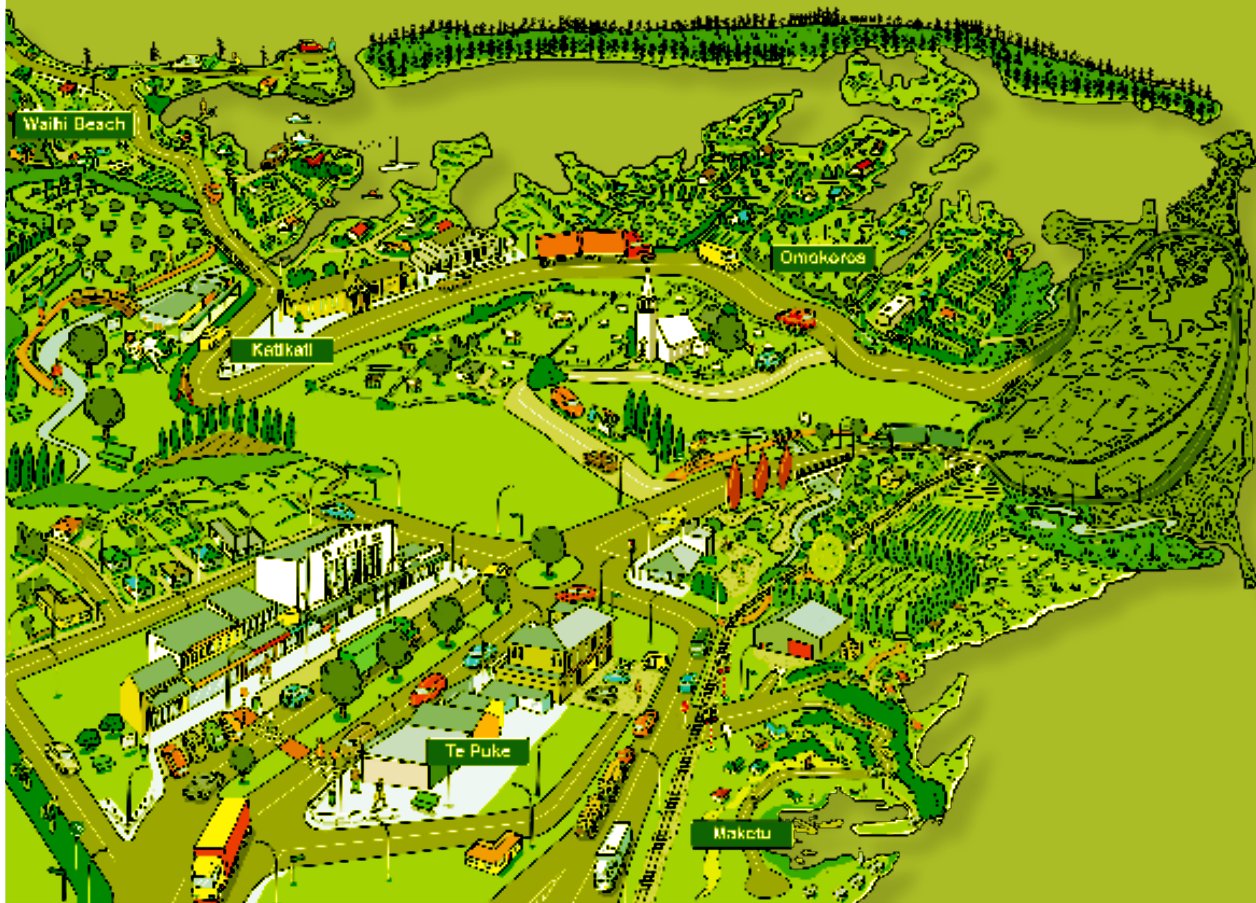


# ANNUAL PLAN

2013/14



TE KAUNIHERA A ROHE MAI I NGA KURI-A-WHAREI KI OTAMARAKAU KI TE URU



*Western Bay of Plenty  
District Council*

# Western Bay of Plenty District Council

## Annual Plan 2013/14



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# Introduction





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# Welcome to Council's 2013/14 Annual Plan

Council has come through the 2012/13 financial year well, considering the difficult economic time it faced this time last year, particularly in terms of debt, limited growth and the continuing global financial crisis.

