



**CENTRAL  
HAWKE'S BAY**  
DISTRICT COUNCIL

# Extraordinary Council Meeting Agenda

Wednesday, 10 April 2024

9.00am

Council Chambers,  
28-32 Ruataniwha Street, Waipawa

*Together we thrive! E ora ngātahi ana!*

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- 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
- THAT 22.4 OPTION C UNDER SECTION 22 GENERAL PROCEDURES FOR SPEAKING AND MOVING MOTIONS BE USED FOR THE MEETING.

5 **CONFIRMATION OF MINUTES**

Ordinary Council Meeting – 4 April 2024.

**RECOMMENDATION**

1. That the minutes of the Ordinary Council Meeting held on 4 April 2024 as circulated, be confirmed as true and correct.

**MINUTES OF CENTRAL HAWKES BAY DISTRICT COUNCIL  
COUNCIL MEETING  
HELD AT THE COUNCIL CHAMBER, 28-32 RUATANIWHA STREET, WAIPAWA  
ON THURSDAY, 4 APRIL 2024 AT 9.00AM**

**UNCONFIRMED**

**PRESENT:** Mayor Alex Walker  
Deputy Mayor Kelly Annand  
Cr Pip Burne  
Cr Gerard Minehan  
Cr Brent Muggeridge  
Cr Kate Taylor  
Cr Exham Wichman

**IN ATTENDANCE:** Doug Tate (Chief Executive)  
Brent Chamberlain (Chief Financial Officer)  
Dennise Elers (Group Manager Community Partnerships)  
Dylan Muggeridge (Group Manager Strategic Planning & Development)  
Phillip Stroud (Acting Group Manager Community Infrastructure and Development)  
Annelie Roets (Governance Lead)

**6 WELCOME/ KARAKIA/ NOTICES**

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

**7 APOLOGIES**

**RESOLVED: 24.1**

Moved: Cr Exham Wichman  
Seconded: Cr Pip Burne

**That apologies from Councillor Tim Aitken and Councillor Jerry Greer be received and accepted.**

**CARRIED**

**8 DECLARATIONS OF CONFLICTS OF INTEREST**

There were no Declarations of Conflicts of Interest declared.

**9 STANDING ORDERS**

**RESOLVED: 24.2**

Moved: Cr Kate Taylor  
Seconded: Cr Gerard Minehan

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**

## **10 CONFIRMATION OF MINUTES**

### **RESOLVED: 24.3**

Moved: Cr Kate Taylor

Seconded: Cr Gerard Minehan

**That the minutes of the Ordinary Council Meeting held on 14 March 2024 as circulated, be confirmed as true and correct.**

**CARRIED**

## **11 REPORTS FROM COMMITTEES**

No reports.

## **12 REPORT SECTION**

No reports .

## **13 CHIEF EXECUTIVE REPORT**

No reports.

## **9 DATE OF NEXT MEETING**

### **RECOMMENDATION**

Moved: Cr Gerard Minehan

Seconded: Cr Exham Wichman

**That the next Extraordinary Council meeting of the Central Hawke's Bay District Council be held on 10 April 2024.**

**CARRIED**

**10 PUBLIC EXCLUDED BUSINESS**

**RESOLUTION TO EXCLUDE THE PUBLIC**

**RESOLVED: 24.4**

Moved: Cr Kate Taylor  
 Seconded: Cr Pip Burne

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><b>10.1 - Disposal of property – 83 Porangahau Rd, Waipukurau</b></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>

**CARRIED**

**RESOLVED: 24.5**

Moved: Cr Kate Taylor  
 Seconded: Cr Pip Burne

**That Council moves into Public Excluded Business at 9.08am**

**CARRIED**

**RESOLVED: 24.6**

Moved: Cr Kelly Annand  
 Seconded: Cr Exham Wichman

**That Council moves out of Public Excluded Business at 9.17am.**

**CARRIED**

**11 TIME OF CLOSURE**

The Meeting closed at 9.17am.

**The minutes of this meeting will be confirmed at the next Extraordinary Central Hawke's Bay District Council meeting on 10 April 2024.**

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**CHAIRPERSON**

## **6 REPORT SECTION**

### **6.1 ADOPTION OF THE THREE YEAR PLAN CONSULTATION DOCUMENT AND SUPPORTING DOCUMENTS FOR CONSULTATION**

**File Number:**

**Author:** Doug Tate, Chief Executive

**Authoriser:** Doug Tate, Chief Executive

**Attachments:** Under separate cover

#### **PURPOSE**

The purpose of this report is to present for approval Council's Consultation Document and Supporting Information for the Three-Year Plan 2024-2027.

