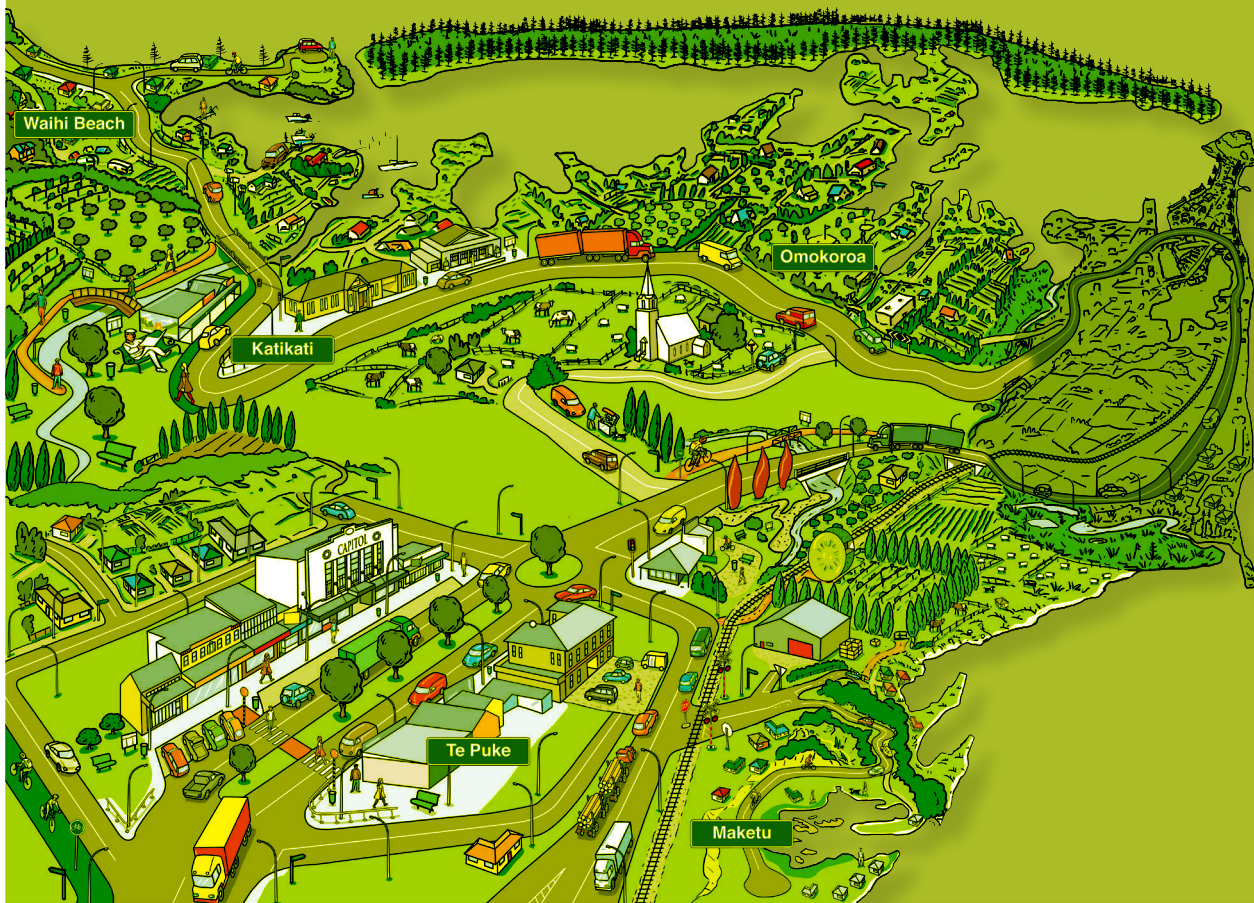


ANNUAL PLAN 2014 2015



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 2014/15



Contents

Introduction

Message from the Mayor	4
Our Council	6
About the Western Bay	7
Linkages to the 2012-22 Long Term Plan	8
Financial strategy	9
Decisions on key issues	10

Chapter One - Overview

Finances at a glance	12
Key risks and growth assumptions	14
Mandatory non-financial performance measures rules	19
Annual Plan disclosure statement for year ended 30 June 2015	21

