



**CENTRAL  
HAWKE'S BAY**  
DISTRICT COUNCIL

# He pūrongo i mua i ngā pōti Pre-election Report

**2022**

**PŌTI** **VOTE**  
**2022** **2022**  
NGA PŌTITANGA Ā-ROHE LOCAL ELECTIONS

**#standforCHB**

**He kōrero mā ngā kaipōti me ngā kaitono pōti**  
Information for voters and potential candidates

# Kia ora and welcome



Whether you are getting ready to vote or are a prospective election candidate for Te Kaunihera ā rohe o Tamatea – Central Hawke's Bay District Council, there are some important things you need to know ahead of this year's local government election.

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This report is a legislative requirement of the Local Government Act 2002. By law, the Chief Executive of each council must prepare one independently of their Mayor and Councillors.

Tamatea - Central Hawke's Bay is thriving on the back of unprecedented growth and change not seen in the district since the 1960's. From a declining population in 2013, Central Hawke's Bay's population has been steadily growing - buoyed by a surge of optimism and positivity.

While the secret is out and it's clear to understand why the District is seeing the surge of optimism we are,

we still face significant challenges ahead for the long-term. This includes housing, long-term rates affordability, navigating through unprecedented central government reform and growth pressures.

Addressing and overcoming these challenges and changes, will be confronting for us all – requiring bold, courageous and strong leadership for our District.

While this report notes the challenges ahead, the main focus is on three key strategic opportunities for our future, where there will need to be strong Elected Member focus over the next term if we are to be successful for the future, both as an organisation and community to respond:



**1** Working in partnership with Māori



**2** Reimagining Local Government and the role of Localism



**3** Navigating through unprecedented change

Successfully addressing these three opportunities, is not a job for the faint hearted.

Their successful delivery will challenge us all, requiring strength, courage, a truly collaborative approach and visionary energy from elected members to successfully secure our District's thriving future.

Done well however, we have an incredible opportunity to place Tamatea - Central Hawke's Bay as a leading community of the future, focused on the wellbeing of our people in its widest sense and at the centre where we work in genuine partnership with Māori.

Project Thrive has delivered significant transformation for community and while much has been achieved, there is still much more to do.



Our new AA rating by the CouncilMARK™ local government excellence programme – one of only two Councils in the New Zealand to be awarded this high ranking, confirms

we are on the right track. Strong and effective governance is critical however to seeing us retain and improve on this overall grading for the future.

This report only provides a snapshot of the governance and the strategic contexts we operate in. I encourage prospective candidates to read, listen and seek out further information to ensure they are able to fully participate in this year's local government election.

**Doug Tate**  
Kaiwhakahaere Matua  
Chief Executive

# Central Hawke's Bay is Thriving

## Central Hawke's Bay: Together We Thrive! E Ora Ngā Tahī Ana!

Our vision for Central Hawke's Bay is for a proud and prosperous District made up of strong communities and connected people who respect and protect our environment and celebrate our beautiful part of New Zealand.

In 2016 on the mandate of community change and a new approach for Central Hawke's Bay, Project Thrive was born.

Thrive reflects six simple words that have translated into a values based strategic approach for the District, based on **Trust, Honesty, Respect, Innovation, Valuing People and Excellence - THRIVE**. With these values at the core, in early 2017 we asked our community, what their vision for Central Hawke's Bay was.

Through early 2017, we received over 4,500 pieces of feedback and in May, outcomes of the feedback were presented back to the community. Across seven key themes/goals were 67 initiatives and projects to deliver on a Central Hawke's Bay of the future. This work together directly led to the creation of our community vision – Together we Thrive and our seven community goals to achieve a thriving Central Hawke's Bay.

This vision continues to be the cornerstone of our aspirations for Central Hawke's Bay and is reflected in everything we do.

Project Thrive created a foundational blueprint for success in our District that we have continued to build upon.

As part of the 2021 – 2031 Long Term Plan, we continued to build on Project Thrive, establishing more detail on what each of our seven goals meant to our community, our approach to achieve these and the creation of measurable targets over the long term to understand our successes.

These were included in our recently updated **Community Wellbeing Strategy**.

Achieving our vision requires a team effort from all of us. You can read more about project thrive on our website, including the original outcomes of the Project Thrive consultation.



#localimpact

## We have identified seven strategic goals for achieving this vision:



### Goal 1

Central Hawke's Bay is proud of its identity and place in our region and nation. We hold our head high on the national and international stage, celebrating our unique landscape from the mountains to the sea.



### Goal 5

We grow Central Hawke's Bay in a smart and sustainable way that cherishes our identity. We use our resources intelligently and with care, to ensure they are protected for the citizens of the future.



### Goal 2

Ours is a thriving and prosperous District that is attractive to businesses. Central Hawke's Bay is enriched by the households and whānau that are actively engaged in, and contribute, to our thriving district.



### Goal 6

Central Hawke's Bay is home to a unique and beautiful landscape. We celebrate our environment and work together to enhance our local natural wonders and resources.



### Goal 3

We have a strong community spirit and work together to support each other. Central Hawke's Bay is made up of proud communities with unique identities that come together to form a strong and thriving district.



### Goal 7

We aim to provide sound and innovative facilities and services that meet the needs of our communities today. Our infrastructure is fit for purpose and future proofs our thriving district for tomorrow.



### Goal 4

Our citizens can connect easily with each other and with those outside of our District. We all have access to everything Central Hawke's Bay has to offer and enjoy these great things together.

# Introducing Central Hawke's Bay

Tamatea – Central Hawke's Bay is experiencing a surge of optimism and positivity not seen since the 1960's. Home to stunning coastlines and landscapes, where people are our greatest assets, we have many opportunities, but also many challenges.

**1.6%** Employment has grown by 1.6% over the last 12 months with unemployment at record low levels

**65+** Over 25% of our population will be 65 years or older by 2031

The average house price in Central Hawke's Bay is **\$732,801** (May 2022), having doubled in the last 5 years.

Central Hawke's Bay's growth leads the pack, with the greatest percentage of population growth over the last five years across the Hawke's Bay region.

**7.3%** is the average rate increase forecast over the next ten years to address major infrastructure investment need.

The number of young working-age residents jumped 8% over the last two years (15-39 year olds)

**8%**

The District added **950 people** over the last four years

If the District was to grow by 2.5% per year the population would double by 2051 (+16,000 people)

Since 2013 the District has grown by an average of **2.1%** per year

**61%** of wage and salary earners work for employers based outside the District (including remote workers)

# Challenges



## Underinvestment in ageing infrastructure

Many of our assets are at the end of their life, for example our three waters, parks and facilities, meaning we require major investment in nearly every aspect of our infrastructure and services.