The Consultation Document and Supporting Information will be a late attachment released under a separate cover.

#### **RECOMMENDATION**

- 1. That Council adopts the following documents as supporting information for Consultation on Council's Three-Year Plan 2024 – 2027:**
  - 1.1 Development Contributions Policy 2024**
  - 1.2 Financial Strategy 2024**
  - 1.3 Infrastructure Strategy**
  - 1.4 Significant Assumptions**
  - 1.5 Activity Levels of Service and Performance Measures**
  - 1.6 Prospective Financial Statements**
  - 1.7 Revenue and Financing Policy.**
- 2. That Council adopts the Consultation Document for Council's Three-Year Plan 2024 - 2027 for public consultation.**
- 3. That Council notes that due to the Severe Weather Emergency Recovery Legislation Act 2023, this is no requirement to include an audit report in the Consultation Document.**
- 4. That Council gives delegation to the Chief Executive to make any final edits to the Three-Year Plan 2024 – 2027 Consultation Document and Supporting Information ahead of formal publication.**

#### **EXECUTIVE SUMMARY**

Since August 2023, Council has been developing its Three-Year Plan 2024–2027. As a result of Cyclone Gabrielle, Council has been given special legislative relief to prepare an unaudited Three-Year Plan, to recognise the limited timeframes and extent of potential uncertainty relating to key areas of cyclone recovery.



This Three-Year Plan presents a budget that in comparison to the context of when the Long Term Plan 2021–2031 was set, is almost unimaginable in today's environment. This includes record inflation and interest rates not seen for nearly two decades.

Council has worked hard to reduce the overall rating requirement. Most recently a further 4% reduction has been achieved through the application of external funding to reduce Year 1 increases in Three Waters Services, in particular Stormwater services.

The Consultation Document presents three budget options for community to consider, along with the trade-offs and reductions that have already been made. Having already made a number of tough calls to reduce services, it is now for community to have their say and consider options to reduce or increase the proposed rate.

With Council now having to endorse the key supporting documents and information, Officers are now presenting these and the Consultation Document for adoption to enable community engagement and consultation to occur. This report speaks to the proposed engagement that will occur.

## **BACKGROUND**

Due to the introduction of the Severe Weather Emergency Recovery Legislation Act 2023 (SWERLA 2023), Central Hawke's Bay District Council is producing an unaudited Three-Year Plan with a recovery focus, in place of a Long Term Plan.

To enable the preparation of the plan, work on the development of the plan has been underway since August 2023. Officers have provided formal updates and/or sought endorsement and/or approvals of key inputs into the Three-Year Plan at Council's meetings of [17 August 2023](#), [21 September 2023](#), [15 November 2023](#), [14 December 2023](#), [15 February 2024](#) and most recently [14 March 2024](#). Additional workshops have also been held, with the presentations from workshops held in 2024 available [here](#).

Undoubtedly, this has been the most challenging budget development phase in over a decade. Council is faced with the significant pressures of not just record inflation and cost escalations, these pressures have been compounded by significant uncertainty relating to funding and the impacts of Cyclone Gabrielle. As a summary these challenges include:

- Increases in insurance greater than forecast of over \$200,000.
- Delays in Three Waters Reform, meaning Council is required to retain three water assets, holding greater levels of debt for longer.
- Uncertainty as a result of Cyclone Gabrielle, most notably the financial co-contribution to Land Transport Recovery, the impacts and uncertainty from river reviews and the impact of Cyclone Gabrielle on Council's infrastructure assets.
- The cost of delivering services is significantly higher – bridges are 36% more expensive to construct than 3 years ago, roads and water supply 27% more expensive and sewerage systems 30% more expensive.
- Council has seen a 300% increase in the cost of borrowing to that forecast in the 2021–2031 Long Term Plan. This is a \$3m increase in interest costs since 2021.
- Revenue from fees and charges in some activities (resource and building consents) is lower than forecast due to falling demand at this time.
- Increases above inflation on some activities – most notably solid waste activities where contract increases are significantly above inflation.

