and adopts the changes recommended in the Central Hawke's Bay Council Delegations Manual and requests that the Governance Structures and representation components are added to the policy review for policy refinement.	15-Feb-24	Brent Chamberlain / Dylan Muggenidge	On Track - Policy updated and available on the web. The inclusion of governance structures in the document, and possible duplication with other policies yet to be refined.
11	7.6	Treasury Management Policy Review	That Council rejects the proposed recommendations from the Risk & Assurance Committee meeting held on 7 December 2023 and that Council requires some additional advice and analysis on the Treasury Policy, including advice and guidance from the Risk & Assurance Committee's Independent chair, to be reconsidered at the March 2024 Council meeting.	15-Feb-24	Brent Chamberlain	Complete - Policy with addition regarding wording regarding delegations regarding obtaining a external credit rating being clarified is being brought back to Council in this agenda.
12	7.7	Revenue and Financing Policy Review	1. That Council accept the proposed changes to the Revenue and Financing Policy as recommended for inclusion in the Three-Year Plan Consultation Document and Supporting Information for public feedback.	15-Feb-24	Brent Chamberlain	Complete - Policy is updated and available on the web.

7.18 REPORTS FROM JOINT COMMITTEES AUGUST - NOVEMBER 2023**File Number:****Author:** Annelie Roets, Governance Lead**Authoriser:** Doug Tate, Chief Executive**Attachments:**

1. 27 Nov 2023 - Minutes of HB Civil Defence Emergency Management Group Joint Committee.pdf [↓](#)
2. 11 Dec 2023 - Minutes of Climate Action Joint Committee.pdf [↓](#)

Purpose

This report presents the minutes of the Hawke's Bay Civil Defence Emergency Management Group Joint Committee of 27 November and the Minutes of the Climate Action Joint Committee meeting of 11 December 2023 for Councils noting.

RECOMMENDATIONS**That:**

1. The Minutes from the HB CDEM Group Joint Committee held on 27 November 2023 be received.
2. The Minutes from the Climate Action Joint Committee held on 11 December 2023 be received.



Unconfirmed

Minutes of a meeting of the HB Civil Defence Emergency Management Group Joint Committee

Date:	Monday 27 November 2023
Time:	1.30pm
Venue:	Council Chamber Hawke's Bay Regional Council 159 Dalton Street NAPIER
Present:	Mayor A Walker - CHBDC Chair Mayor S Hazlehurst – HDC <i>(online)</i> Deputy Mayor A Brosnan – NCC Cr. S. Siers – HBRC <i>(online)</i> Cr. J. Harker – WDC <i>(online)</i> B Barber – Ngati Kahungunu Iwi L Symes - Tātau Tātau o te Wairoa
In Attendance:	I Macdonald – HB CDEM Group Controller S Tiatia – NEMA N Peet – HBRC Chief Executive D Tate – CHBDC Chief Executive M Meads – Simplexity Consulting <i>(online)</i> N Bickle – HDC Chief Executive L Miller – NCC Chief Executive <i>(online)</i> L Ferris – CDEM <i>(online)</i> M Bush – Bush International Consulting <i>(online)</i> R McLeod – Regional Recovery Agency <i>(from 1.46pm)</i> P Martin – HBRC Senior Governance Advisor

1. Welcome/Karakia /Apologies

The Chair welcomed everyone and Bayden Barber opened the meeting with a karakia.

At this meeting Councillor Sophie Siers is the representative for HBRC, Councillor Jeremy Harker for WDC and Deputy Mayor Annette Brosnan for NCC.

Resolution

CDE24/23 That the apologies for absence from HBRC Chair Hinewai Ormsby and Mayors Kirsten Wise and Craig Little be accepted.

**Brosnan/Hazlehurst
CARRIED**

2. Conflict of interest declarations

There were no conflicts of interest declared.

3. Confirmation of Minutes of the HB Civil Defence Emergency Management Group Joint Committee meeting held on 28 August 2023CDE25/23 **Resolution**

Minutes of the HB Civil Defence Emergency Management Group Joint Committee meeting held on Monday, 28 August 2023, a copy having been circulated prior to the meeting, were taken as read and confirmed as a true and correct record.

**Hazlehurst/Walker
CARRIED**

4. Emergency Management Bill: Group submission

Ian Macdonald introduced the item, noting that with a new Government in place it is not clear if the Bill will be progressed as envisaged.