## Rates held at artificially low levels for decades

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.

## Failed wastewater plants

Historical poor investment decisions in our Waipawa and Waipukurau plants has seen over \$10 million of failed improvements to the treatment of wastewater.



## Ever increasing central government standards

The quality and requirements of our current water and wastewater treatment plants and data recording must be higher than our current offer. New standards such as the Fresh Water National Policy Statement, require a radical change to how we treat and manage stormwater, bringing a significant cost.



## Financial pressure

Even if we closed every park and library in Central Hawke's Bay, cancelled economic and social development activities and stopped supporting facilities like the Centralines Indoor Pool, the Central Hawke's Bay Museum and the Tukituki Trails, these savings alone would still not be enough to offset the major investment required to fund our three waters infrastructure programme.

## Addressing inequality for Māori

The long-standing inequities for Māori - particularly rural Māori, makes genuinely achieving social and economic wellbeing for all in our community challenging.

## Key Opportunities

Strength, courage, a collaborative approach and sustained visionary energy from Elected Members are critical to successfully secure our District's thriving future.



**1** Working in partnership with Māori



**2** Reimagining Local Government and the role of Localism



**3** Navigating through unprecedented change



## Key opportunity one:

# Strengthening our partnership with Māori

### The opportunity

The Council of the new triennium has a unique opportunity to place a pou (marker) to clearly state its intent to take partnership with Māori to a new level for our District's future.

With over a quarter of our population identifying as Māori, and projects such as Ngā Ara Tipuna bringing the stories of this rohe (area) to life, we have a unique opportunity to ride the wave of a cultural evolution and partnership with Māori in Tamatea – Central Hawke's Bay to achieve equality and wellbeing for all.

**Working together, partnership, shared outcomes, local decision-making – call it what you like! As a Council, we have a legislative responsibility and expectation from our wider community to ensure that we are appropriately considering our partnership and role with Māori in our decision-making now and into the future.**

We now have a unique opportunity to rethink what local representation structures could look like for the future of our communities, to ensure local voice for Māori and our communities is clearly heard.

Tamatea – Central Hawke's Bay has always been known for doing things differently, with the growing partnership approach already demonstrating that.

This means we have an opportunity to think about representation beyond the traditional establishment of Māori Wards to potential Mana Whakahono ā rohe agreements and local community based decision-making arrangements that create opportunities for local prioritisation and decision-making in communities, for communities.

### The challenges

Across all our projects, activities and services, our current approach to working with Māori, while well-meaning, needs to improve.

Our 2021 CouncilMARK assessment identified partnership with Māori as one of our notable areas for improvement, and enhancing this has to be the significant focus for the Council of the new triennium.

We understand that it is early days in our partnership journey with Manawhenua. We also acknowledge that there is considerable work for us to do as individuals and as a society at large to gain an appreciation of Te Tiriti and its ongoing societal impacts for Māori in a modern world context.

Also, while there may be a desire to grow partnership with pace, there must be an appreciation from all involved from the outset that any partnership approach needs to be in step and at a pace at which Māori can effectively engage and respond.

### Progress so far

We've made a start with the development of the District's first Māori Engagement Strategy Tuhono Mai Tuhono Atu in 2020, and the appointment of our Pou Whatuia in late 2020.

Partnership Projects like Ngā Ara Tipuna, have set the stage for what the future for collaboration on projects could be with Manawhenua.

Across many of our projects and initiatives we've begun to establish strong relationships with Marae and hapū across the District and Te Taiwhenua o Tamatea. This places us well to achieve a strong strategic governance relationship for a truly intergenerational partnership.

In 2023, Council will need to complete a representation review, which provides a unique opportunity to understand what the future of representation and an approach to strengthening our partnership with Māori could be. Our early ground work sets a solid foundation for the new Council of the triennium to make significant progress in this space.

### What do future Elected Members need to bring?

**More than ever in this triennium, an ability to work together to address inequality for Māori and a willingness to build positive enduring relationships and governance structures with Māori will be essential to address the challenges and opportunities that face our District.**

Elected Members need to be culturally aware and fully understand the key role they play in addressing long standing inequality in our community. This will mean staking a pou (marker) to give focus to overcome many entrenched disparities for Māori in our community.

Knowledge of and a relationship to local marae, hapū and iwi, te ao Māori and tikanga will be a key asset for Elected Members, or at least dedication to understand the local context for Manawhenua and a commitment to grow personally in knowledge of Te Ao Māori.

Elected Members' individual and collective commitment to meeting our responsibilities under Te Tiriti o Waitangi/ The Treaty of Waitangi and our broader statutory obligations to Māori is critical.



## Key opportunity two:

# Reimagining Local Government and the role of Localism

### The opportunity

In a context of change and reform, we have a unique opportunity to reposition Council and community, to see local priorities for community, delivered by community.

With New Zealand having one of the most centralised structures of Government and the highest levels of centralised public expenditure in the OECD, the case for localism is gaining traction – the concept that public governance and decisions should be made by local groups, and citizens should be involved in making decisions about their own areas.

In short, the concept of localism is about giving voice, choice and control to communities who are seldom heard by our political and economic institutions. Successful localism enables local solutions through partnership and collaboration around place, and provides the conditions for communities to thrive.

The Review into the Future of Local Government sets the foundation for Council and community to reimagine what our future role is in a new structure of government, but to also better understand and advocate for our communities' voice. On the back of other reforms such as Three Waters Reform and the Resource Management Act Reform, this is a unique opportunity to successfully transform and enable the voice of our community long term that we can't let slip through our hands.



### The challenges

One of the biggest challenges for Local Government is overcoming the perception by some that 'Council' is an entity that represents water, rates, rubbish and roads as its core functions.

The role of Local Government is about so much more and in a place of reform beyond three waters, Local Government instead has the opportunity to strengthen the voice of local communities, providing for local accountability, democracy and placemaking to happen at a local level.

Funding, affordability and balance sheet capacity have been major barriers to enabling local service delivery, with many Councils having to fill gaps critical to their community's wellbeing created by Central Government services. Funding these gaps can often only be an aspiration locally without Central Government funding support, simply due to rates affordability.

### Progress so far

Central Hawke's Bay, with Project Thrive as its foundation is poised to position and participate effectively in a reimagined Local Government of the future.