These significant pressures are clearly evident even in the 'Central' budget option. To arrive at the 'central' budget option that creates an average 20% rates increase, reductions across services

have already been required. These proposed changes include reductions and efficiencies across Council's entire organisation and as a summary includes:

- Permanent closure of the Waipawa and Takapau Transfer Stations.
- Reduction in hours and programmes in some facilities.
- Removal of new staffing.
- Reduction in some Land Transport services – such as no new footpaths or seal extensions and the reduction of the low-cost low-risk programme.
- Delaying the Wastewater programme due to the uncertainty of Cyclone Gabrielle on the projects.
- Reducing and deferring open spaces and community facilities projects for 3 years.
- Delaying decisions on assets like the former Waipukurau Library.
- Reductions across all of Council's activities – governance, economic development and other services.

None of these reductions have been enough to buffer the significant costs and challenges that Council faces.

To keep the rating increase in the 'Central Option' to 20%, Council is leveraging external funding – Better Off Funding – to reduce the average rating increase from 24.2% to 20%. Better Off Funding will be used to decrease the projected increase for the connected ratepayer by funding the significant increase in the level of service for stormwater services. This will save the targeted ratepayer an average of \$260 in Year 1 of the plan. This external funding will also enable Council to continue a coordinated recovery from the cyclone and to deliver some town centre and community activation projects across the district at no cost to the rate payer – projects that would otherwise be deferred to 2028/29 at the earliest.

To achieve a rating increase that is lower than 20% will require community to make some significant further trade-offs and reductions in services to smooth the impact of rates over time. The Consultation Document specifically seeks to provide options to community to understand how they could reduce the impacts of rating particularly in Year 1 of the Plan, however, noting that increases are required across the three years and beyond of the Plan – not just Year 1.

This next section of the report speaks to the Consultation Document and Supporting Documents and Information, that approval for Consultation is sought for.

## **DISCUSSION**

### ***Three-Year Plan 2024-27 Consultation Document***

The Local Government Act 2002 (LGA 2002) requires Council to use the special consultative procedure to consult with the community before adopting the final plan. This process involves the adoption of a Consultation Document which summarises Council's intentions over the course of the plan. The document includes a summary of Council's Infrastructure and Financial Strategy and directs the community to other supporting information. The intention is to provide an effective basis for public participation in decision-making processes relating to the content of the plan.

The Consultation Document for this plan is included as an attachment under separate cover. Due to SWERLA 2023, there is no requirement to include an audit report in the Consultation Document.

As outlined in our report and confirmed by Council at its meeting of 14 March 2024, the Consultation Document focusses on three budget options, and presents these across four trade-off areas.

The three budget options are:

Option	Year 1	Year 2	Year 3
<b>The Lower Option</b> <i>Further reductions and closures in services</i>	17.5%	17.4%	11.3%
<b>Central Option</b> <i>Critical three waters and land transport focus, closures, and reductions of some services.</i>	20.0%	15.6%	10.9%
<b>The Higher Option</b> <i>Restoring some services and one-off investment in some activities</i>	25.0%	11.1%	10.9%

This is supported by four trade-off areas, that explain what has been achieved over recent years and what the lower, central, and higher options will achieve. Making reductions beyond these are challenging with the majority of the drivers of costs outside of Councils control. The trade-offs are:

Option	Sort Land Transport	Water and Wastewater Investment	Prioritising Stormwater	Keeping services going
<b>The Lower Option</b> <i>Further reductions and closures in services</i>	One off reduction in land transport maintenance being a reduction in sealing and metalling for a year.	Reducing operational activities by \$150k to achieve a \$36 saving per connected household.	n/a – There is no lower option.	Reduce services further, including the closure of Waipawa Library for 12 months, reducing open spaces – across all areas of open spaces.
<b>Central Option</b> <i>Critical three waters and land transport focus, closures and reductions of some services.</i>	A planned approach to Land Transport that sees a 21% boost to base budgets and increasing budgets over the three years for basic maintenance.	Deliver on critical waters projects across drinking water and deferring wastewater projects due to uncertainty on river review projects.	Provide for new programmed regular maintenance – that sets minimum maintenance standards for stormwater.	Focussed services with reductions of \$1.5m across the entire organisation including permanent closure of Takapau and Waipawa transfer stations and other reductions
<b>The Higher Option</b> <i>Restoring some services and one-off investment in some activities</i>	One-off additional boost to Land Transport of \$500k to achieve additional sealing and metalling across the district.	Make a one-off additional investment in waters to remediate the Waipawa Wastewater grounds and backlog of water leak reinstatements.	Make a one-off additional investment in stormwater to clear an additional 5.2 kilometres of stormwater network.	Reinstate some services, no reduction in hours for libraries and additional funding for rural halls.