CDE26/23 **Resolutions**

That the Hawke's Bay Civil Defence Emergency Management Group Joint Committee:

1. Receives and considers the *Submission to Emergency Management Bill: Group Submission* report.
2. Endorses the HB CDEM Group submission to the Emergency Management Bill as proposed.

**Brosnan/Siers
CARRIED**

5. NEMA update

Salevi Tiatia introduced the item and discussions noted:

- The progress of the Emergency Management Bill may become clearer in coming weeks.
- 13 CDEM groups across the country are still in recovery from various weather events.
- Disappointment that the new Government doesn't include a dedicated Recovery Ministry but instead a joint Ministry for CDEM and Recovery (Minister Mark Mitchell).
- HB should be reaching out to the incoming Minister to ensure that the region remains a focus, in particular looking at what funding is/will be available to continue recovery efforts.
- The CDEM and Recovery Minister will be invited to visit HB as soon as possible.

CDE27/23 **Resolution**

That the HB CDEM Group Joint Committee receives and notes the *NEMA update* report.

**Hazlehurst/Siers
CARRIED**

6. Regional Recovery Agency - Cyclone Gabrielle recovery update

Ross McLeod introduced this item and discussions covered:

- Good progress is being made with rebuilding flood protection and property buyouts.
- The Regional Recovery Agency (RRA) is focussed on opportunities for the region that arise as we move from recovery to rebuilding.
- It is vital that the incoming government is kept informed about the situation in HB. A combined Briefing to Incoming Ministers (BIM) will be presented to the government along with version two of the Recovery Plan.
- The new government's first 100 days plan includes working with regions in recovery. The Matariki Governance Group is also building relationships with the incoming ministers.
- Wairoa and Tairāwhiti have been hard hit by ongoing weather events; fixing drains, roads and riverbanks can seem meaningless until there is weather certainty. For now, patch up work continues with a view to rebuilding properly when the timing is right.
- Achieving resilience, particularly in Wairoa, may mean building back in different places.
- The involvement of so many agencies in the decision-making processes is affecting response times, which in turn is slowing down the recovery.
- Silt and other debris removal – from the start the aim was to move about 20% of the silt to return productive land to use. About half of that target has been met with progress initially affected by the need to set up a process for it to happen. High value land continues to be a priority and further funding has been sought from the government to complete the process.
- It would be useful to understand what the financial impact would be if further funding is not available for the silt removal process.
- Recovery planning in HB includes significant Māori and Treaty-related matters; these aspects could be under threat from the incoming government's policies. HB plans need to remain true to their intent – being inclusive of Māori in all aspects of the recovery.
- Housing remains an ongoing issue. Some longer term projects are planned and in the interim there are short term projects under way to address high demand, including a Ngati Kahungunu Iwi-led initiative to have 86 cabins in place across HB.

CDE28/23 Resolution

That the HB Civil Defence Emergency Group Joint Committee receives and notes the *Regional Recovery Agency update – Cyclone Gabrielle recovery update* report.

**Harker/Hazlehurst
CARRIED**

7. CDEM Group Manager's monitoring and performance report

Ian Macdonald introduced the item and discussions covered:

- The Work Programme was approved by the Joint Committee at the end of 2022 – Cyclone Gabrielle has delayed the implementation of the CDEM Group Strategy on the ground across the region.
- Ongoing weather events (particularly in Wairoa) continue to affect staff availability to get on with the work programme.
- Staffing at GECC is now at full strength for the first time since the 2020 COVID lockdown.
- Tsunami risk is one of the biggest hazards in HB and work is underway to plan for an event including the review of evacuation zones.
- Considerable work is underway with community hubs. As a trial, CDEM Group and HDC council staff have been working with individual communities to build their emergency plans and set up hubs in a community-led way – for roll-out in other areas.
- Upgraded information systems are being shared amongst councils and partner agencies throughout the country, with HB being one of the first to trial and then introduce them.
- Training to develop workforce capability is a priority and a revised training programme is being trialled. Following refinements this will be fully implemented with all councils in the

- new year.
- The Group Plan will be reviewed soon, and includes strengthening tangata whenua partnerships.
- HBRC manages civil defence funding on behalf of all HB councils through their Long Term Plan, which is being developed at present, and CDEM Group resourcing is part of that.