Council received 327 submissions to its Draft Annual Plan.

Decisions made in response to the submission process have added a further \$46,000 to the budget indicated in the Draft Annual Plan.

Those changes include additional funding of \$61,000 from General Rates and an additional \$36,000 to Targeted Rates, which have been offset by some internal savings.

Council has struck a total rate increase of 5.16% (including growth and inflation). This is considerably lower than the 6.6% forecast in the 2012-2022 Long Term Plan. The proposed rate increase is 1.19% above growth (0.90%) and inflation (3.07%).

Council will receive a total income of \$51.06 million in 2013/14, including the District Rate, Community Board Rates and Uniform Annual Charges. Council received \$50.47 million from rates in 2012/13.

Growth continues to be slow so Council has revised its growth forecast down from 1% to 0.9% for the 2013/14 year.

Finding a balance between constraining expenditure and retaining service levels has been a juggling act.

There is little change to last year in our fiscal approach. Our emphasis remains on reduced internal spending, deferral of growth-related capital expenditure, repayment of interest on debt and keeping rate increases to a minimum.

However Council has had to urgently address severe flooding issues in Waihi Beach that resulted in extensive property damage in May 2013.

Council will spend \$996,000 this financial year for capital works on stormwater. Of this, \$851,000 will be spent in the worst affected catchments of Waihi Beach. This expenditure is in addition to the \$325,000 spent in the 2012/13 year.

Council will debt finance this work by \$596,000 and intends to address ways of repaying this debt during consultation with Waihi Beach ratepayers as part of the 2014/15 Draft Annual Plan. The balance of funding will come from savings in the 2012/13 financial year in the roading and reserves areas.

Other significant decisions in this Annual Plan include:

- ▶ **Waihi Beach Dune Protection** - Council has decided on the status quo rate (70/30) for the Waihi Beach Dune Protection Revenue and Financing Policy, rather than the original preferred option of a 50/50 funding split in the Draft Annual Plan. To restrain any further costs for dune-front ratepayers surpluses will be used to fund a \$160,000 cost over-run for sand replenishment following storm events last year.
- ▶ **Te Puke Pool** - Ratepayers in the Te Puke and Maketu areas of benefit will pay a single rate of \$14.85 to fund the pool operations. This will ensure costs are spread more evenly over these areas of benefit.

- ▶ **Community halls insurance** - Council will rate insurance costs in the relevant hall area of benefit to those communities that request this assistance. Hall committees will need to notify Council each year whether they want premiums to be rated.



Ross Paterson  
Mayor

With regard to growth-funded financial contributions (payments made by developers for subdivision) Council had budgeted to receive \$5.5 million in the 2012/13 financial year. This has fallen short by about \$800,000, although development has picked up slightly over the last year.

It is heartening to see some developers continuing with their plans and making the most of the tools Council offers to help fund their developments without any risk either to Council or ratepayers.

Very strong debt control is also fundamental to this Annual Plan. Council's forecast net debt lies at \$142.2 million, down from \$144.3 million in 2011/2012.

Investment in water, wastewater and stormwater infrastructure over the past decade has incurred the majority (\$109 million) of Council's current debt.

Council will continue to implement the plan put in place last year to recover income from these infrastructure investments in the most equitable way. The logic behind this is simply that our major debt sits in this infrastructure.

As forecast in the Long Term Plan, Council will increase Uniform Annual Charges for water, wastewater and stormwater by 5% above inflation for the 2013/14 year and by 5% in 2015. This will reduce to 3% from 2016.

This 'sheets home' cost recovery from those ratepayers that receive these services, rather than spreading the cost of debt across all ratepayers in the District. Those ratepayers paying the additional cost can be assured that the extra rates they pay will go directly to their local water or wastewater scheme – and this cost recovery will decrease in future years.

I encourage you to take the time to read the detail of this Annual Plan to fully understand how your rating dollars are spent.