Chapter Two - Programme 2014/15

Leadership

Representation	25
Planning for the future	28

Building communities

Communities	33
Recreation and leisure	37
Regulatory services	41
Transportation	44
Water supply	48
Stormwater	55

Protecting the environment

Natural environment	61
Waste - wastewater	63
Waste - solid waste	71

Supporting our economy

Economic	75
----------	----

Support services

79

Chapter Three - Financials

Funding impact statement and other rating information	82
Prospective financial statements	108
Reserve funds	114
Schedule of fees and charges and indicative financial contributions	118

Chapter Four - Policies and statements

Overall revenue and financing policy	138
Significant accounting policies	142
Activity funding impact statements	152

Introduction

	Page
Message from the Mayor	4
Our Council	6
About the Western Bay	7
Linkages to the 2012-22 Long Term Plan	8
Financial strategy	9
Decisions on key issues	10

Welcome to Council's 2014/15 Annual Plan

We are into the third year of Council's Long Term Plan (2012-2022) and next year we will undertake the first full three yearly review of the Plan.

I am pleased to report that the long-term strategy we set in 2012 when putting together the Long Term Plan (LTP) is working.

The focus of the LTP is debt management, minimising capital expenditure and ensuring the continued delivery of core services while restraining annual costs to the ratepayer.

We are heading in to the 2014/15 year with confidence and the certainty of a significantly lower than forecast average rate rise.

In looking at the average increase for ratepayers across the District, it's 4.46 percent. This figure however will vary for some ratepayers depending on the services they receive from Council. The 4.46 percent includes an allowance for growth (0.50 percent) and inflation (2.20 percent).

In terms of the average increase in the total rates take for 2014/15, it's 4.96 percent. This figure is significantly lower than the 6.0 percent forecast in the 2012-2022 Long Term Plan and is 0.20 percent less than last year's increase of 5.16 percent.

Council expects to receive income of \$54.78 million from rates for the financial year – compared to \$53 million in the 2013/14 year. This takes into account the District Rate, Community Board Rates and Uniform Annual Charges.

The proposed rate increase includes the return of \$200,000 seal extension money to the roading budget in response to submissions from rural residents opposed to any cut in the seal extension budget.

In the draft Annual Plan Council had cut the seal extension budget from \$800,000 on \$600,000 for the 2014/15 year. Putting this money back into the budget equates to a 0.32 percent increase in rates.

However this increase is slightly off-set by a decision to remove from the budget the proposed \$65,000 funding for the Katikati Heritage Museum. The closure of the Museum in May 2014 removes the need for this money that was tagged for the continuing operation of the facility.

Although there are costs associated with Council taking responsibility for the protection, storage and cataloging of the Museum collection, these costs will be covered by the existing General Rates Reserve to remove the burden from ratepayers.

Debt control remains a cornerstone of this Annual Plan. Council's forecast net debt lies at \$139.9 million, down from \$142.2 million in the 2013/2014 Annual Plan.

Council expects total costs in the 2014/15 year of \$96.4 million of which \$61.3 million will be spent on maintaining existing assets and delivering required services. It is business as usual in Council.



Ross Paterson
Mayor

Our finances are under control and the decision made in the LTP to use rate intervention to help pay interest on Council's debt has helped.

The stability of Council's finances and our ability to push through the worst impacts of the economic downturn reflect strong budgetary control.

Growth however remains static and this is of concern to Council.

Despite an increase in building consents and an upturn in housing construction, the development of subdivisions in the Western Bay has actually decreased from last year.

This is due to the market taking up the surplus of land already subdivided, buying the sections and building on them. Consequently Council has revised its growth forecast down from 1% to 0.5% for the 2014/15 year.

Until this surplus is taken up, Council expects development growth to remain sluggish, thus restricting the income we receive from financial contributions and restraining our ability to reduce growth-related debt. The good news is that this year we have 'flat-lined' the amount of the General Rate that will be used for this purpose, rather than increase it, as was forecast in the LTP.

Council is continuing with the planned allocation of \$700,000 from the General Rate and \$300,000 from the Roading Rate to ensure interest costs on growth-related debt is met in the short term.

The most significant change to this year's Annual Plan is Council's proposal to move to a single charge for the District's wastewater schemes and a single charge for the Western Bay's three water schemes. This will take place over three years.