We've worked hard to ensure that Central Hawke's Bay is already recognised as the 'future of Local Government' through our collaborative and engaging work in projects such as our successful job creation project 'Mayors Taskforce for Jobs – Jobs in Central Hawke's Bay', and our partnership approach to housing with the Tamatea Housing Taskforce and sector-leading response with Te Taiwhenua o Tamatea in response to COVID-19.

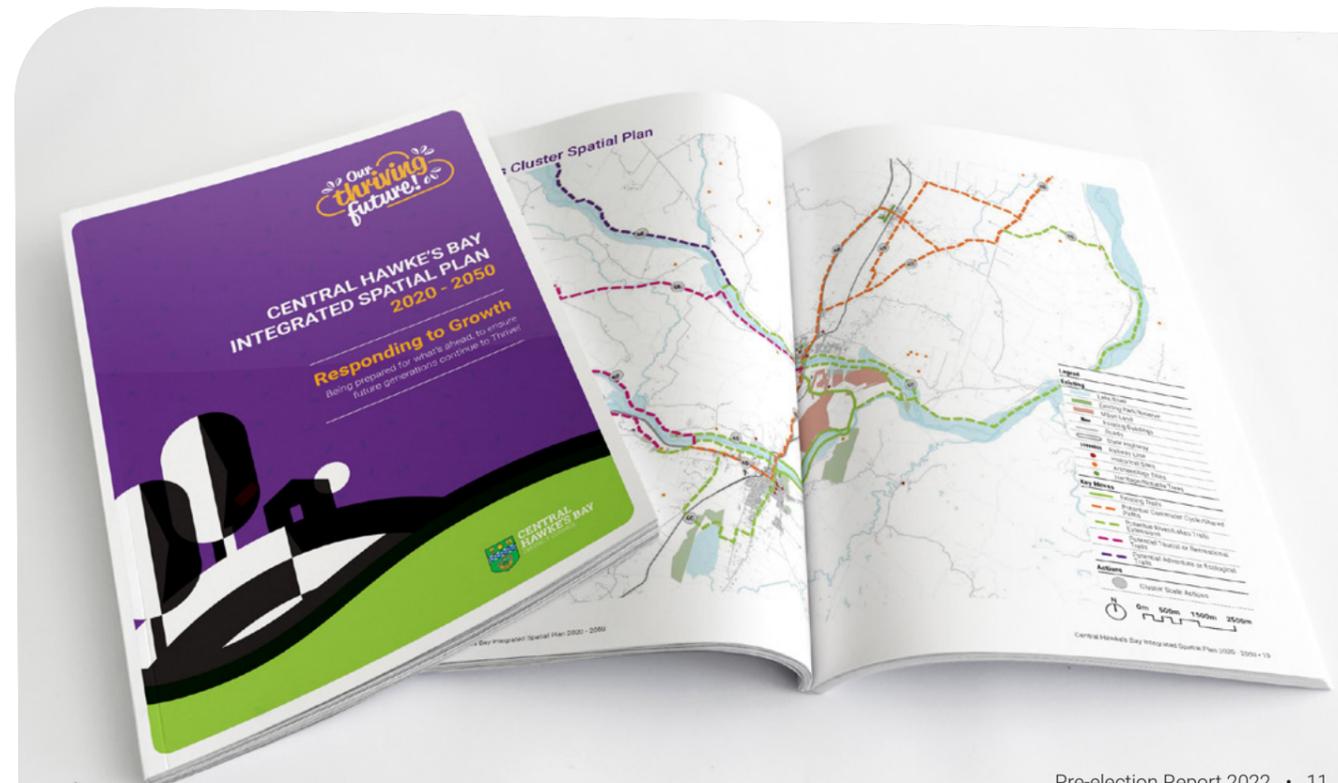
We've had work underway capturing local community voice through several projects identified through Project Thrive including Community Plans, as well as through the completion of Central Hawke's Bay Integrated Spatial Plan 2050.

We've also demonstrated our ability and success delivering key projects in partnership with Central Government, including the \$20.1 million Pōrangahau to Wimbledon Road upgrading with Kānoa, and other partnership projects including Ngā Ara Tipuna.

### What do future Elected Members need to bring?

An open mind is critical, along with a willingness to carefully consider and accept new risks and approaches to activities and services that are outside of the 'roads, rates and rubbish' perception of Council. This will mean at times challenging community perception of why Council is involved or best to lead some activities.

Through this needs to be Governance clarity on how activities and projects will support the community's vision of a Thriving Central Hawke's Bay, and confidence on how the range of governance tools available to elected members, can be leveraged to bring that vision to reality.



## Key opportunity three:

# Navigating through unprecedented change

### The opportunity

With an intergenerational Central Government Reform of Local Government underway, more than ever we need strong and capable governance leadership that is able to navigate not just Council, but the wider community through change.

The Review into the Future for Local Government, Three Waters Reform Programme, Resource Management Reform and multiple other reform and national policy statements, unprecedented urban growth and rural development are the change impacts we know. Add into the mix short-term financial uncertainty for some, and understanding the future of communities is challenging at best.

Led from a position of strength and positivity, Tamatea-Central Hawke's Bay has a unique opportunity to not only to continue to position itself well for the future, but to also be ahead of change and to continue setting the sector leading examples of collaboration, democracy and positive outcomes for the people of Tamatea-Central Hawke's Bay.

From a position of positivity we can be prepared for what's ahead.

### The challenges

Change in any form can at times be challenging, however add a multitude of interrelated and complex reform government reform programmes underway, and a tightening economic environment and it's easy to understand how community frustration can rapidly escalate.

Compounding this locally is our own Central Hawke's Bay change, where we are having to work 'at pace' to catch up on our underinvestment in assets and work programmes, such as the review of our 20-year-old District Plan and our growing three waters infrastructure investment, all the while keeping pace with demand from growth.

As our community is faced with adversity and a potentially challenging economic environment over the next three to five years, Elected Members will need to continue to play a critical role in maintaining positivity and sustaining community and business confidence. This will be while having to balance community wellbeing with the tough decisions to 'stay the course', and the intergenerational infrastructure investment decisions that must be made.

### Progress so far

Across the spectrum of reform and community adversity, to date we have worked hard to keep community ahead and aware of the challenges and to ensure that we are best placed as an organisation and community to respond.

Most recently you've seen as work regionally to share with communities how they can have their say on the national Three Waters Reform programme, breaking down the legislation into key messages, shared locally as Have your say Hawke's Bay on Three Waters Services Delivery.

