



Our Direction
Te aronga whakamua

OUR VISION, COMMUNITY OUTCOMES AND PRINCIPLES

*Tō tātou Kitenga, ngā Hua,
me ngā Tikanga o te Hapori*

Vision

The Vision guiding the Council's work and this Long Term Plan is for the Whakatāne District to be the place of choice for people to live, work and play. In achieving this Vision our community will be safe and surrounded by people who are friendly and caring; businesses will be thriving; there will be respect for, and pride in our history; and we will be successful guardians of our natural environment.

Community Outcomes

Our Community Outcomes (set out on the following pages) provide greater detail to the Council Vision. They are a high-level set of desired goals that we aim to achieve. The Community Outcomes seek to improve the social, economic, environmental, and cultural well-being of our District, now and for the future. The Council uses the Community Outcomes to guide and inform planning processes and the setting of priorities, and help us focus on a long-term Vision for the District.

Principles

Our LTP is guided by a set of overarching principles, as set out below. While the Vision and Community Outcomes focus on what we aim to achieve, the Principles guide how we will work.

***Takohanga* - RESPONSIBLE**

We'll work together with the community to prioritise essential core services and manage our assets prudently.

***Whakauka* - SUSTAINABLE**

We'll manage our assets and activities in a way that does not compromise the environmental, social, cultural, or economic wellbeing of the community, now or into the future.

***Whakamana* - ENABLING**

We'll take opportunities to encourage and support activities which will grow the vibrancy, vitality and prosperity of our District.

***Ka tāea te utu* - AFFORDABLE**

We'll be responsive and sensitive to the issue of rates affordability across the District.

COMMUNITY OUTCOMES

Ngā Hua o te Hapori



Effective Leadership

Striving for our future and well-being

- Be visible, strong, have a clear vision and listen to all sectors of the community
- Work in partnership with Iwi and the community
- Ensure accountability to the community through transparent, open and inclusive decision making
- Respond and advocate on community issues.



Sustainable Economic Development

Working in partnership

- Facilitate an economy that is prosperous in both urban and rural areas
- Encourage business growth that builds on the region's assets
- Support Māori economic development
- Promote connected businesses through effective networks.



Community Needs

A caring community

- Create vibrant, connected and safe communities
- Support healthy, active communities
- Build inclusive communities
- Value, celebrate, promote and protect Māori culture.



Quality Services

Excellent value for money

- Provide services that meet the aspirations of the community
- Ensure all customers are dealt with in a timely, helpful and friendly way.



Valuing our Environment

Sustaining for future generations

- Sustainably manage the natural and physical resources
- Recognise and protect places of natural and cultural heritage
- Proactively plan for growth and ensure the effects and costs are managed.



Reliable and Affordable Infrastructure

Meeting current and future needs

- Provide infrastructure that facilitates growth and development
- Sustainably manage community assets
- Ensure people, infrastructure and the environment are protected from natural disasters.



KEY PRIORITIES FOR THE COMING TEN YEARS

Ngā take whakahirahira mō ngā
tau tekau e heke mai nei

The coming ten years will present some major challenges and opportunities to our District as we continue to work towards achieving our Community Outcomes.

Over time, these challenges and opportunities change, as do the needs and expectations of our communities. As part of developing our Long Term Plan, we checked whether our vision and priorities are still relevant, or if we need to adjust our focus and efforts.

Through this process we worked with user groups, stakeholders, businesses, iwi, and the wider community. We reviewed what the community has been telling us through our annual 'Communitrak' surveys and through the Whakatāne Ki Mua Community Vision project. We reflected on the feedback that we have received over recent years through other channels like requests for service and consultation on specific projects. And we undertook a community consultation campaign specifically to inform key decisions on priorities, projects and services in the Long Term Plan.