The rationale for this is that service for water and wastewater to each ratepayer is the same, irrespective of where their property lies. This decision also means that future rates spikes for upgrades will be absorbed across all those people being serviced by the schemes.

The decision to phase in these uniform charges over three years, rather than two as was originally proposed, was made to reduce the impact on the affected ratepayers many of whom are on fixed incomes.

The impact of this three-year programme on the respective communities is outlined on page 10 of this Annual Plan document.

This model signals Council's commitment to a District-wide rating approach for its services – similar to that already in place for the District's libraries.

Changes have been made to the way services are provided for Civil Defence and Rural Fire responsibilities in Tauranga and Western Bay. These changes have added an additional \$215,000 to Council's 2014/15 costs – Civil Defence \$185,000 and Rural Fire \$30,000.

Other key decisions in this year's Annual Plan:

- \$185,000 for the Omokoroa Sports Ground development with \$115,000 allocated for two tennis courts and \$50,000 for a skate park.
- \$20,000 for Omokoroa Point School for the resurfacing of its community tennis courts.
- \$190,000 reallocated from a proposed toilet block on Queen Street, Te Puke to a skate park for the town.
- \$100,000 to repaint pools at the Te Puke Pool complex - this will be recovered over five years from the targeted pool rate charged.
- \$40,000 additional funding for the Te Puke Economic Development Group boosting its annual funding to \$130,000 (performance based) from the \$90,000 proposed in the Draft Annual Plan.
- \$10,000 for a Waihi Beach part-time public relations and marketing service to promote the beach as a tourist and holiday destination.
- \$4,000 for the Tauranga Arts Festival.
- \$8,400 annually for an extra week's professional lifeguard service at Bowentown, Pukehina and Maketu. Extension of the Surf Lifesaving New Zealand contract to three years.
- \$10,000 to Tauranga Safe City.

I thank all those ratepayers who took the time to submit to this year's Annual Plan - your input helped guide our final decisions.



Ross Paterson
Mayor
Western Bay of Plenty District

OUR COUNCIL



Ross Paterson
Mayor



Cr Gwenda Merriman
Deputy Mayor
Kaimai Ward



Cr Don Thwaites
Kaimai Ward



Cr Garry Webber
Kaimai Ward



Cr Margaret Murray-Benge
Kaimai Ward



Cr John Scrimgeour
Maketu - Te Puke
Ward



Cr Karyl Gunn
Maketu - Te Puke
Ward



Cr Kevin Marsh
Maketu - Te Puke
Ward



Cr Sue Matthews
Maketu - Te Puke
Ward



Cr Mike Williams
Waihi Beach -
Katikati Ward



Cr Peter Mackay
Waihi Beach -
Katikati Ward

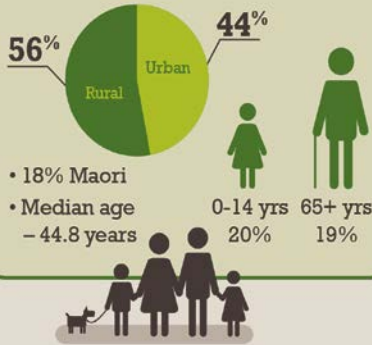


Cr Ross Goudie
Waihi Beach -
Katikati Ward

ABOUT THE WESTERN BAY

OUR PEOPLE

Population 46,110



OUR LAND

- 212,000 hectares
- 202 kilometres of harbour
- 55 kilometres of ocean beach
- Outstanding soil conditions that grow a basket of 'super foods' – from Kiwifruit to some of the world's highest grade dairy, beef and lamb products

OUR OPERATIONS

2014/2015 Budget

\$75,080,000 Total operating costs

\$79,746,000 Total income

\$21,302,000 Total capital expenditure

\$54,920,000 Rates income



OUR COMMUNITIES

- Rich tapestry of small, thriving communities
- Three wards – Katikati/Waihi Beach, Kaimai, Maketu/Te Puke
- An incredibly strong sense of place, resilience and ability to adapt
- An expectation to engage at a community level – grass roots, town hall, road side

OUR PROPERTIES

Average 2014/2015 property value examples

16,941 occupied dwellings (84.3% of total dwellings)