Ahead of the reform, we had already started work on the Hawke's Bay Three Waters Review as a region, recognising that the status quo for the delivery of three waters services is neither affordable nor sustainable.

### What future Elected Members need to bring?

This local government term is not for the faint hearted, with advocacy for and support to community needed to an extent like never before.

In the face of uncertainty, Elected Members need to be a source of long-term confidence, from local businesses to the wider community, with the ability to see beyond our immediate challenges, and realise the long-term benefits for our community

Able to successfully engage, connect and work positively with Manawhenua and across Central, Regional and Local Government, as well as our local communities, Elected Members will need to work hard to ensure that the values and things we hold important are retained and enhanced through reform and change.

As an Elected Member, you'll also need strength and resilience to meet the demands of making trade-offs and difficult governance decisions, especially when the decisions may not be politically popular, but are the right decisions for the long-term.

As the economic picture is also complicated by short-term financial and household affordability challenges, Elected Members need the confidence to successfully stay the course on the investment and direction that our community desperately needs to secure its future, while still being responsive to and aware of the pressures that community face.



# Do you love Central Hawke's Bay?

## Run for Council!

Central Hawke's Bay needs dedicated, passionate people just like you to run for Council. Being an elected member is a big commitment. However it is a great opportunity to help to shape the future of Central Hawke's Bay. If you love your community, consider running for Mayor or as a Councillor.

### Who can stand for Central Hawke's Bay District Council?

If you are a New Zealand citizen aged over 18 and enrolled on the parliamentary electoral roll, you can stand.

### How do I stand?

You need to complete a nomination form and get two people to nominate you. These people must be over 18 and enrolled to vote in the area you wish to stand in. You also need to provide a deposit of \$200. This may be refunded, depending on how many votes you receive.

### I want to stand, what should I do next?

Come along to our information evening to find out more about the nomination process and to understand what Councillors do.

The information evening takes place on Wednesday 27 July at 6:30pm the Council offices. 28-32 Ruataniwha Street, Waipawa. We hope to see you there.

You are also welcome to attend any of our Council meetings to see what it's all about.

**For more information, please contact the Deputy Electoral Officer on 06 857 8060.**

Head to our [website](#) to find out more information and updates through the Election period.

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## Important dates

15 July 2022	Nominations open for candidates
27 July 2022	Candidates information evening
12 August 2022	Nominations close at midday
16 - 21 September 2022	Delivery of voting papers
21 September 2022	Meet the Candidates evening
4 October 2022	Last day for posting vote by mail. After this date votes must be returned to the council's secure ballot boxes
8 October 2022	Election day voting closes at midday

### Key dates if you are successful

If you are successful and elected, the first few weeks will include a large number of important meetings that candidates should note and ensure their availability for early. These include:

17 - 18 October 2022	Local Government New Zealand Mayoral Induction for successful candidate (Wellington)
19 October 2022	Swearing in Ceremony
20 October 2022	Induction and Briefing Day (includes overnight stay 19 October)
27 - 28 October 2022	Induction and Briefing Days (overnight)
4 November 2022	Tentative – meet wider Council team
7 November 2022	Local Government New Zealand Elected Member Induction (out of District)
10 November 2022	Tentative – first Council meeting
17 - 18 November 2022	Tentative – Rural and Provincial Meeting (out of district)
21 November 2022	Tentative – Regional Collaboration Day (out of district)
24 - 25 November 2022	Tentative – Zone 3 Meeting (out of district)
8 December 2022	Tentative – first Council meeting

Candidates should also expect other meetings during this time including further workshops, through November and December on Council business.

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# What does Council do?

Council delivers a wide range of services to the community

At a glance:  
how we  
deliver  
services  
for every  
**\$100**



**\$4.33**

Stormwater -  
Flood Protection



**\$3.06**

Regulatory Services  
(consenting, animal  
control, public health)



**\$1.08**

Cemeteries



**\$28.57**

Roading  
(local roads)



**\$12.72**

Wastewater - Sewage  
(reticulation, treatment,  
discharge)



**\$3.89**

Libraries



**\$16.50**

Drinking Water  
(water sourcing,  
treatment, storage,  
reticulation)



**\$6.02**

Parks and Reserves



**\$4.80**

Community Facilities  
(theatres, museums, pools  
community buildings)



**\$4.63**

Community Leadership  
and Governance



**\$3.08**

Economic & Social  
Development



**\$2.67**

District Planning



**\$1.58**

Public Toilets



**\$7.06**

Solid Waste  
(landfill, transfer station,  
kerbside collections,  
recycling)

# Major Projects

Here's a snapshot of the major projects we are working on over the next three years to deliver on a thriving Central Hawke's Bay.

## Three Waters

	WHAT	WHY
<b>Wastewater Treatment &amp; Discharge Upgrades</b>	A significant programme of upgrading the wastewater system across our six wastewater schemes, through consenting and upgrades through to 2035/36.	An ambition to remove our discharge from our waterways, improve environmental and community outcomes, build durable infrastructure and provision for future growth as set out in our Wastewater Strategy.
<b>Waipawa to Waipukurau Drinking Water Second Supply</b>	To link the Waipawa and Waipukurau water supplies by augmenting the Waipawa borefield, building new pipelines between Waipawa and Waipukurau that cross the Waipawa and Tukituki rivers and building a new central reservoir.	To improve storage across our towns, build resilience in the event of an incident and future proof the towns of Waipawa, Waipukurau and Otāne.
<b>Wastewater Reticulation Improvements</b>	A significantly increased work programme to renew aged and undersized wastewater assets	To improve asset performance, reduce overflows and allow for growth
<b>Drinking Water Reticulation Upgrades</b>	A significantly increased work programme to renew aged and undersized water assets	To improve asset performance, reduce water leaks and water loss and allow for growth.
<b>Water Storage Reservoir Renewal Programme</b>	To replace and upsize our four reservoirs in Waipawa and Waipukurau.	To build greater storage to service the towns by replacing very old assets.
<b>Water Safety Plan Development and Actions</b>	To create new water safety plans by November 2022, and plan to implement actions that arise.	To meet new legislative requirements set by the new water regulator (Taumata Arowai).