The detail of these options is more clearly outlined in the Consultation Document.

## ***Supporting Documents***

The Supporting Documents associated with the Three-Year Plan are also attached under separate cover for Council's approval. These include:

- Development Contributions Policy 2024.
- Financial Strategy.
- Infrastructure Strategy.
- Significant Assumptions.
- Activity Levels of Service and Performance Measures.
- Prospective Financial Statements.
- Other summary documents (such as the Significance and Engagement Policy).

At Council's meeting of 14 March 2024 these were formally endorsed or have been previously reviewed and adopted for inclusion in Council's Three-Year Plan 2024–2027.

For more information on these supporting documents, please visit Council's meeting agenda of [14 March 2024](#) where considerable background and additional information is provided in support of these items.

## ***Engagement and Consultation Dates***

Consultation on Council's Three-Year Plan 2024–2027 will be open from 10 April 2024 and the window for making submissions will close 12 May 2024. All submitters will be provided with the option to speak to their submission through the Hearings process that is scheduled to take place on 22 May 2024. Following this, Elected Members will consider all feedback as part of the Deliberations process before the plan is finalised and adopted.

The proposed dates for Consultation and Engagement have been adjusted to those previously advised to Council. The key dates are now:

<b>Activity</b>	<b>Date</b>
Adoption of Consultation Document	Thursday, 10 April 2024.
Consultation Opens	Wednesday, 10 April 2024.
Consultation Closes	Sunday, 12 May 2024 – 11.59pm.
Hearings	Wednesday, 22 May 2024, 23 May 2024 also, if required.
Deliberations	Thursday, 30 May 2024.
Adoption of Three-Year Plan 2024–2027	13 June 2024.
Striking of the Rate (if not earlier)	27 June 2024.

## ***Engagement and Consultation Approach***

While acknowledging the importance of the Three-Year Plan in relation to Council's Significance and Engagement Policy, this is balanced with a recognition that there is community fatigue from ongoing engagement and involvement in activities, many of which are outside of communities' direct control and driven by issues such as inflation or legislation.

The proposed mix of community and engagement options are proposed to include:

<b>Engagement Activities</b>
<p><b>Social Media</b></p> <ul style="list-style-type: none"> <li>• Online tiles on the four key trade-off areas</li> <li>• Links to online survey</li> <li>• Sharing of key messages</li> <li>• Casual Facebook lives on the key trade off areas and/or the three-year plan generally.</li> </ul>
<p><b>Manawhenua Hui</b></p> <ul style="list-style-type: none"> <li>• Tentatively booked for 7 May 2024.</li> </ul>
<p><b>Participation in existing Community Meetings</b></p> <ul style="list-style-type: none"> <li>• Catchment group meetings</li> <li>• Lions</li> <li>• Rotary</li> <li>• Network of networks meetings</li> <li>• BA5/Brad Olsen Event.</li> </ul>
<p><b>In person engagement (advertised), at set times over the four weeks at:</b></p> <ul style="list-style-type: none"> <li>• Te Huinga Wai</li> <li>• Waipawa Library.</li> </ul>
<p><b>Other</b></p> <ul style="list-style-type: none"> <li>• Emails to key networks and groups on key issues relative to them.</li> </ul>

Councillors will be further updated as these are confirmed.

## **RISK ASSESSMENT AND MITIGATION**

Under section 93(3) of the LGA, Council is required to adopt the Three-Year Plan before 1 July 2024. The recommendation to adopt the Consultation Document at this meeting means that sufficient public consultation can be undertaken before the Three-Year Plan is finalised and adopted in June. Delaying the adoption of the Consultation Document until after this meeting results in the risk that this statutory deadline may not be met.

The financial implications of specific consultation matters are detailed in the attached Consultation Document. Full financial information is available in the Financial Information attachment that forms part of the supporting documents.

The Consultation Document and supporting information provide the details our community requires to meaningfully participate in and inform the Council's decision-making process. The feedback received through the consultation process will enable Council to make decisions on the Three-Year Plan that reflect the views of our community.

## **FOUR WELLBEINGS**

This Three-Year Plan grapples with aging infrastructure and the significant programme of renewal and upgrade to that infrastructure. Additional to this are the significant cost escalations and affordability constraints not anticipated in the development of the 2021–2031 Long Term Plan, the impacts of these on community affordability and most significantly, recovery from Cyclone Gabrielle.