4,000 vacant rural lots



Urban residential land \$245,000; capital \$435,000



Industrial: land \$380,000; capital \$919,000



Dairy farm: land \$3,005,000; capital \$6,220,000



Orchard: land \$875,000; capital \$1,990,000



Lifestyle block: land \$405,000; capital \$610,000

SUPPORTING COMMUNITIES

Governance

- Community Boards
- Community Committee
- Tangata whenua Committee/Forum
- Ratepayer Associations
- Key stakeholder groups



Operations

- Dedicated community development team working across the 'well-beings'
- Community development work programme integrated across council operations – from the Long Term Plan to staff performance agreements
- 20 year development plans that are 'developed and owned' by the community

OUR CUSTOMERS

Ratepayers 20,207

73% Connected to council water supply

41% Connected to council wastewater treatment and disposal

- Travel on 122 kilometres of state highway and 1,040 kilometres of local roads



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 review 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.

Project variances of \$50,000 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 2014/15 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 relate 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

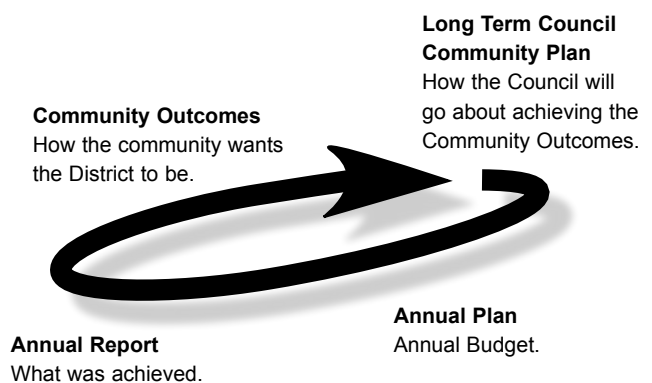
- ▶ Natural environment
- ▶ Wastewater
- ▶ Solid waste