## Places and Open Spaces

	WHAT	WHY
<b>Delivery of Thriving Places and Spaces Strategy</b>	A strategy that articulates the future vision of our Parks, Facilities, Reserves and Buildings for their future.	To date the District has had no strategic direction for its Places and Spaces Activities, meaning decisions have been made in isolation or without all of the available information. Like the #bigwastewater story, the Thriving Places and Spaces Strategy, sets the scene for the implementation and direction of our communities assets in a sustainable way for the long term.
<b>Step Change in Renewal Funding</b>	An increase in general renewal funding across the Places and Open Spaces Programme – from Playgrounds to public toilets.	Very low levels of renewal funding had been set aside in the previous long term plans, with Places and Open Spaces having a direct impact on rates across the whole district. Delivery on this, ensures essential renewals across the Places and Open Spaces network occurs.

## Land Transport

	WHAT	WHY
<b>Renewal of Bridge Structures</b>	Renewing and strengthening of bridges on the network which have become worn by age and use	To enable continued unrestricted use of these structures and lengthen their life
<b>Strategic Land Transport Review - Safety Intersection Improvements</b>	Installing better signage & road markings and realigning some of the intersections	To improve safety of the roads which will reduce the number and severity of any accidents
<b>Road Maintenance</b>	Routine grading and metalling of unsealed roads, sweeping & patching of sealed roads, continued focus on proper drainage and culverts	To provide safe travel over the network and ensure its life is extended
<b>Streets for People</b>	CHBDC is participating in Waka Kotahi's Streets for People Programme designed to create a healthier future by putting people and place at the heart of our streets.	To develop local solutions to improve the safety and connectivity of the main street of Waipawa. The Streets for People Programme fits well with our district's vision to be one with strong communities, connected citizens, that grows smartly and in an environmentally responsible way. In time, Streets for People could also offer us an avenue to implement some of the actions identified in Central Hawke's Bay Integrated Spatial Plan.

## District Planning

	WHAT	WHY
<b>District Plan Review</b>	The operative District Plan has been under review since 2018, and the proposed District Plan, notified in 2021, is currently going through hearings. A new Operative District Plan will be notified by May 2023.	Central Hawke's Bay's current operative District Plan is a first-generation plan under the Resource Management Act and is nearly 20 years old. It is time for a plan that reflects who we are today and our aspirations for the future.
<b>Integrated Spatial Plan 2020 - 2050</b>	In 2020 Council adopted the Central Hawke's Bay Integrated Spatial Plan 2020 – 2050 – a blueprint of growth opportunities across Otāne, Waipawa and Waipukurau. The Spatial Plan has identified a number of actions for the short, medium and long term. The Spatial Plan is a living document we will continue to review and update over-time.	The Integrated Spatial Plan represents our vision for the future of our three main urban centres. Keeping this Spatial Plan alive, and implementing the actions identified within it, will enable us to deliver on our vision for a thriving Central Hawke's Bay.
<b>Waipukurau South Growth Precinct - Infrastructure Acceleration Fund (IAF)</b>	A fund via Kainga Ora to build the infrastructure constraining an area residentially zoned on Pōrangahau Road, commonly known as the 'old hospital site' that may unlock in excess of 900 lots.	A key area within our Integrated Spatial Plan to unlock the infrastructure constraining an area residentially zoned on Pōrangahau Road

## Organisational Projects

	WHAT	WHY
<b>Learning &amp; Development Strategy</b>	The development and implementation of the Talent & Development Framework will encompass aspects of training required by all functions performed within Council.	To ensure our people can confidently provide the best level of service to the Community.
<b>Talent Attraction &amp; Retention Strategy</b>	This strategy focuses on the promotion of Council to attract the best candidates. Council is a progressive employer providing the internal programmes to continue to grow great people.	To support the growth of our people in line with the growth of the District.
<b>Electronic Digitisation of Property Files</b>	The scanning and electronic digitisation of Councils property records of property across the District.	To ensure the appropriate and careful management of the districts property records in accordance with legislation.

## Solid Waste

	WHAT	WHY
<b>Waipukurau Transfer Station Weighbridge</b>	Installation of new weighbridge at the Waipukurau Transfer Station	To provide visibility around how much waste is produced and provide direct financial incentive to residents to minimise waste they produce in line with the user pays philosophy and our waste minimisation goals.
<b>Kerbside rubbish service improvements</b>	Implementation of wheelie bins for kerbside waste collections, replacing rubbish bags by July 2023.	To improve to efficiency of collections whilst minimising health and safety risks to operators.
<b>Improvements and maintenance of public waste facilities</b>	Review accessibility access to recycling drop of centres. Maintenance and upgrades of Transfer Stations and the district landfill.	To improve accessibility and safety for our community ensuring access while maintaining the required regulatory obligations.
<b>Waste Minimisation Plan Implementation</b>	Various initiatives to reduce the volumes of waste that would otherwise go to landfill.	To create a Waste Free CHB, consistent with our strategy for waste minimisation and improved environmental outcomes.
<b>Landfill future cell planning</b>	To plan and roll out building the next stage of the Farm Road landfill, by creating the next phase of the landfill cell.	To meet the waste needs set out in our WMMP to manage waste for the district.





## Financial Information

## Our Finances

The following pages outline and summarise some key financial information for Central Hawke's Bay District Council.

The financial information includes information on the key financial terms used, a summary of our Financial Strategy developed in conjunction with the Long Term Plan 2021 – 2031, our Funding Impact Statement and overall Balance Sheet position.

### Basis of Preparation

The financial information contained in this Pre-Election Report has been compiled from the following sources:

- The financial information for the years 2019/20 and 2020/21 has been extracted from Annual Reports, which have been audited.
- The financial information for the 2021/22 year has been extracted from the first year of the 2021/31 LTP which have been audited.
- The financial information for the 2022/23 year has been extracted from the 2022/23 Annual Plan. This is based on the second year of the LTP which has been audited and following the adoption of the Annual Plan by Council.
- The financial information for the years 2023/24 onwards have been extracted from the 2021/31 LTP which have been audited.

There is no requirement for the Pre-Election Report to be separately audited. However, the majority of the information in this report has already been audited as disclosed above. Any major changes to the direction of the Council that may be approved in the next Long Term Plan (scheduled for adoption in June 2024) may alter the future years in this report.

*Note: Central government has decided to proceed with its Three Waters Reform programme to change the governance and management of water activity across New Zealand. This includes water supply, wastewater management and disposal, and stormwater management. This will result in significant changes to the council revenues, assets, liabilities and the services we provide. However, there is not yet enough certainty about the specific impacts to incorporate into our forward budget projections.*

## Making sense of the numbers

The following table outlines the different financial meanings of each row of the funding impact statements through this section of the plan, and how the funds are being treated.