CDE29/23

Resolution

That the Hawke’s Bay CDEM Group Joint Committee receives and notes the *Group Manager’s monitoring and performance* report.

**Hazlehurst/Siers
CARRIED**

8. Update on the independent review into Hawke’s Bay Civil Defence Emergency Management Group’s response to Cyclone Gabrielle

Doug Tate introduced the item and Mike Bush provided an update. Discussions covered:

- The review is well supported by HB locals and councils with more than 900 submissions received already. Interaction with the operational agencies involved has taken place. Now engaging with the community and mana whenua which will likely take longer than anticipated. The closing date for submissions has been extended to 31 December 2023.
- The review completion date is likely to be pushed back a few weeks to March 2024.
- There are plans to hold further face-to-face meetings with communities and mana whenua. The Review team is mindful that people can be re-traumatised through this process.
- There are three Cyclone-related reviews underway and all of the teams involved are sharing information, cooperating and looking to avoid duplication.

CDE30/23

Resolution

That the HB CDEM Group Joint Committee receives and notes the *Update on the independent Review into Hawke’s Bay Civil Defence Emergency Management Group’s response to Cyclone Gabrielle* report.

**Brosnan/Hazlehurst
CARRIED**

9. Amendments to the Hawke’s Bay CDEM Group Plan: Controller and Recovery Manager appointments

CDE31/23

Resolution

That the Hawke’s Bay Civil Defence Emergency Group Joint Committee excludes the public from this section of the meeting, being Agenda Item 9 Amendments to the Hawke’s Bay CDEM Group Plan: Controller and Recovery Manager appointments with the general subject of the item to be considered while the public is excluded. The reasons for passing the resolution and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are:

General subject of the item to be considered	Reason for passing this resolution	Grounds under section 48(1) for the passing of the resolution
Amendments to the Hawke’s Bay CDEM Group Plan: Controller and Recovery Manager appointments	7(2)(f)(ii) The withholding of the information is necessary to maintain the effective conduct of public affairs through the protection of such members, officers, employees, and persons from improper pressure or harassment. s7(2)(a) That the public conduct of this agenda item would be likely to result in the disclosure of information where the withholding of the information is necessary to protect the privacy of natural persons.	The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.

**Hazlehurst/Siers
CARRIED**

10. Confirmation of Public Excluded Minutes

CDE32/23 **Resolution**

That the Hawke’s Bay Civil Defence Emergency Group Joint Committee excludes the public from this section of the meeting, being Agenda Item 10 **Confirmation of Public Excluded Minutes** with the general subject of the item to be considered while the public is excluded. The reasons for passing the resolution and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are:

General subject of the item to be considered	Reason for passing this resolution	Grounds under section 48(1) for the passing of the resolution
Amendments to the Hawke’s Bay CDEM Group Plan: Controller appointments	7(2)(f)(ii) The withholding of the information is necessary to maintain the effective conduct of public affairs through the protection of such members, officers, employees, and persons from improper pressure or harassment. s7(2)(a) That the public conduct of this agenda item would be likely to result in the disclosure of information where the withholding of the information is necessary to protect the privacy of natural persons.	The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.

**Hazlehurst/Siers
CARRIED**

The meeting went into public excluded session at 2.39pm and out of public excluded session at 2.49pm

Bayden Barber closed the meeting with a karakia.

Closure:

There being no further business the Chair declared the meeting closed at 2.50pm on Monday 27 November 2023.

Signed as a true and correct record.

Date:

Chair:



Unconfirmed

Minutes of a meeting of the Climate Action Joint Committee

Date:	11 December 2023
Time:	1.00pm
Venue:	Council Chamber Hawke's Bay Regional Council 159 Dalton Street NAPIER
Present:	Cr H Ormsby (HBRC) – Chair Cr H Browne (NCC) – Deputy Chair Cr X Harding (HBRC) P Kelly – HBRC Māori Committee representative Cr T Kerr (HDC) (online) R Maaka – HBRC Māori Committee representative M McIlroy (Tātau Tātau o Te Wairoa) R Paul (online) T Thornton Cr T Aitken (online) Cr A Redstone (HDC) Cr D Roadley (HBRC) (online) Cr R Thomas (WDC) Mayor A Walker
In Attendance:	N Peet – HBRC Chief Executive T Munro – Interim Te Pou Whakararae P McKelvie-Sebileau – HBRC Climate Action Ambassador D Cull – HBRC Manager Strategy & Governance A Doak – HBRC Governance Advisor T Eubanks – HDC H Bosselmann – NCC Guests as noted

1. Welcome/Karakia /Apologies

The Chair welcomed everyone to the meeting and Roger Maaka opened with a karakia.

