




WE'VE FACED THE FACTS

Out the other side

Long Term Plan 2021-2031



We now look to the future with a plan to pave the way for our children and future generations to come.

A Message from Mayor Alex and the Council Team

Kia ora. Earlier this year, we laid out an open and transparent view of our reality with a call that we needed to face the facts when it came to investing in our infrastructure for the future. It was confronting but in true Central Hawke's Bay spirit you rose to the occasion.

And we now have a clear and united plan for investment.

The Long Term Plan for 2021-2031 confronts our investment challenges in "Three Waters" infrastructure – dedicating \$68.5m to upgrade all of our six waste water treatment systems; \$20m of "catch-up" investment across our highest risk pipe networks; and a strategy to future-proof solid waste services.

But to do all of this, we have had to pull strongly on many financial levers.

This Long Term Plan features large increases to our debt limits as well as significant rates increases. These increases are not just in the first year of the plan, but through the life of the Long Term Plan Budget 2021-2031.

Properties being subdivided will pay for the growth they create by paying more Development Contributions, and businesses discharging Trade Waste into our networks are also playing their part.

This plan means a concerted and continued path of investment that will stretch well beyond this elected Council to ensure we create a thriving future for our children and our children's children.

I am very proud to be part of a community which has come together to face up to this and take on this daunting task.

Thank you for the conversations, the feedback and the suggestions in building this Long Term Plan – and for the way you have rallied with us to continue our journey to a thriving future despite the challenges

Nga mihi.



Alex Walker

Mayor of Tamatea/Central Hawke's Bay

What is a Long Term Plan?

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

The Long Term Plan (LTP) 2021-2031 sets out what Council's activities, costs, and required revenue and rates are, for the next 10 years. Our last LTP review took place in 2018.

During this process, we uncovered some major challenges and we considered your views on how best to tackle them. Now we have come out the other side, with a clear picture of your priorities and a plan to address the four key challenges affecting the future of Central Hawke's Bay.

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

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

Thank you for your help in developing a Long Term Plan 2021-2031 to create a thriving Central Hawke's Bay for our children and grandchildren.

Together we Thrive!

E ora ngātahi ana!

Long Term Plan



The LTP Consultation process outlined four key challenges we face for our future, in the next 10 years and beyond.

As a community we couldn't move forward without addressing these big hurdles.

Following Consultation with the community, Council has made some bold decisions to deliver a Long Term Plan that will see Central Hawke's Bay thrive, not just today, but well into the future.

Planning our Wastewater

What we consulted on

Having a solid plan for wastewater upgrades is one of our most significant challenges as a community.

We have a smaller population, spread across a wider geographical area than our neighbours in Napier and Hastings. So, unlike Napier, which has a ratepayer base over 25,000 to fund just one wastewater treatment plant, in Central Hawke's Bay our ratepayer base of just over 4000 funds six plants. It comes as a significant cost to us all.

With all of our wastewater treatment plants requiring major upgrades and renewals, we had limited options about whether to do the work or not – but removing wastewater discharges from waterways was an absolute must for us. We presented three options – option one and two being to upgrade our plants over a 10 or 15-year timeframe and a third option, being to do the bare minimum to meet legal compliance while still removing wastewater discharges from waterways.

Our preferred option was a 15- year plan to spread the financial burden and lower the already large up front financial impact on the community.

What was decided

Council confirmed its preferred option to make an investment of \$68.5 million to upgrade the District's Wastewater Treatment Plants and remove wastewater discharges from waterways over 15 years. The approach will spread the financial burden of upgrades over a longer period. In this timeframe all discharges will be removed from waterways, and treated wastewater irrigated to land.

We clearly heard from you that this was your preferred option, however many encouraged us to deliver the programme faster.



Funding the replacement of assets

What we consulted on

Historic underinvestment in our essential infrastructure means many of our assets are at the end of their life.

This means we face major investment in nearly every aspect of our infrastructure and services – including nearly 25 per cent of our drinking water pipes and 40 per cent of our wastewater pipes.

To tackle this, we proposed a step change in the delivery of our renewals and upgrades, by changing how we fund renewals in the shorter term (first five years) from rates to debt, to 'catch up' on our outstanding renewals.

This option provides for essential outstanding work to be delivered with less immediate financial burden on our ratepayers.

What was decided

Council confirmed its proposed approach to debt fund renewals for the first five years of the Long Term Plan in order to catch up on essential renewals and upgrades.