Operational	
<b>Sources of Operating Funding (Revenue)</b>	
General rates, uniform annual general charges, rates penalties	Income from general rates charged on the capital value of all properties within the District, fixed charges across the whole district (UAGC), and penalties for late payment of rates.
Targeted rates	Rates where the benefit or use of a service can be assigned to specific households or communities, such as stormwater or district growth. Includes targeted rates for water supply.
Subsidies and grants for operating purposes	Money received from other organisations that contribute to the operational cost of the service.
Fees and charges	Includes admission charges for Council facilities and regulatory fees e.g. permits, dog registration.
Internal charges and overheads recovered	Money received from other departments of the Council such as overheads and direct costs.
Interest and dividends from investments	Money earned from our savings and investments through interest and dividend payments.
Local authorities fuel tax, fines, infringement fees, and other receipts	Miscellaneous income from other sources generally not of a significant nature e.g. local authority petrol tax.
<b>Total Operating Funding</b>	<b>Total income from the day to day operation of this activity.</b>
<b>Applications of Operating Funding (Expenditure)</b>	
Payments to staff and suppliers	The day to day cost of running this activity e.g. salaries and wages, materials and services.
Finance costs	Interest payments we make on funds borrowed (loans).
Internal charges and overheads applied	Money paid to other departments of the Council such as overheads and direct costs.
Other operating funding applications	Miscellaneous expenses including bad debt expense, rates remissions and loss on disposal of assets.
<b>Total Applications of Operating Funding</b>	<b>Total operating expenditure for this activity</b>
<b>Surplus (Deficit) of Operating Funding</b>	<b>Total revenue less total expenditure.</b>

Capital	
<b>Sources of Capital Funding</b>	
Subsidies and grants for capital expenditure	Money received from other organisations that contribute to the capital cost of the service.
Development and Financial Contributions	Money paid by developers towards providing assets or extending existing assets to cater for increased demand due to growth, e.g. extending sewerage systems.
Increase (decrease) in debt	Borrowing money to pay for new assets, parts of assets or to fund temporary deficits, less loan repayments.
Gross proceeds from the sale of assets	Revenue to be raised from the sale of assets belonging to this activity.
Lump sum contributions	Payments made by an eligible ratepayer for the purposes of contributing to a capital project. However, we do not accept lump sum contributions for targeted rates.
Other dedicated capital funding	These largely relate to earthquake recoveries and are generally only relevant to Christchurch and the Canterbury region.
<b>Total Sources of Capital Funding</b>	<b>Total capital funding for this activity.</b>
<b>Applications of Capital Funding</b>	
Capital expenditure	Capital expenditure creating a completely new asset or extending or renewing an existing asset to provide the same or greater service than it currently provides e.g. extending a sewer pipe to increase capacity. The expenditure is split to fund level of service improvements versus population growth and/or renewal works. While a lot of our capital projects contribute to more than one of these drivers, legislation requires us to allocate each project to just one driver in the Funding Impact Statements.
Increase (decrease) in reserves	Transferring money into and from a reserve account held for a special purpose. Includes: transferring development contribution revenue to development contribution reserves; using funds from depreciation reserves, and using funds from operational reserves to provide or to assist with maintaining existing assets or services.
Increase (decrease) of investments	Net movement of investments.
<b>Total Applications of Capital Funding</b>	<b>Total capital expenditure for this activity.</b>
<b>Surplus (Deficit) of Capital Funding</b>	<b>Sources of capital funding less applications of capital funding.</b>
<b>Funding Balance</b>	<b>Net operating funding less net capital funding.</b>

## Financial Strategy

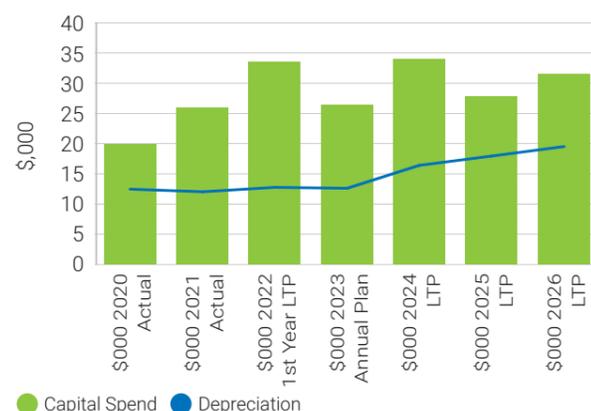
The theme of the Financial Strategy supporting the Long Term Plan 2021-31 was 'Facing the Facts'. A key part of the Long Term Plan was facing up to the facts that Central Hawke's Bay is growing, and therefore needs to extend its asset infrastructure network to cope with this growth; but at the same time recognising that its existing infrastructure network is nearing its end of life and needs replacing. For too long, not renewing assets was seen as a method of deferring rate increases.

In the Long Term Plan 2021-2032 the community bravely faced up to the fact that this cannot continue. Over the course of the Long Term Plan 2021 – 2031, Council is planning to invest heavily in upgrading its infrastructure and is planning to fund this through rates, debt, and developer contributions.

### Rates Financials

	2020 Actual \$000	2021 Actual \$000	2022 LTP 1st Year \$000	2023 Annual Plan \$000	2024 LTP \$000	2025 LTP \$000	2026 LTP \$000
Rates	20,793	21,364	23,342	24,938	26,537	28,488	32,140
Non-Targeted Rates	13,380	13,942	15,413	16,202	16,700	17,909	18,805
Targeted Rates	7,413	7,421	7,929	8,736	9,837	10,579	13,335
% Increase in Total Rates	4.86%	2.74%	9.26%	6.84%	6.41%	7.35%	12.82%
% Increase in General Rates	3.74%	4.20%	10.55%	5.12%	3.07%	7.24%	5.00%
% Increase in Targeted Rates	6.93%	0.11%	6.84%	10.18%	12.60%	7.54%	26.05%
Debt	20,118	20,107	26,678	35,337	55,583	67,853	81,260
% Increase in Debt		-0.05%	32.68%	32.46%	57.29%	22.08%	19.76%

### Capital Spend vs Depreciation as Proxy



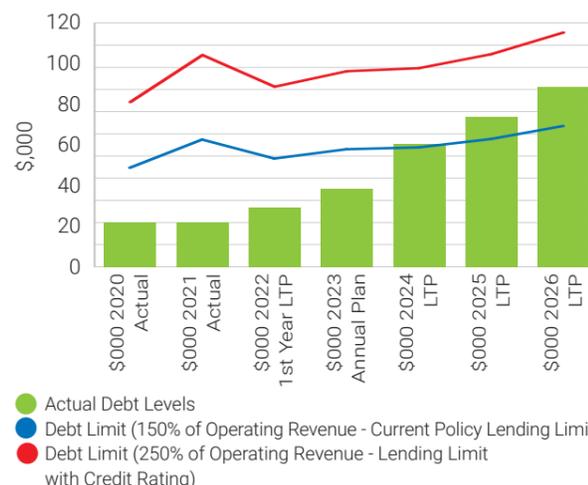
● Capital Spend ● Depreciation

Central Hawke's Bay Council is not alone in having to face facts, and this under investment in infrastructure right across New Zealand Councils is one of the main drivers for Government to propose the 3 Waters Reform program.

