

2016-17 Annual Plan

CONSULTATION DOCUMENT
CENTRAL HAWKE'S BAY DISTRICT COUNCIL



Introduction

Once every three years, Central Hawkes Bay District Council (CHBDC) adopts a 10 year Long Term Plan (LTP) and in the intervening years, we prepare and adopt an Annual Plan (AP) based on that year's budget from the Long Term Plan.

This consultation document seeks your input to help us develop the Annual Plan for 2016-17 which covers the second year of the 2015-25 LTP.

[We would like to hear your thoughts on the items highlighted in the document.](#)

Annual Plan Process

This Annual Plan (AP) is the first to be produced under the recently amended Local Government Act (LGA) 2002. Formerly Council has produced a draft AP and a draft Summary AP. As a result of the amendments, Council now produces a Consultation Document and Supporting Information if there are significant or material amendments to that years budgets from the LTP. It does not go into detail about everything Council will be doing in the 2016-17 year. For this information, please refer to Year 2 of the 2015-25 LTP on the website.

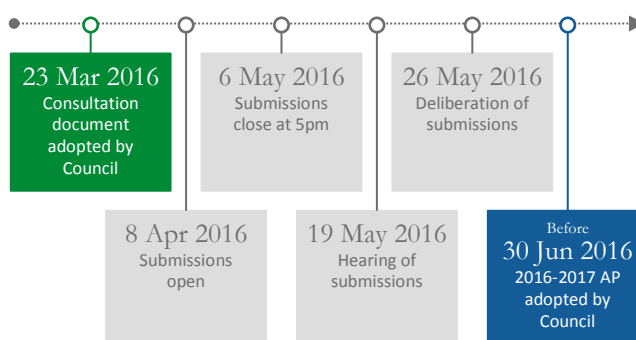
The Consultation Document is intended to be a more effective way of engaging with the public and it is informed and supported by supporting information.

[The Supporting Information for the Consultation Document is available on the website – \[www.chbdc.govt.nz\]\(http://www.chbdc.govt.nz\), council office and libraries.](#)

Have your say

You can make comments on anything in this Consultation Document.

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



[Submissions close on the 6 May 2016 at 5pm](#)

INDEX	
Introduction	2
Annual Plan Process	2
Have your say	2
What are your thoughts?	3
Local Government Funding Agency	3
Waipukurau Wastewater	3
Rates Increase	4
Draft Annual Plan versus LTP budgets 2016-17	4
Keeping you up to date	5
Ruataniwha Water Storage Scheme	5
Draft User Fees and Charges	5
Infracon Ltd Liquidation	5
One Network Road Classification	5
Rural Fire Authority	6
Submission Form	7

What are your thoughts?

Local Government Funding Agency

CHBDC is considering participating in the New Zealand Local Government Funding Agency Ltd (LGFA) scheme, which is a scheme designed to allow local authorities to borrow at more favourable interest rates. The LGFA, which sits at the heart of the scheme, is a council-controlled trading organisation (CCTO) established by a group of local authorities and the Crown.

We are proposing to participate as a Non-Guaranteeing Local Authority (which means we do not guarantee the obligations of all other Guaranteeing Local Authorities and the obligations of the LGFA and is referred to as a Cross Guarantee).

The level of our borrowing is projected to peak at \$10.486 million over the next ten years. Based on the financial forecasts contained in the 2015-2025 LTP, the peak in debt will occur in 2020. By 2025 debt is forecast to reduce to \$7.964 million.

Based on these forecasts, the benefits of lower interest rate margins and a reduction in the size of the committed facilities are significant. On the basis of the modelling completed, we could save between \$200,000 and \$400,000 over the ten years to 2025. Although the modelling is based on a number of assumptions, this number gives an indication of the scale of potential savings.

Joining LGFA as a member council does not result in having any legal obligation to use LGFA for its borrowings. This means we are free to borrow from whatever borrowing source is the cheapest at the time of borrowing. As a result we will not be in a more disadvantageous position had we not joined LGFA.

Full details of the Proposal are available with the Supporting Information for the 2016-17 Annual Plan on the website – www.chbdc.govt.nz, council office and libraries.

Waipukurau Wastewater Addition of an Anaerobic Pond

We are proposing to build an anaerobic pond at the Waipukurau Wastewater ponds which will significantly improve the level of treatment of the wastewater, thus allowing us to produce higher quality treated wastewater, reduce the risk of smells, and allow industries in Waipukurau to increase their capacity and employ more people.

Since the new wastewater treatment plant at Waipukurau has been built, it has become apparent that the volume and high strength of wastewater that is received from town means some nitrates are leaving the pond before they have time to be fully processed. This makes it difficult to achieve satisfactorily treated wastewater, the treatment system may generate smells, and we have had to turn down requests from some industries to deliver more wastewater for treatment.

The standard ways to address this problem include building more oxidation ponds to allow extra time for the wastewater to be treated or add an anaerobic pond at the beginning of the treatment process. An anaerobic pond works by producing an environment for organisms that work in the absence of oxygen to digest the raw sewage to assist breaking it down before the wastewater enters the oxidation ponds. This allows the bugs that work with oxygen to process the waste water quickly and allows the bugs that process the nitrates time to work before the wastewater leaves the ponds.

A second oxidation pond would cost about \$2 million. An anaerobic pond would cost about \$300,000 and has the advantage of being quick to build and very effective at reducing the strength of wastewater, particularly from meat processing industries.

The cost of the pond would be debt funded with an average cost of \$2.21 for 2016-17 for ratepayers connected to Wastewater.

Rates Increase

This plan includes an overall rates increase of 2.18% which is a **decrease** on the 2.38% forecast for 2016-17 year in the 2015-25 LTP.