The Three-Year Plan seeks to balance the economic burden on our ratepayers, recognising the significant challenges that we face – both from the requirements to upgrade critical infrastructure

and significantly the unknown funding and resulting implications from Cyclone Gabrielle on our assets.

The cultural, social, economic and environmental fabric of Central Hawke’s Bay will undoubtedly be influenced by the decisions made in adopting the Three-Year Plan.

In further leveraging off the vision of Thrive, the consultation document focusses on the most critical and urgent key priorities at this time, however, still makes provision beyond Year 3 for the other key projects that will continue to build on the vision of Project Thrive. Across the seven outcomes that make up Project Thrive and form the basis of Council’s Community Wellbeing Strategy, a summary of these relating to the seven outcomes are related below:

<b>Outcomes</b>	<b>Three-Year Plan deliverables</b>
Proud District	The plan continues to focus on balancing a positive future and outlook, with the services that generate community pride and the economic and financial savings available in this budget.
Prosperous District	Economic Development and activities that promote economic wellbeing remain a priority, albeit with reductions and a focussing of some services being made towards recovery.
Strong Communities	Overall, a focus on continuing to lift community wellbeing remains in the plan. Despite the challenging environment, substantially community funding critical to support community organisations such as CVOS has been retained.
Connected Citizens	Support to enable community planning remains, albeit with a stronger recovery focus that previously held. Funding to continue Land Transport remains a critical component of this work also to connect the economic, social, and cultural wellbeings that transport connections support
Smart Growth	The plan continues to balance new growth infrastructure projects, including the Waipukurau South Growth Precinct with the renewal and upgrade of existing infrastructure, to ensure future growth is managed and planned in appropriate locations for the future.
Environmentally Responsible	The long-term focus on enhancing our impact on the environment remains in this plan. While some projects have had to be deferred or rephased due to uncertainty of Cyclone Gabrielle on some projects, the long-term commitment to protecting the environment remains.
Durable Infrastructure	The plan continues to balance the priorities of affordability, asset renewal and expansion, with the uncertainty of impacts of Cyclone Gabrielle. The plan continues to see a level of renewal that achieves a positive prudential benchmark for renewals.

## **DELEGATIONS OR AUTHORITY**

Only Council has the delegation to approve the Consultation Document and Supporting Information.

## **SIGNIFICANCE AND ENGAGEMENT**

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

This Three-Year Plan is one of the, if not the, most significant process any Elected Council will go through in any Triennium. Accordingly, the weight and focus associated with the engagement and effort that has gone into the development of the Consultation Document and associated Supporting Information reflects this.

## OPTIONS ANALYSIS

The options available to Council are as follows:

### Option 1 – Adopt the Consultation Document

That Council Adopts the Consultation Document for the Three-Year Plan 2024–27 for Consultation to commence with Community.

### Option 2 – Direct changes

Direct changes to be made to the Consultation Document, to be adopted as soon as practicable in order to meet the legislative deadline of 30 June 2024.

### Recommended Option

This report recommends **Option 1 – Adopt the Consultation Document** for addressing the matter.

## NEXT STEPS

Upon Council adopting the Consultation Document and Supporting Information, Officers will prepare the documents for their formal release and consultation commencing on 10 April 2024, this includes finalising the engagement and consultation collateral.

## RECOMMENDATION

1. That Council adopts the following documents as supporting information for Consultation on Council's Three-Year Plan 2024–2027:
  - 1.1 Development Contributions Policy 2024
  - 1.2 Financial Strategy 2024
  - 1.3 Infrastructure Strategy
  - 1.4 Significant Assumptions
  - 1.5 Activity Levels of Service and Performance Measures
  - 1.6 Prospective Financial Statements
  - 1.7 Revenue and Financing Policy.
2. That Council adopts the Consultation Document for Council's Three-Year Plan 2024–2027 for public consultation.
3. That Council notes that due to the Severe Weather Emergency Recovery Legislation Act 2023, this is no requirement to include an audit report in the Consultation Document.
4. That Council gives delegation to the Chief Executive to make any final edits to the Three-Year Plan 2024–2027 Consultation Document and Supporting Information ahead of formal publication.

**7 PUBLIC EXCLUDED BUSINESS**

None.

**8 DATE OF NEXT MEETING**

**RECOMMENDATION**

That the next meeting of the Central Hawke's Bay District Council be held on 18 April 2024.

**9 TIME OF CLOSURE**