Ross Paterson  
Mayor  
Western Bay of Plenty District

## Our Council



Ross Paterson  
**Mayor**



Cr Paul Thomas  
**Deputy Mayor  
Te Puke Ward**



Cr Maureen Burgess  
**Te Puke Ward**



Cr Michael Pittar  
**Te Puke Ward**



Cr Kevin Marsh  
**Maketu Ward**



Cr Sue Matthews  
**Maketu Ward**



Cr Don Thwaites  
**Kaimai Ward**



Cr Garry Webber  
**Kaimai Ward**



Cr Gwenda Merriman  
**Kaimai Ward**



Cr Margaret Murray-Benge  
**Kaimai Ward**



Cr Mike Williams  
**Katikati Ward**



Cr Norm Mayo  
**Katikati Ward**



Cr Anne Gilmer  
**Waihi Beach Ward**



# LINKAGES TO COUNCIL'S 2012-22 LONG TERM PLAN (LTP)

## The Long Term Plan

This plan is produced every three years so the community can have their say about policy and the work that will be undertaken over the coming years.

Council's Long Term Plan was adopted in 2012 and the next one is due in 2015. In the meantime, Council carries out a 'rolling' programme of strategic policy review, for efficiency and to ensure that the community can be properly engaged on the development or review of particular strategy and action plans.

## Each year Council produces an annual plan (as per this document)

This shows the money needed to carry out the work outlined in the Long Term Plan. If Council changes the programme and this is considered to have a material impact on ratepayers, then the reason for the change is explained. We call this a proposed financial variance.

Financial variances \$50k or more, or of public interest are disclosed in each activity group page along with budget summaries.

The financial variances include changes to projects, which are either operating or capital expenditure. If there is a material variance then this is discussed as part of the revised programme.

The 2013/14 work programme is based on the Long Term Plan 2012-22. The annual plan discloses variances to the Long Term Plan.

Council can also use the annual plan process to propose for public consultation, amendments to policies or levels of service in its Long Term Plan.

## Each year an annual report is published

Which outlines Council's achievements on the work programme and financial performance.

## A little background on the Long Term Plan

The Long Term Plan is an important document that outlines what the community wants to achieve long term and sets a pathway for Council to reach its objectives.

It covers 10 years and is reviewed and publicly consulted every three years.

Alongside other sectors in the community which play a part in achieving the community's desired future, Council's Long Term Plan provides activity focus for the outcomes. In this context, the Long Term Plan sets out Council's strategies and actions for each group of activities. These are divided into four strategic areas – Leadership, Building Communities, Protecting the Environment and Supporting our Economy.

## How the Long Term Plan relates to the Annual Plan

The annual plan is simply a budget expression of what is contained in the Long Term Plan for the budget year.

The purpose of the Long Term Plan is to plan thoroughly every three years (the last Long Term Plan was prepared in 2012 for the period 2012-2022), 'bolt it down' and follow that direction until the three-yearly review. This minimises the work and maximises efficiency in the interim two years (between each Long Term Plan) so that Council can get on with 'doing' the work.

Council outcomes and levels of service performance measures along with projected financial summaries (cost of service statements) for each activity follow:

### Leadership

- ▶ Representation
- ▶ Planning for the future

### Building communities

- ▶ Communities
- ▶ Recreation and leisure
- ▶ Regulatory services
- ▶ Transportation
- ▶ Water supply
- ▶ Stormwater