Supporting our economy

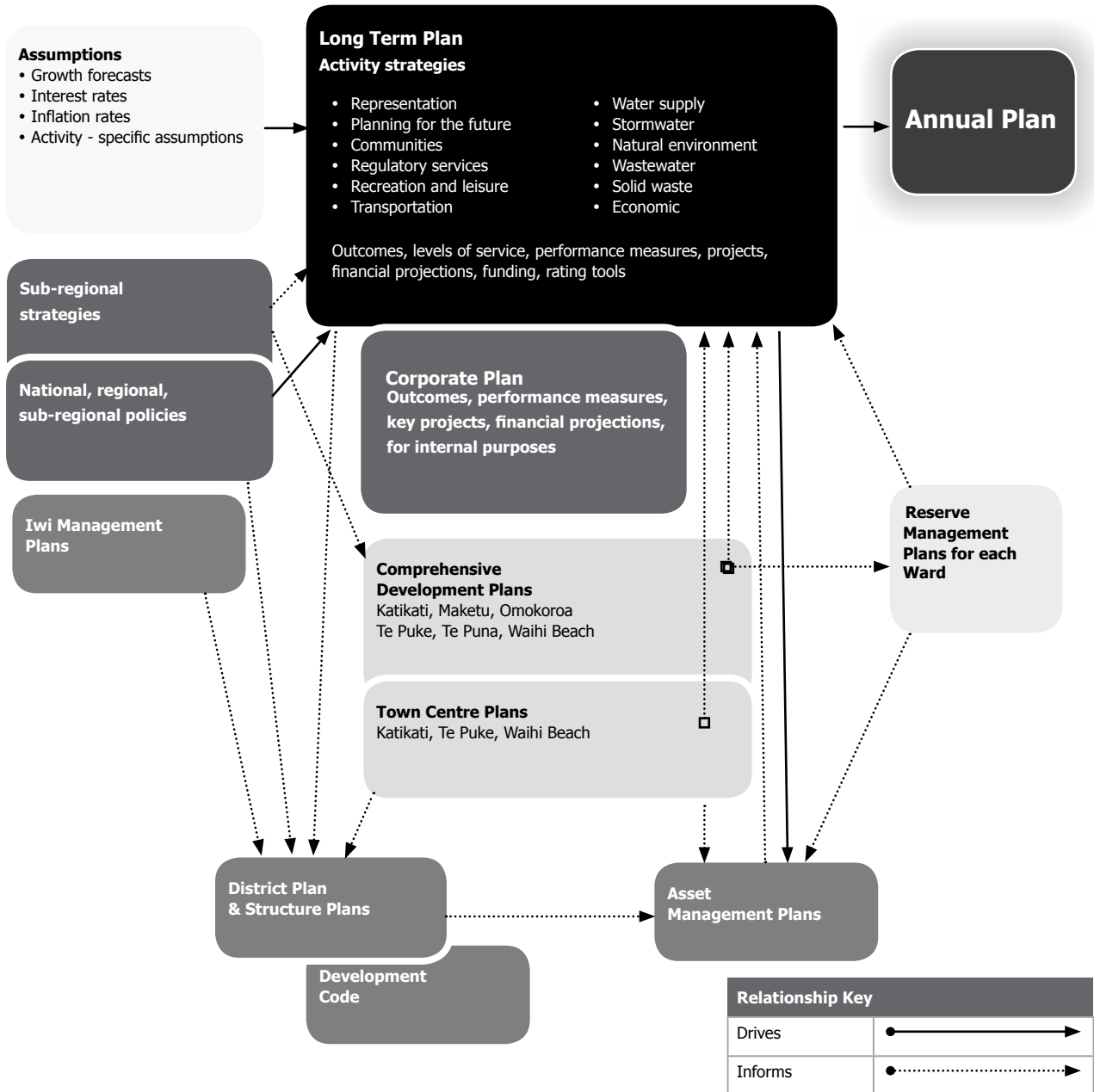
- ▶ Economic

Support services

Bringing the planning process together



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.

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 28 April 2014 and during that time we heard from about 371 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.

Wastewater and water Uniform Annual Charge (UAC) amalgamations

What submitters said

The responses received were split between being in favour of a single charge for water and a single charge for wastewater using a variety of options. The current method of charging had a small majority. A number of submitters were concerned that the increase in the charges over one or two years was too steep. Others were against combining the charges as it was seen by them as subsidising other areas of the District.

What Council decided

After considering the submissions and taking into account some of the concerns raised, the Council decided to have one rate for water and one rate for wastewater to be ramped in over a three-year period. The rationale for this was that Council has given a commitment to move towards district-wide rating. Combining the charges over three years would reduce the impact to those areas facing increases and allow updated thirty year asset management planning to determine the final charges in 2016/17.

Transfer of Powers and responsibilities for the Kaituna River to the Bay of Plenty Regional Council

What submitters said

A significant majority of the submitters supported Council transferring the complete powers, functions and responsibilities for the Kaituna river to the Bay of Plenty Regional Council.

What Council decided

Council has agreed to transfer the powers, functions and responsibilities for the Kaituna river to the Bay of Plenty Regional Council. The works provided for under the Kaituna River District Act 1926 are already funded as part of Bay of Plenty Regional Council's core business through both the Natural Hazards and Natural Resource Operations Groups. The timing works well with the re-diversion of the Kaituna river. This decision formalises what has been in place for many years in terms of the Regional Council managing the Kaituna river.

Katikati Heritage Museum

What submitters said

A large number of submissions were received both in support and in opposition to the proposal to provide \$65,000 of rates funded financial support to the Katikati Heritage Museum. There were also a number of submissions that made alternative suggestions to funding the Katikati Heritage Museum from existing Council budgets without impacting on rates.

What Council decided

After the Draft Annual Plan was adopted and the period for making submissions had concluded the Museum Trust closed the Museum on 14 May 2014. This was due to continued financial difficulties and the Museum Trust is now working with its bank to sell the property. Council has secured the Museum collection on behalf of the community and is intending to ask the community what they would like to see happen with the collection in the future. This will form part of the 2015-25 Long Term Plan.

As a result of the Museum closing Council has decided not to rate fund the \$65,000 as originally proposed. Any costs associated with protecting, cataloguing and storing the Katikati Heritage Museum collection will be met from existing reserves.

Update on other Council activities

Council Fees and Charges

There is only one significant change to Fees and Charges in the 2014/15 Annual Plan. The Sale and Supply of Alcohol Act 2012 has legislated new fee types and charges for liquor licenses. Council has no discretion to amend those charges.

For more information on proposed fees and charges please visit www.westernbay.govt.nz