2. Conflict of interest declarations

There were no conflicts of interest declared.

3. Confirmation of Minutes of the Climate Action Joint Committee held on 14 August 2023

CAJCC12/23 **Resolution**

Minutes of the Climate Action Joint Committee held on Monday, 14 August 2023, a copy having been circulated prior to the meeting, were taken as read and confirmed as a true and correct record.

**Harding/Redstone
CARRIED**

4. Climate Action Vision

The Chair and Deputy introduced the paper explaining how it was developed through workshops facilitated by Karl Wixon. Pippa McKelvie-Sebileau presented highlights from the report covering visions for 2050 and key strategic actions in seven prioritised domains. Discussions covered:

- The need to incorporate a picture of critical partnerships particularly with central government into the vision. As well as identify existing regional partners such as Biodiversity HB Regional water security, HB CDEM, and catchment groups.
- How flexibility within the strategy to both make space for changing central government policy but also to take advantage of opportunities that arise.
- The document should be considered a 'living' document.
- That 'climate resilient development' is potentially a loaded term and that 'climate resilience' might be better.
- The possibility of a Te Reo Māori version of the vision infographic.
- If the document was deep enough in terms of the challenges presented or if that depth would come in future documents
- The importance of climate adaptation actions and especially looking at regional risk mapping as an opportunity.
- The need for understanding the work of other adaptation initiatives and the Clifton to Tangoio Coastal Hazards Strategy Joint Committee
- The need to involve senior staff in the Technical Advisory Group and the potential for an executive steering group to be formed.
- The importance of recognising tangata whenua as having tino rangatiratanga in terms of rivers not kaitiakitanga as tangata whenua are not taniwha.
- The aspiration that rivers be not just swimmable but drinkable too.
- Next steps including the further development of tables of action.

During discussion the following amendments were identified:

- In figure 1 use 'climate resilience' instead of 'climate resilient development' as the latter is potentially a loaded term.
- Clarify whether the vision is for swimmable or drinkable rivers in the Waimāori section
- Incorporate reference to rangatiratanga
- Incorporate reference to rural villages in the urban/housing section
- Change 'biodiversity management plans and land use regulations' to reference 'best practice' in the primary production section
- It was clarified that the tables of mitigation (emission reduction) actions attached to the

report are examples and not being adopted presently.

CAJCC13/23 **Resolutions**

That Climate Action Joint Committee:

1. Receives and considers the *Climate Action Vision* staff report and associated attachments.
2. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy, and that the Joint Committee can exercise its discretion and make decisions on this issue without conferring directly with the community or persons likely to have an interest in the decision.
3. Endorses the *Tuhinga hukihuki rautaki / Draft Vision and Strategy* for the Climate Action Joint Committee as a living document, In principle with the expectation that an amended version will be circulated including amendments agreed at today's meeting.

**Harding/Redstone
CARRIED**

5. Climate Action Joint Committee funding

Pippa McKelvie-Sebileau (HBRC), Taylor Eubanks (HDC) and Heather Bosselmann noted that the amounts contained in the report, as well as the tasks identified, are a bare minimum approach. Discussion covered:

- The Climate Change risk assessment request was based on a quote from 2022 and the amount might be inflated. Staff will come back to the Joint Committee if the actual work or funding requirement is larger.
- It was also noted that the requirement for some discrete pieces of work will be eliminated.
- A financial contribution from the councils is required and it is important to signal that financial resource is required so that actions can be undertaken.
- Concern expressed that hazard analysis could be a potential black hole to pour money into in order to gather more data despite a decreasing benefit and the requirement for oversight to prioritise the spend.
- The need to identify what is already being done in terms of risk identification, building from the Urban Intelligence data gap analysis.
- The need for the Climate Action TAG to work with CDEM staff, and others across councils, to eliminate duplication of work across workstreams.
- Comment on the difference in the per-capita contribution requested from the territorial authorities being larger for Central Hawke's Bay District and Wairoa District and a challenge for Hastings District and Napier City councils to match that.
- Clarification that the \$90 thousand requested for community grants funding is seed funding for community-led retreat rather than funding for planting or other adaptation or mitigation work.