One of the significant financial challenges for Council into the future is 'staying the course' of its Financial Strategy and seeing through notable rates increases forecast over the Long Term Plan. Reducing rates isn't simply a matter of reducing services or making savings, in reality these will have little impact on the forecast rating increases.

The level of expenditure required over the next decade is so significant that closing every park and other community focussed service that Council provides, still would not be sufficient to off-set the investment required into the future.

### Actual Debt vs Soft and Hard Debt Limits



● Actual Debt Levels  
● Debt Limit (150% of Operating Revenue - Current Policy Lending Limit)  
● Debt Limit (250% of Operating Revenue - Lending Limit with Credit Rating)

Depreciation is the accounting value used to represent the wearing out of assets. Capital Spend is the replacement of these assets. If the green bar is below the blue line, then this suggests Council's assets are wearing out faster than they are being replaced. In the graph above this is not the case, but if you went back five years this would not have been the trend you would have seen. Council is now having to make up for years of under investment by replacing much of its assets in a short time period.

So that not all of the cost of replacing these assets fall on the rate payer in the year of replacement, Council uses loans to spread the cost of these purchases out over the life of the asset. However, due to having to replace so many assets all at once, Council debt is expected to grow significantly over the next 10 years (the green bars). In fact so much so that Council will exceed its current internally set debt limit (the blue line), and in 2024/2025 Council will need to make some tough decisions about debt limits, external credit ratings (lifts the debt limit to the red line), and ratepayer capital contributions.

## Financial Statements Funding Impact Statement

The Local Government (Rating) Act 2002 and the Local Government Act 2002, requires each Council to prepare a Funding Impact Statement disclosing the revenue and financing mechanisms it intends and has intended to use. It essentially sets out in a single statement, the sources of both the operating and capital funding for everything that Council does.

Although it appears that the Council is making a considerable operating surplus each year, this surplus is used to replace Council infrastructure (roads, water/sewer reticulation networks, community parks and facilities). The bottom line indicates that the surplus shown above is actually spent on the funding of capital expenditure, and a combination of repayment of debt and movement in Reserves.

	2020 Actual \$000	2021 Actual \$000	2022 LTP 1st Year \$000	2023 Annual Plan \$000	2024 LTP \$000	2025 LTP \$000	2026 LTP \$000
<b>Sources of operating funding</b>							
General rates, uniform annual general charges and rates penalties	13,380	13,942	15,413	16,202	16,700	17,909	18,805
Targeted rates	7,413	7,421	7,929	8,736	9,837	10,579	13,335
Subsidies and Grants for Operating Purposes	4,497	10,989	3,494	3,426	3,372	3,772	3,814
Fees, charges	3,781	5,205	5,418	6,674	5,728	5,911	6,126
Interest and dividends from investments	215	215	71	68	27	15	16
Local authorities fuel tax, fines, infringement fees and other receipts	492	505	224	248	240	249	257
<b>Total operating funding</b>	<b>29,778</b>	<b>38,278</b>	<b>32,548</b>	<b>35,355</b>	<b>35,905</b>	<b>38,434</b>	<b>42,351</b>
<b>Applications of operating funding</b>							
Payments to staff and suppliers	22,887	32,142	26,446	29,524	27,273	28,825	30,584
Finance costs	364	447	685	805	1,362	1,724	2,028
Other operating funding applications	(0)	(0)	(910)	(1,481)	(880)	(920)	(962)
<b>Total applications of operating funding</b>	<b>23,251</b>	<b>32,589</b>	<b>26,221</b>	<b>28,847</b>	<b>27,754</b>	<b>29,629</b>	<b>31,651</b>
<b>Surplus (deficit) of operating funding</b>	<b>6,527</b>	<b>5,688</b>	<b>6,328</b>	<b>6,508</b>	<b>8,151</b>	<b>8,805</b>	<b>10,700</b>
<b>Sources of capital funding</b>							
Subsidies and grants for capital expenditure	5,507	14,920	15,466	4,304	4,144	4,544	4,857
Development and financial contributions	92	322	2,072	2,133	2,197	2,263	2,331
Increase (decrease) in debt	18,000	0	6,954	11,221	18,153	12,270	13,408
Gross proceeds from sale of assets	19	295	25	26	21	22	22
Lump sum contributions	0	0	0	0	0	0	0
<b>Total sources of capital funding</b>	<b>23,618</b>	<b>15,538</b>	<b>24,517</b>	<b>17,684</b>	<b>24,516</b>	<b>19,099</b>	<b>20,618</b>
<b>Applications of capital funding</b>							
Capital expenditure							
-to meet additional demand	0	0	1,904	2,646	2,523	2,697	366
-to improve the level of service	12,439	8,105	9,338	7,602	9,069	8,505	8,685
-to replace existing assets	7,324	17,711	22,129	16,071	22,206	16,494	22,364
Increase (decrease) in reserves	(469)	(6,591)	0	0	(0)	(0)	(0)
Increase (decrease) of investments	10,849	2,000	(2,526)	(2,127)	(1,131)	208	(96)
<b>Total applications of capital funding</b>	<b>30,144</b>	<b>21,226</b>	<b>30,845</b>	<b>24,192</b>	<b>32,667</b>	<b>27,904</b>	<b>31,318</b>
<b>Surplus (deficit) of capital funding</b>	<b>(6,527)</b>	<b>(5,688)</b>	<b>(6,328)</b>	<b>(6,508)</b>	<b>(8,151)</b>	<b>(8,805)</b>	<b>(10,700)</b>
<b>Funding balance</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>