We have organised the resulting priorities into four key focus areas, as set out on the following pages. Each key focus area includes a summary of the key challenges and opportunities we face and how we intend to respond

RESILIENT PEOPLE AND PLACES

We want to make sure our communities are able to withstand difficulties and recover from adversity quickly.

VIBRANT COMMUNITIES

We want to work with the community to make sure our District continues to be vibrant, engaged, and connected.

THRIVING ECONOMY

We want our District to continue to experience economic development and growth.

RESPONSIBLE MONEY MANAGEMENT

We want to find the right balance between the level of services we provide and what they cost.

Community feedback helped to determine priorities and inform decisions about projects and services

Your feedback has been valuable in finalising a Plan that balances the various priorities of our communities.

We appreciate the time and effort people have taken to engage in these important processes. We also acknowledge that this LTP is a moment in time and that our conversations need to continue to make sure we continue to head down the right track.

WHAKATĀNE KI MUA
COMMUNITY VISION

We reviewed the ideas and concerns raised through engagement on the Whakatāne Ki Mua community vision

In 2017, a major community vision engagement process resulted in over 18,000 comments and ideas being generated from people, groups and organisations across the District. This process told us what our communities love about our District, and what they see as the top challenges and opportunities.

The feedback told us that community cohesion, community spirit, the lifestyle, and natural environment were foremost amongst the things we love and want to retain for our District.

The greatest challenges were dominated by social issues, including gangs, crime prevention, and employment opportunities. Natural hazards and civil defence preparedness also featured, given the timing of flood events in Edgecumbe.

A huge number of ideas were contributed - for walking and cycling, for recreation and entertainment, for retail opportunities, for sustainable living and for use of our parks, reserves and open spaces for example. We reviewed this feedback in the development of this Long Term Plan.

More information about this project is available on the website: whakatanekimua.nz.

We reflected on the findings and comments from our annual 'Communitrak' residents survey

Every year we undertake a random sample survey of residents in our District, asking them about their experiences and views on Council services and facilities. This allows us to track the changes in levels of community satisfaction with our services over time, and provides insight into our community's priorities.

Over time the Communitrak survey has consistently shown a high community priority placed on business, tourism and events related activities as well as the need for increased stormwater protection (feedback that shown to intensify in correlation with flood events), and improving drinking water quality and public toilets, for example.

Information from the survey has fed into the development of our LTP and is also a crucial part of our performance monitoring framework.

Our Communitrak Survey reports can be found on our website: whakatane.govt.nz.



WE READ AND LISTENED TO THE FEEDBACK RECEIVED ON OUR LTP COMMUNITY CONSULTATION

Formal community consultation on our LTP was held from March to May 2018. Through this process, we listened to your feedback at open days, public events and workshops. We read the comments provided through workshops, on Facebook and on our brainstorm boards. We read the 209 formal submissions that were received, and we held a full day and evening of hearings to listen to the submitters who wanted to present their submission in person.

In total 883 various submission points were raised. You told us what you liked and did not like about the proposals that we were looking to include in our Long Term Plan, and providing insight into the things you consider are important for the future of our District.

Feedback from community consultation has influenced our decisions as we finalise this Long Term Plan. Some of the examples include:

- Delaying the equalisation of rating costs for Murupara water and wastewater schemes until there is greater clarity around future upgrading works and costs.
- Confirming the increase in funding towards tourism and events, to work towards increasing the economic benefit of these activities to our District.
- Setting aside some of the funding from the sale of the Opihi land block towards the development of a possible walk and cycle bridge linking Whakatāne township to Opihi/Coastlands.
- Including funding to support waste management education and projects by Community Resources Whakatāne (CRew).
- Trialling a reduction of opening hours of Te Kōputu a te whanga a Toi (Library and Exhibition Centre) on Sundays over the winter months of the year to save costs.
- Seeking grants funding to undertake investigations into the costs of installing, maintaining and operating a removable roof to allow year round swimming in the outdoor pool at the Whakatāne Aquatic Centre - to inform consideration of the project in the 2019/20 year.
- Establishing a partnership facilitation fund of \$50,000 to support community groups that are seeking to provide community facilities, such as the development of a Mountain bike park, the extension and upgrade of the Whakatāne skatepark and options for the future use and amenity of Bob Byrne Park in Ōhope.
- Providing budget to support the continued coordination of the Whakatāne Ki Mua community vision and collaboration project.
- Increasing funding to the Annual Grants budget in response to the Surf Lifesaving Submission for an extension of the regional lifeguard service within the District.
- Sealing the access way to the Galatea Cemetery.
- A reduction in the average rates rise across the District, to 3.83% (down from 3.99%)