CAJCC14/23 **Resolutions**

That the Climate Action Joint Committee:

1. Receives and considers the *Joint Committee funding* staff report.
2. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy, and that the Joint Committee can exercise its discretion and make decisions on this issue without conferring directly with the community or persons likely to have an interest in the decision.
3. Agrees that the Joint Committee Chair and Deputy Chair will write to Partner Councils to request that they allocate funding in their long term plans for the Climate Action

Joint Committee, with the funding requirement to be advised by Dr Nic Peet following discussion with the chief executives from all councils.

**Walker/Kerr
CARRIED**

6. Youth Action Climate Forum Presentation

Grace Sayer (Karamū High School), Hazel Hatcher (Taikura Rudolf Steiner School) and Mikyla Jelliman (Napier Girls High School) from the region’s Youth Environment Committee introduced themselves and their backgrounds before introducing the presentation on behalf of the Youth Climate Action Forum.

- The presentation included outcomes desired by rangatahi in the areas of waste reduction, public transport provision, and waterways and also highlighted a desire for a rangatahi voice on the Joint Committee.

Discussion covered:

- Opportunities for Wairoa youth to be involved in the initiative, with Wairoa College currently engaging with staff to collaborate.
- Compliments to the speakers
- Comment that the future belongs to rangatahi and that their voice is important
- Requests for the presentation for be taken to the territorial authorities as well as the Wairoa youth council.

CAJCC15/23 **Resolution**

That the Climate Action Joint Committee receives and notes the Youth Action Climate Forum Presentation.

**Kerr/McIlroy
CARRIED**

Roger Maaka offered a karakia to close the meeting.

Closure:

There being no further business the Chair declared the meeting closed following at 2.27pm on Monday 11 December 2023.

Signed as a true and correct record.

Date:

Chair:

7.19 DOCUMENTS EXECUTED UNDER COMMON SEAL

File Number:**Author:** Annelie Roets, Governance Lead**Authoriser:** Brent Chamberlain, Chief Financial Officer**Attachments:** 1. Use of the Common Seal of the Central Hawke's Bay District Council [↓](#)

RECOMMENDATION

That the report be noted.

PURPOSE

The purpose of this report is to update Council on the use of the Common Seal as part of its work programme.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

DISCUSSION

The Common Seal is the mark of the Council which is used to execute legal documents as required by various pieces of legislation and also for ceremonial purposes. It provides endorsement of an official Council document.

Although a Council resolution is required for the Seal to be affixed to a document, the delegations register specifies that -

- *In the case of a document of a routine nature, and/or a document which is urgent, the Seal may be affixed to such documents and such action reported to Council for a confirmation resolution.*

The seal is held by the Chief Executive who is responsible for its use.

The Common Seal is affixed to any document that is required to be executed under the Seal, including:

- Warrants to enter private land on behalf of the Council made under the Resource Management Act, the Biosecurity Act, the Building Act, Local Government Act 1974 or the Local Government Act 2002.
- When executing any Memorandum of Transfer pursuant to section 80 of the Local Government (Rating) Act 2002.
- Regional policy statements and regional and district plans prepared under the Resource Management Act.
- Central Hawke's Bay District Council – Delegations Manual 1 July 2020.
- Bylaws prepared under the Local Government Act 2002 or other relevant statutes.
- Any documents (e.g., covenants, caveats, or consent notices) which otherwise require the use of the Council's Common Seal with the exception of "Deeds".

- In relation to executing any Deed, the authority to impress on any document the Common Seal of the Council is delegated to the mayor or in their absence Deputy Mayor, and any one councillor by virtue of section 9 of the Property Law Act 2007 (two signatures required).

The Register detailing the Use if the Common Seal is attached.

FINANCIAL AND RESOURCING IMPLICATIONS

There are no financial or resourcing implications to consider when affixing the seal

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made.
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council or would transfer the ownership or control of a strategic asset to or from the Council.

NEXT STEPS

Officers will continue to use the seal in accordance with the delegations register and report its use to Council regularly.

RECOMMENDATION

That the report be noted.