# Financial Statements Balance Sheet

	2020 Actual \$000	2021 Actual \$000	2022 LTP 1st Year \$000	2023 Annual Plan \$000	2024 Long Term Plan \$000	2025 Long Term Plan \$000	2026 Long Term Plan \$000
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	2,527	2,623	2,527	2,623	1,643	1,688	1,495
Trade and other receivables	5,104	4,462	4,927	4,573	5,025	5,084	5,194
Prepayments	296	480	296	480	296	296	296
Stock on Hand	22	26	22	26	22	22	22
Current Investments	11,119	13,037	119	1,152	119	119	119
<b>Total current assets</b>	<b>19,069</b>	<b>20,626</b>	<b>7,891</b>	<b>8,853</b>	<b>7,105</b>	<b>7,210</b>	<b>7,126</b>
<b>Non-current assets</b>							
Investments	1,322	1,322	3,457	2,827	1,036	1,198	1,295
Property, plant and equipment and Intangibles	854,069	880,897	936,243	972,178	1,022,025	1,060,583	1,114,009
<b>Total non-current assets</b>	<b>855,391</b>	<b>882,219</b>	<b>939,700</b>	<b>975,005</b>	<b>1,023,062</b>	<b>1,061,782</b>	<b>1,115,304</b>
<b>Total assets</b>	<b>874,460</b>	<b>902,845</b>	<b>947,592</b>	<b>983,858</b>	<b>1,030,167</b>	<b>1,068,991</b>	<b>1,122,430</b>
<b>Liabilities</b>							
<b>Current liabilities</b>							
Trade and other payables	7,607	13,003	7,430	6,415	7,528	7,587	7,697
Employee entitlements	330	386	330	386	330	330	330
Current Public Debt	118	107	4,118	10,107	118	2,118	4,118
<b>Total current liabilities</b>	<b>8,055</b>	<b>13,496</b>	<b>11,877</b>	<b>16,908</b>	<b>7,976</b>	<b>10,035</b>	<b>12,144</b>
<b>Non-current liabilities</b>							
Non-Current Public Debt	20,000	20,000	22,560	25,230	55,465	65,735	77,142
Provisions for Landfill Closure	3,934	3,463	4,029	3,547	4,127	4,176	4,226
<b>Total non-current liabilities</b>	<b>23,934</b>	<b>23,463</b>	<b>26,590</b>	<b>28,777</b>	<b>59,591</b>	<b>69,911</b>	<b>81,369</b>
<b>Total liabilities</b>	<b>31,989</b>	<b>36,959</b>	<b>38,467</b>	<b>45,685</b>	<b>67,567</b>	<b>79,946</b>	<b>93,513</b>
<b>Equity</b>							
Special & Other Funds	7,025	7,193	7,951	7,361	7,047	7,264	7,560
Trust Funds	182	184	172	184	172	172	172
Revaluation Reserve of Assets	590,804	604,604	626,166	660,441	682,965	711,689	753,132
Ratepayers' Equity	244,460	253,905	274,835	270,187	272,416	269,920	268,053
<b>Total equity</b>	<b>842,471</b>	<b>865,886</b>	<b>909,125</b>	<b>938,174</b>	<b>962,600</b>	<b>989,045</b>	<b>1,028,917</b>
<b>Total Liabilities and Equity</b>	<b>874,460</b>	<b>902,845</b>	<b>947,592</b>	<b>983,858</b>	<b>1,030,167</b>	<b>1,068,991</b>	<b>1,122,430</b>

Council continues to have a conservative and strong balance sheet. What is evident from above is the increase in value of Council's Assets (Property, plant and equipment line) over the 7 years (from \$854m to \$1.1b), and at the same time Council's debt growing from \$20m to \$81m, reflecting the large renewal program ahead of Council.

At the end of this process, Council will have modern, fit for purpose infrastructure, with a higher level of resilience than its historical position. This will position Central Hawke's Bay for the future and future growth, and will help to create a thriving District.

Challenging to Council's overall position will however be the emerging impacts of escalating construction costs, inflation generally and the cost of living that will create

new financial challenges for Council. While not specifically focussed on in the 2022/23 Annual Plan, if continuing will be one of the economic realities for future budgets and programme delivery the Council of the new triennial term will need to face. This will likely be through the development of the 2023/24 Annual Plan that will need to commence shortly after the election.

## The Basis for Preparation

This Pre-Election Report brings together information published in our Long Term Plan (LTP), Annual Plans, Annual Reports, and associated summaries. It reflects the policies and strategies contained in the 2018/28 Long Term Plan and resulting Service Level decisions.

# Further Reading

## [A Thriving Central Hawke's Bay – Our Vision for Community Wellbeing](#)

This document outlines our strategic ambitions from Project Thrive and what success will look like if we achieve these.

## [Māori Engagement Strategy - Tūhono mai tūhono ātu](#)

Adopted in 2020, this was Council's first Māori Engagement Strategy that sets out how we aim to continue to work in partnership with Māori for the future.

## [Central Hawke's Bay Governance Policy Framework](#)

The framework sets out how Council's governance policies are established and set out and the wider governance roles of Council's current committees in their implementation.

## [Long Term Plan 2021 – 2031 – 'Facing the Facts'](#)

The Long Term Plan sets out the levels of service, financial implications and wider strategies (both the financial and infrastructure strategies) as the basis for investment over the next ten years.

## [Annual Report 2020-2021](#)

The annual report provides an overview of what we did over the past year.

## [The annual budget \(annual plan\)](#)

Every year, we must adopt an annual budget for the following financial year. It has to also identify variations from any budgets that have been allocated in the 10-year budget (Long-Term Plan).

## [Central Hawke's Bay Integrated Spatial Plan 2050](#)

This plan sets out key drivers to respond to growth and deliver on a thriving Central Hawke's Bay for the three main townships of Otāne, Waipawa and Waipukurau.

## [Central Hawke's Bay Demographic and Economic Projections 2022](#)

This updated report provides a 2022 update on the projections for the District, updated from 2020.

## [Environmental and Sustainability Strategy 2019-2023](#)

The Strategy has been developed to reduce Central Hawke's Bay's environmental footprint and to protect and enhance the environment so that it can sustain future generations.



**CENTRAL HAWKE'S BAY DISTRICT COUNCIL**

[www.chbdc.govt.nz](http://www.chbdc.govt.nz) • [thrive@chbdc.govt.nz](mailto:thrive@chbdc.govt.nz) • 06 857 8060  
PO Box 127 • 28 - 32 Ruataniwha Street, Waipawa 4210



**CENTRAL  
HAWKE'S BAY**  
DISTRICT COUNCIL