VIBRANT COMMUNITIES

Ngā hapori whitawhita

We are privileged to live in an area of such natural beauty and rich cultural diversity. Survey results consistently show that our communities regard their quality of life much higher than the New Zealand average.

Much of Council's work contributes towards the vibrancy of our communities. We provide services for recreation and leisure. We work to connect people to places, and to each other. We advocate and work to address some of the social challenges facing our communities and District. Much of this work is in partnership with others.

Over the next ten years, we will continue to work with individuals, community organisations and government agencies to ensure that our District retains its vibrancy and vitality and offers the quality of life we all enjoy. While we intend to keep providing most services at the current level, we are proposing to work in partnership on some carefully considered service improvements to ensure we continue to meet the needs and aspirations of our communities.





Whakatāne Ki Mua

The situation:

In 2017 we initiated Whakatāne Ki Mua – a community vision and collaboration project. The project aims to bring people, groups and organisations together to help progress the things they think are important for their communities. Around 3,000 people participated in the engagement phase of Whakatāne Ki Mua, providing over 18,600 comments and ideas.

Our plan:

The Council has provided funding to continue the coordination of Whakatāne Ki Mua. Whakatāne Ki Mua is providing a platform for many community ideas and priorities to gain greater support, visibility and momentum. Whakatāne Ki Mua has helped to initiate or support a number of community-led groups and projects like the Disability Action Group, Bike Whakatāne, the Homelessness Action Team, Green Print Whakatāne, and Neighbours Day events, to name a few.

A cross sector forum has also been established and is bringing together local government entities, Central Government departments, iwi and other key stakeholders to collaborate on common priorities in response to community feedback.

Walking and cycling development

The situation:

Our communities continue to show demand for walking and cycling opportunities. This includes both for recreation purposes and generally as an alternative mode of transport. As well as benefiting locals, walking and cycling facilities also help to enhance the Whakatāne District and wider Eastern Bay of Plenty region as a visitor destination.

Our plan:

We have scheduled a review of the Whakatāne and Ōhope Walking and Cycling Strategy for the 2018/19 year. This will guide walking and cycling initiatives within our main urban areas and inform funding applications to the New Zealand Transport Agency and other partners.

We are also working in partnership with neighbouring Councils on an Eastern Bay of Plenty cycle trail linking the region's main communities and traversing areas of high amenity value, including coastal reserves, rivers and lakes.

As part of this trail, we have received funding from Central Government to complete a business case investigating an extension of the Mōtū trails route through to the Whakatāne Airport. We have also developed a \$1 million fund, in partnership with the developers of the Opihi land block, towards the possible development of a walk and cycle bridge linking Whakatāne township to Opihi/Coastlands.

Museum and Research Centre project

The situation:

The Whakatāne Museum and Research Centre Redevelopment is the second stage of Whakatāne District Council's major Arts and Culture Project. The Museum and Research Centre Redevelopment responds to longstanding issues with storage, climate control, access and building integrity. The first stage, Te Kōputu a te whanga a Toi (the Whakatāne Library and Exhibition Centre) opened in June 2012 and combines a public library, a museum display area and three art gallery spaces for changing exhibitions.