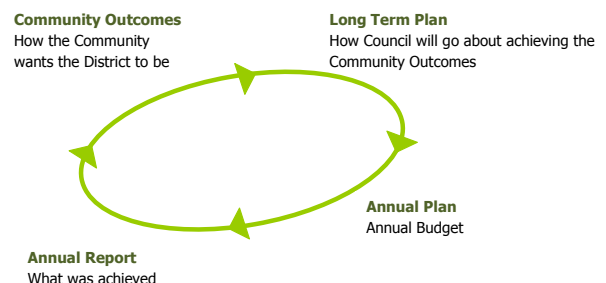
### Protecting the environment

- ▶ Natural environment
- ▶ Wastewater
- ▶ Solid waste

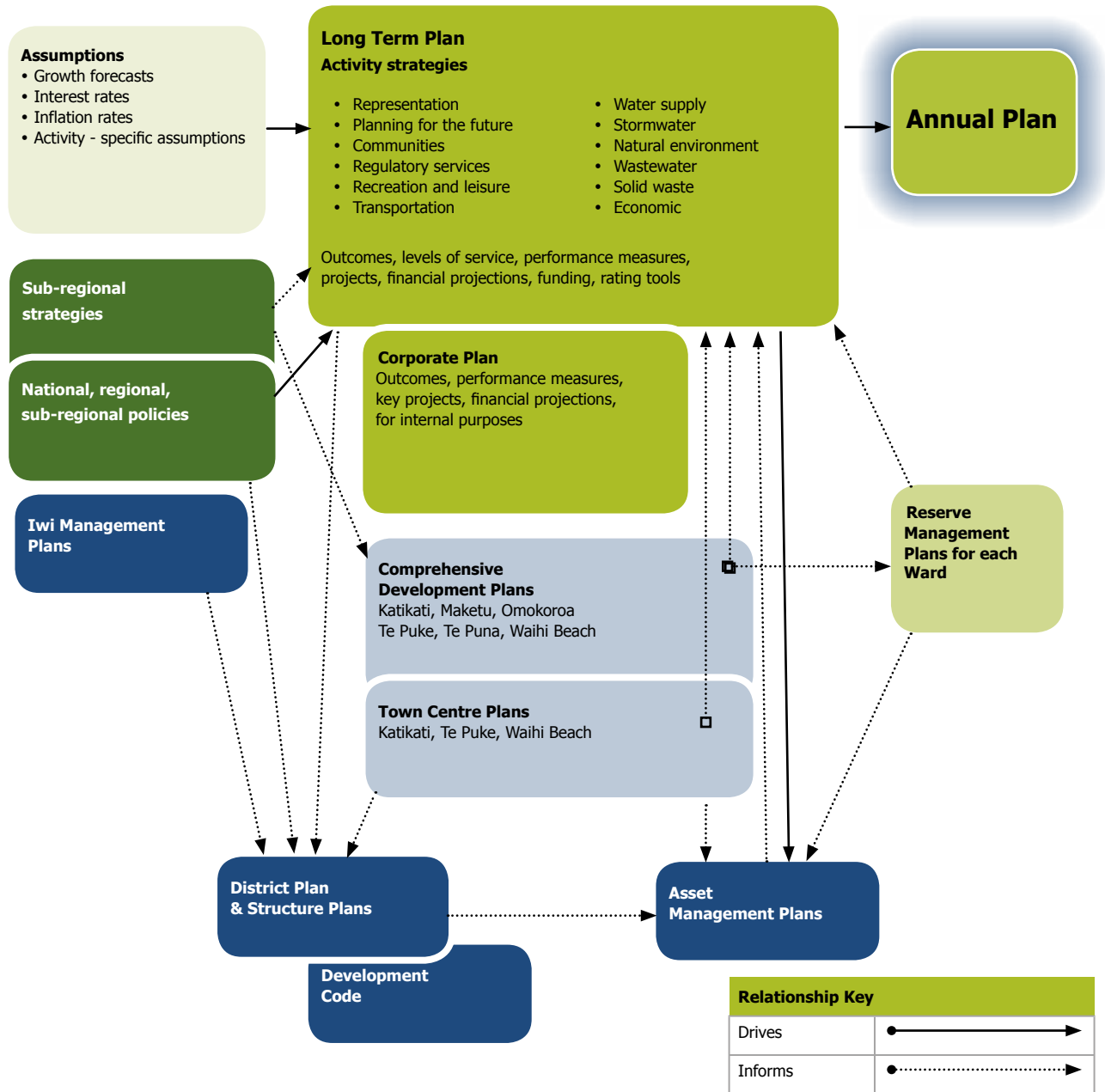
### Supporting our economy

- ▶ Economic

### Support services



## Our planning linkages



## FINANCIAL STRATEGY

Our financial strategy describes how we plan to finance our services and activities in a way that is sustainable over the long term. If our expenditure and funding plans are not sustainable we may not have the capacity or resources to deliver affordable services to residents and ratepayers in the medium and long term.