Beyond Year five (2025/26) renewals will substantially return to being rates funded. This was also the option most supported by the community.



CHALLENGE
#3



Creating a Waste Free CHB

What we consulted on

Our community has a vision for a Waste Free CHB, diverting waste from landfill and increasing uptake in kerbside recycling.

We proposed a number of options including the extension of recycling services throughout the District, whether rubbish bags should be replaced by a wheelie bin and if crates or a wheelie bin would be the preferred option for removal of recycled waste.

Following consultation, the voice of the community came through loud and clear and changes to Council's rubbish and recycling services will come to fruition from 1 August 2021.

Central Hawke's Bay District Council now has a firm plan to future proof solid waste services in the District.

What was decided

Council will extend kerbside recycling collection to rural communities of Otāne, Takapau, Tikokino and Ongaonga and provide a third recycling bin for Waipukurau and Waipawa.

Recycling drop off centres will be closed in Otāne, Takapau, Tikokino and Ongaonga and new targeted recycling trailers rolled out to other rural centres across the District for the first time.

Council also confirmed bringing an end to the current rubbish bag service in year three of the Long Term Plan (July 2023), replacing this with a wheeled refuse service. Council rubbish bags will still be able to be purchased and delivered to transfer stations free of charge, however no kerbside collection will be available from 2023.

There were many more options you suggested we could create or change, and the confirmed option strikes a balance as best we can between affordability, community need and our waste reduction ambitions.



Watch this space for more information on coming changes!

Paying for Growth

What we consulted on

We've got some big costs ahead to service new development and provide for the unprecedented growth our District is facing.

Council proposed increases in development contributions to cover the full costs attributed to growth in each geographic location, rather than ratepayers footing a majority of the cost.

The idea was to find out if the people of Central Hawke's Bay support increased development contributions or not. The other option was to have ratepayers subsidise developers for part of the cost of growth.

What was decided

The Proposed Development Contributions Policy was adopted with immediate effect on 13 May, seeing development contributions pay for 100% of the related costs of growth identified in the Long Term Plan.

We clearly heard from you that while providing for growth was important, this should not be at the expense of our existing ratepayers.

CHALLENGE
#4



Our Reality



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

For decades, the Council has historically held rates at an artificially low rate, instead of funding depreciation or putting aside reserve funds for the renewal of our core infrastructure assets. A major step change was necessary, to respond to the level of renewals and upgrade work we need to complete. Now the Long Term Plan 2021-2031 has been adopted in full, we begin to face the facts of where we are today, and what it means for you.

It means we will all need to pay more rates to fund the catch-up. There will be significant rates increases to meet the level of investment required to upgrade our infrastructure, to meet legislative

standards and our proposed levels of service, effective from 1 July 2021. These increases are proposed throughout the life of the Long Term Plan Budget 2021-2031, not just in the first year.

The increases will fund the basics like Three Waters infrastructure and services (drinking, waste and stormwater), upgrading our parks and reserves assets and other core infrastructure. Increases will affect properties differently, depending on the services they're connected to. For example, a rural property won't pay the water connection rates charges that a property connected to town water supply would.



Rates

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

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

Some other things to know

Impacts of Covid-19

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

Three Waters Reform

Hawke's Bay Councils were already working together on opportunities to improve our Three Waters infrastructure, ahead of Central Government Reform announced in 2020. We have signed a Memorandum of Understanding (MoU) with Central Government to explore future service delivery options and have secured \$11.09 million in Government funding. The Government expects to make substantive decisions in April/May 2021. It is expected that Councils will be asked to consult with their communities in late 2021 whether they should join one of the new water service delivery entities. We intend to consult on this decision, once Central Government has made their decision in April/May and more facts are available. For Councils that participate in the reforms, transfer of responsibilities, assets, etc. is likely to occur from 2023/24 onwards.

Our community needs three waters services regardless of what happens. As such, we have included Three Waters in our financial and infrastructure strategies, and as a key challenge within our LTP. This has been considered as a potential change in our key assumptions in our full Long Term Plan Document.

For more information on the Government reforms visit www.dia.govt.nz/three-waters-reform-programme



For more information on Council's Long Term Plan 2021-2031, visit our website: www.chbdc.govt.nz



CENTRAL HAWKE'S BAY
DISTRICT COUNCIL