The 0.20% reduction, which equates to \$34,936, is the combination of:

- Continued monitoring and control of the internal treasury function and reduction in internal interest rates to better alignment external and internal interest rates.
- Minor changes in operational contracts and expenditure
- Changes to the Territorial Authority and Building Control due to legislative requirements and to meet demands for processing of consents and CCCs and other new Central Government regulations.
- Addition of an Anaerobic Pond to the Waipukurau Waste Water Ponds

Draft Annual Plan versus LTP budgets 2016-17

	LTP Budget 2016-17 \$'000	Annual Plan Budget 2016-17 \$'000
Operational Summary		
Rates	18,561	18,526
Other Operating Revenue	9,532	9,303
Total Operating Revenue	28,093	27,829
Operating Expenditure	28,023	27,858
Operating Surplus/(Deficit)	70	(29)
Rates Increase	2.38%	2.18%
Debt Balance as at 30 June 2017	9,478	6,809

*Detailed Financial Statements are available with the Supporting Information for the 2016-17 Annual Plan on the website – www.chbdc.govt.nz, council office and libraries.



Keeping you up to date

Ruataniwha Water Storage Scheme

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

The RWSS is being built by the Hawke's Bay Regional Investment Company (HBRIC) and the CHBDC is fully supportive of the RWSS.

We see the potential growth from the scheme as a key factor in enhancing the economy of the Central Hawke's Bay District and the wider Hawke's Bay Region.

- There is a predicted increase of 4% in GDP (\$235 million a year by full water uptake)
- The potential to create 2,250 jobs across Hawkes Bay through increased farming activity and its flow-on impacts
- Improved summer flows in the Tukituki River
- Improved river health and habitat

We are also looking at taking water from the dam as part of our long term strategy around water supply for the community. The Council is currently talking with HBRIC and will consult with the community when the full details of the plan to take water are known. The consultation to commit to taking water would take place prior to Council reaching a final agreement with HBRIC.

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

Draft User Fees and Charges

Several changes to our Fees and Charges have been proposed. The majority of these are small increases in line with inflation. There are fees included to align with Council's functions under of the new Food Act 2014 and the charges can be viewed in the draft Schedule of Fees and Charges included with the Supporting Information.

Infracon Ltd Liquidation

Central Hawkes Bay District Council owns 34% of Infracon Limited which was a Council Controlled Organisation. In August 2014, Infracon Ltd was placed in liquidation due to it being in breach of its banking covenants.

PwC was appointed as the liquidators and have been working through the sale of the company's assets and paying out the proceeds to creditors.

This process has concluded and on 18 February, CHBDC received notification from PwC, they were paying \$304,162.40 to CHBDC as the first distribution. There is likely to be a final distribution once the GST refunds have been processed.

Once this has been received PwC will take steps to complete the liquidation.

One Network Road Classification

Since 2013 the New Zealand Land Transport Agency, along with other agencies, has been developing the One Network Road Classification (ONRC) system. ONRC involves categorising roads based on the functions they perform as part of an integrated national network. The classification will help local government and the New Zealand Transport Agency (NZTA) to plan, invest in, maintain

and operate the road network in a more strategic, consistent and affordable way throughout the country. This system sets the ‘minimum’ levels of service for each road based on its classification which is determined by traffic volumes and the purpose of the road.

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

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

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



As work continues on the impacts of the ONRC on CHBDC budgets, there has not been an adjustment to the Land Transport budgets for 2016-17 Annual Plan. It may be that there will be an adjustment to the 2017-18 Annual Plan from the LTP.

Rural Fire Authority

The Minister of Internal Affairs announced on 13 November 2015 that Central Government has agreed to bring urban and rural fire services together into one unified fire service organisation.

The new organisation will be a merger of the 52 rural fire authorities, and the National Rural Fire Authority, and the New Zealand Fire Service (which are both part of the New Zealand Fire Service Commission). The Government will ensure the strengths of both rural and urban fire services are retained and enhanced.

The Department of Internal Affairs will manage the transition design, working closely with stakeholders, until new members are appointed to the New Zealand Fire Service Commission.

The Minister has announced that he would be making appointments to the Commission in April 2016 to reflect the skills and expertise needed for the period of significant change ahead.

When the new members of the Commission are in place, it will be expected to consider setting up a sub-committee to oversee the transition.

One of the aims of the transition design is to minimise disruption to service delivery

The establishment of a unified fire service organisation will result in a change of delivery of services in the activity of Rural Fire by Council, and how the service is funded once established.

The financial implication for Council as relates to any proposed increase or decrease and future impact on rates will not be known until new legislation and funding models have been considered and approved by government.

Submission Form

Central Hawkes Bay District Council

Post: P O Box 127, Waipawa 4210

Fax: 06 857 7179

Email: cp@chbdc.govt.nz

Website: www.chbdc.govt.nz

Deliver:

Council Office

28 – 32 Ruataniwha Street
Waipawa

Waipukurau Library & Service Centre

95 Ruataniwha Street
Waipukurau

Submitters Name:

Postal Address:

Contact Details:

Day Phone:

Night Phone:

Mobile:

Email:

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

Yes

No

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

Submissions Close on 6 May 2016
at 5pm

Have Your Say

You can make comments on anything in this Consultation Document.

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

How Do I Comment?

There are five ways to make a submission:

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

2016-17 Annual Plan Submission: (please print clearly)

Do you support the Council participating in the New Zealand Local Government Funding Agency Ltd (LGFA) scheme as a Non-Guaranteeing Authority?

Do you support Council building an anaerobic pond at the Waipukurau Wastewater ponds?

Any other suggestions?

Attach any additional information or further pages if required