In developing a sustainable financial strategy we have considered the likely future demand for services, what that will cost, the ability and willingness of our ratepayers to pay for services, fairness in allocation of rates, as well as applying good financial management and prudent decision-making.

This strategy contains principles and sets limits on rates, rates increases and debt levels for the next ten years and provides details of the borrowing and investment policies that underpin our financial management.

At the end of each financial year we will report on our performance against the limits set in the strategy. These results will also be reported in our pre-election report, which will be published in the run-up to the local government elections scheduled for 12 October 2013. The purpose of our pre-election report is to provide election candidates and the public with facts about our Council's financial state, prior to the election.

## DECISIONS ON KEY ISSUES

In preparing this Annual Plan Council asked its communities for feedback on a number of key issues and the options it was considering.

The consultation period ran from 28 March to 29 April 2013 and during that time we heard from about 321 people,

organisations and community groups their views on how Council was proposing to respond to the issues. A number of you chose to talk to Council about your views during the hearings held in May. After taking into account your written submissions and what you told us directly Council made a series of decisions, which are described below.



### Waihi Beach Dune Enhancement

#### Issue

The issue for Council and the Waihi Beach community was to review how the cost of the dune enhancement works was funded noting that the dunes were seriously compromised by the storm events of 2011 to the extent that they do not provide the level of protection to private property that was initially anticipated.

#### What submitters said

The majority of people who made submissions to the Annual Plan on this issue supported maintaining the status quo, where 70% of the costs of the dune enhancement works are paid for by the 30 affected properties in the neighbourhoods of Shaw Road and Glen Isla Place and the remaining 30% is paid for by the ratepayers of the Waihi Beach ward.

#### What Council decided

After considering all the submissions on this issue, the Council decided to maintain the status quo of a 70:30 private/public split but only in relation to the original costs associated with the dune enhancement work. Council acknowledged that the costs of completing the dune enhancement works exceeded what was originally anticipated, so the decision has been made to fund the cost overrun from Council surpluses.

### Te Puke Pool

#### Background

For a number of years a targeted rate has been applied across the Te Puke and Maketu wards to fund the operating costs of the Te Puke pool. Historically Te Puke ward ratepayers paid 90% of the pool operating costs and Maketu ward ratepayers paid 10%.

The pool was closed in 2009 due to a significant leakage and Council stopped charging the targeted rate in 2012/13. The funds that had accumulated from the targeted rate while the pool was out of action totalled \$220,000 and were used to fund the refurbishment and repair of the pool.

#### Issue

With the pool re-opening to the public late 2013 the targeted rate will need to be reinstated to fund the \$100,000 annual net operating cost. The issue for Council and the Te Puke/Maketu communities to determine was whether the targeted rate should be applied across the two wards the way it had always been (that is; 90% Te Puke and 10% Maketu), or whether an alternative split between the two areas should be considered for the future.

#### What Council decided

A number of people made submissions on this issue with mixed views on how the operating costs of the pool should be funded going forward. Council decided to charge a single rate of \$14.85 across the Te Puke and Maketu areas of benefit. Even though the Maketu ward offers other community pools, Council was influenced in its decision-making on this issue by the large number of rural residents that use the pool (particularly rural children that attend Te Puke High School).



## Community Halls Insurance

### Background

While Council does not own the district's community halls it does collect rates from the hall area on behalf of the hall committee for hall projects. Hall rates vary from year-to-year based on the annual planned work programme. Some hall committees do not charge a hall rate as they are able to cover all their costs from operating revenue.