Use of the Common Seal of the Central Hawke's Bay District Council

2023					
Number	Date	Used on	Delegation Issued to	Assigned under Delegations Register as	To Whom
23/01	19-Jan-23	Warrant of Authority	Networks Operator	3 Waters Officer	Nicola Hart
23/02	19-Jan-23	Warrant of Authority	Networks Operator	3 Waters Officer	Davin Mason
23/03	19-Jan-23	Warrant of Authority	Networks Operator	3 Waters Officer	Richard Glendinning
23/04	19-Jan-23	Warrant of Authority	Networks Operator	3 Waters Officer	Michael Hall-England
23/05	19-Jan-23	Warrant of Authority	Water Treatment Operator	3 Waters Officer	Cory Rees
23/06	19-Jan-23	Warrant of Authority	Wastewater Treatment Operator	3 Waters Officer	Priscilla Ellmers
23/07	19-Jan-23	Warrant of Authority	Wastewater Treatment Operator	3 Waters Officer	Kenneth Sanderson
23/08	19-Jan-23	Warrant of Authority	Operations Engineer	3 Waters Operations Manager	Sean Ritchie
23/09	19-Jan-23	Warrant of Authority	Three Waters Technician	3 Waters Operations Manager	Nicholas Irvine
23/10	19-Jan-23	Warrant of Authority	Environmental Health Technician	Environmental Health Officer	Natasha Karaitiana
23/11	19-Jan-23	Warrant of Authority	Graduate Engineer	Graduate Engineer	Jojo Varghese
23/12	19-Jan-23	Warrant of Authority	3 Waters Compliance Lead	3 Waters Officer	Ken Palomar
23/13	1-Mar-23	Warrant of Authority	Senior Building Consent Officer	Customer and Consents	Duncan Renner
23/14	1-Mar-23	Warrant of Authority	Parks & Open Spaces Officer	Places and Open Spaces	Katherine Luff
23/15	17-Mar-23	Warrant of Authority	Land Transport - Contract Manager	Land Transport	Juan Raubenheimer
23/16	28-Jun-23	Warrant of Authority	Animal Services & Compliance Officer	Animal Services, Compliance & Customer Experience	Geoffrey Strother
23/17	26-Jun-23	Warrant of Authority	Customer & Consents Manager	Customer and Consents	Connie Mills
23/18	Cancelled				
23/19	6-Jul-23	Warrant of Authority	Animal Services & Compliance Officer	Animal Services, Compliance & Customer Experience	Willow Rowland
23/20	18-Jul-23	ANZ Master Mandate - Direct Debit Account for Koha	Pou Whātua - Māori Relationships Manager	Pou Whātua - Māori Relationships Manager	Pam Kupa

2023					
Number	Date	Used on	Delegation Issued to	Assigned under Delegations Register as	To Whom
23/21	9-Aug-23	Warrant of Authority	Parks & Open Spaces Manager	Places and Open Spaces	Katherine Luff
23/22	9-Aug-23	Warrant of Authority	Building Consent Officer	Customer and Consents	Aldo Fehr
23/23	9-Aug-23	Warrant of Authority	Parks & Open Spaces Officer	Places and Open Spaces	Amanda Stanley

8 CHIEF EXECUTIVE REPORT

Nil

9 DATE OF NEXT MEETING

RECOMMENDATION

THAT THE NEXT MEETING OF THE CENTRAL HAWKE'S BAY DISTRICT COUNCIL BE HELD ON 4 APRIL 2024.

10 PUBLIC EXCLUDED BUSINESS

RESOLUTION TO EXCLUDE THE PUBLIC

RECOMMENDATION

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
<p>10.1 - Public Excluded Resolution Monitoring Report</p>	<p>s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p> <p>s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	<p>s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>
<p>10.2 - Pound Facility Options</p>	<p>s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial</p>	<p>s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good</p>

	<p>activities</p> <p>s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	<p>reason for withholding would exist under section 6 or section 7</p>
<p>10.3 - Water Leak Remission Request</p>	<p>s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(f)(i) - free and frank expression of opinions by or between or to members or officers or employees of any local authority</p>	<p>s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>
<p>10.4 - Headstone Determination - Cemeteries Policy 2021</p>	<p>s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p>	<p>s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>

11 TIME OF CLOSURE