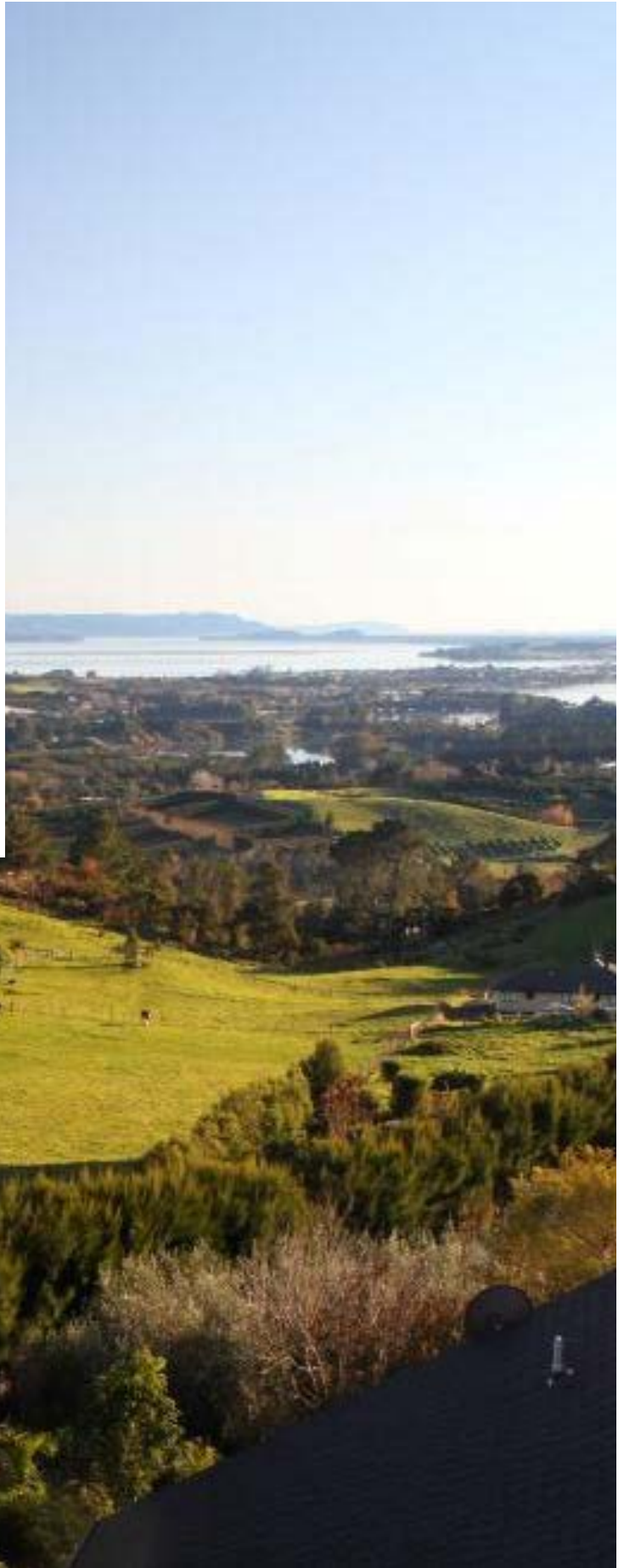
Generally the halls are located on Council land and Council's current policy requires that each hall is fully insured.

### Issue

The cost of insuring community halls has increased as a result of changes in the insurance market primarily as a result of insurance claims incurred in the Christchurch earthquakes. Some hall committees indicated they may have insufficient income from hall hire, donations and other operating revenue to cover annual insurance premiums. The issue for the community to consider was whether the costs of insuring halls should be included in the hall rates they pay.

### What Council decided

The Council has agreed to rate for the costs of insuring a hall where a hall committee requests this assistance. In making this decision Council acknowledged the importance of halls as community assets. By assisting in this way hall committees can be assured that their halls will have adequate insurance cover.



## Update on other Council activities

### Waihi Beach Flood Hazard Area Review

Council in adopting the Annual Plan recognised the flooding issues at Waihi Beach and has approved a number of improvements including:

- ▶ Improved and additional maintenance to the storm water system
- ▶ Implementation of a number of storm water projects with an estimated cost of \$851,000

Council has agreed to subsidise building consent fees for property owners in the flood hazard area that wish to raise their houses above design flood level.

Council is proposing to consult with the Waihi Beach Community on:

- ▶ Two Mile Creek bank protection design and funding options
- ▶ Future major storm water works, timing and funding
- ▶ Changes to the District Plan Flood Hazard Maps

### Council Fees and Charges

Fees and charges are reviewed each year. Increases are mostly related to inflation.

The Sale and Supply of Alcohol Act 2012 allows for the introduction of a risk-based licence fee scheme through regulation. This risk-based fees scheme aims to recover the costs associated with alcohol licensing. It also aims to incentivise licensees and managers to improve their practices to reduce the risk of alcohol-related harm. Overall, licensing costs are expected to increase. However at this stage no new licence fee regulations have been introduced and this process is not expected to be completed until the end of 2013.





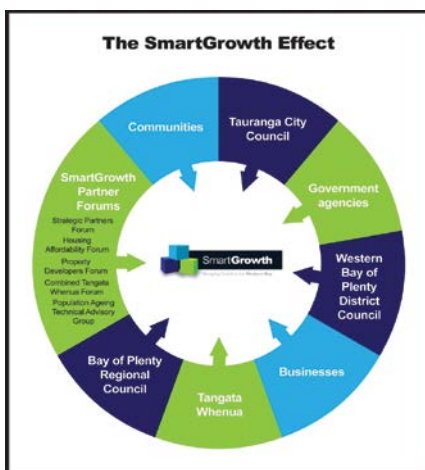


## What is SmartGrowth and how does it affect me?

SmartGrowth is a 50-year growth management strategy for the western Bay of Plenty. Tauranga City, Western Bay of Plenty District, Bay of Plenty Regional Council and Tāngata Whenua work together in partnership with Central Government, businesses, education groups, industry and the community.

The purpose of SmartGrowth is to provide a unified direction and voice for the future of the western bay.

SmartGrowth is wider than local government as the strength of the Strategy is largely due to the role of community and strategic partners. Different groups working together contribute to the strength of the SmartGrowth Strategy and its implementation. We believe that SmartGrowth can help achieve stronger outcomes for the community than by the various parties working separately.



In the 2013 update we're planning to broaden the Strategy from being primarily a growth management plan to incorporate the implications of growth on the social, cultural, environmental and economic well-beings.

The updated Strategy will focus on priority actions in each of these areas:

- ▶ Sustaining the environment
- ▶ Building the community
- ▶ Growing a sustainable economy
- ▶ Recognising cultural heritage and change
- ▶ Strengthening relationships, collaboration and leadership
- ▶ Integrated planning and the settlement pattern

At the time this Annual Plan went to print submissions on the 2013 SmartGrowth update were being worked through. The updated plan is expected to be finalised by the SmartGrowth partners by the end of 2013.

## 2013 Local Body Elections

Every three years an election is held for a Mayor, Councillors and Community Board members to represent Western Bay of Plenty District residents and ratepayers.

The next election, which will be held by a postal vote, is due to occur on Saturday, 12 October.

This year's election for councillors will be different from previous years in that it will reflect changes to representation arrangements that were approved by the Local Government Commission earlier this year. There are no changes to existing representation arrangements for Community Boards – Waihi Beach, Katikati, Omokoroa, Te Puke and Maketu.

Under current representation arrangements the District is served by a Mayor and 12 councillors. Councillors represent ratepayers who live in five wards in the Western Bay – Waihi Beach (one councillor) Katikati (two councillors), Kaimai (four councillors), Te Puke (three councillors) and Maketu (two councillors).

The new arrangements for the October election will see an election for a Mayor and 11 councillors within a three-ward structure. The Katikati-Waihi Beach ward (a combination of Waihi Beach and Katikati wards including Matakana Island) will be represented by three councillors, the Kaimai ward (the current Kaimai ward excluding Matakana Island) will be represented by four councillors and the Maketu-Te Puke ward (a combination of Maketu and Te Puke wards) will have four councillors.

### Why the change?

Council submitted a proposal to change representation arrangements for the District to the Local Government Commission late last year following public consultation.

The proposal aimed to achieve a Council structure that would be in a better position to meet future challenges, achieve a fairer balance of political representation while still recognising the communities of interest through retaining community boards.

The Local Government Commission approved the proposal in January this year.

### Need more information?

Please visit

[www.westernbay.govt.nz/Council/Elections-2013/](http://www.westernbay.govt.nz/Council/Elections-2013/)