Our plan:

The new Museum and Research Centre is expected to open in September 2018. The opening will be preceded by a significant amount of work to return our taonga and collections to their new home and to prepare for the provision of new services. The opening will see the delivery of a multi-functional community asset with the necessary conditions required to protect and preserve our past. It will provide research and education spaces for schools and individuals to engage with our historic and growing collections.

Upgrade of the Whakatāne boat ramp area

The situation:

The Whakatāne boat ramp and trailer park area at Wairaka is a major asset for locals and visitors. The Council is planning to upgrade the area, with a key concern being user health and safety. This also provides the opportunity to make improvements requested by users of the parking area and port structures, and members of the public.

Our plan:

A concept plan for the upgrade of the Whakatāne boat ramp area was drafted with input from key stakeholders. The plan was open for general community feedback alongside the LTP receiving general support and some suggestions and ideas for changes. The project is due for construction in the 2018/19 year with costs to be met from the Harbour Fund. Amongst a number of improvements, the upgrade of the boat ramp area will provide better parking facilities, a wash down area, improved boat lift out facilities, a restricted wharf front loading area and improved safety associated with adjacent walking and cycling routes.





Redevelopment of the Whakatāne District War Memorial Hall

The situation:

The Whakatāne District War Memorial Hall is well used but lacks the facilities and appeal to cater to some major events and conferences. The interior is outdated and earthquake strengthening work is required to parts of the building. The project was included from 2017-20 in our previous LTP to redevelop the Hall into a modern, flexible facility catering for events, conferences, indoor-sports and theatre activities.

Our plan:

Investigations have commenced into the project scope, including initial consultation with regular Hall users. The project will continue into this LTP but the project timeframes have been extended to 2019-26. Council reconsidered the timing of the project to help keep our LTP affordable in the context of other major priorities.

A budget of \$10 million is included for the project with substantial portion of this needing to be secured from funding partners before going ahead with construction.

THRIVING ECONOMY

Te ōhanga e puāwai ana

People who live in and visit our District know that it offers some amazing lifestyle and business opportunities. This is increasingly being recognised by others, especially when it comes to tourism. We are seeing considerable growth in visitor numbers and an associated financial return for local businesses. We know that our District offers many more opportunities for economic growth and job creation. We want to continue to work in partnership with the community and other stakeholders towards a District where our people and businesses thrive.





Growing tourism and events

The situation:

Our District continues to grow in popularity as a tourist destination. A strong theme through LTP submissions, Whakatāne Ki Mua and our annual community surveys is a desire for increased funding for tourism and events. For the year ended April 2018, our annual visitor spend was \$131 million, an economic contribution which has grown from less than \$100 million in 2013. While tourism products and accommodation make up some of this spend, over 50% is with other local retail – such as food and beverages for example. The growth in tourism is also reflected in data for commercial accommodation which shows that visitor nights have grown from under 200,000 in 2013 to nearly 300,000 in 2018.

Our plan:

We are committed to encouraging our businesses and communities to thrive. We have responded to community feedback by allocating an additional \$150,000 towards events and tourism in this LTP. We support and seek out events that will have both a community and visitor appeal and includes a focus on arts, food, sports and lifestyle. These types of events bring in immediate economic benefits and positive media, which entices more visitors to the district.

Developing the port and waterfront

The situation:

The ageing Main Commercial Wharf on the Whakatāne River is in significant disrepair and the wider port environment does not cater adequately for the needs and demands of its current users. Commercial and economic development opportunities are constrained by the lack of available facilities and the port environment cannot accommodate existing needs or meet current business aspirations.

The Main Commercial Wharf was originally built for cargo handling at a time when there was less need for ease of access, compared to present day requirements. A part of the wharf is more than 100 years old and structural assessment reports confirm that it requires urgent replacement.

Our plan:

We have included \$6 million for a 'like for like' wharf replacement in this LTP. While a new wharf structure needs to provide for unmet demand for commercial berthage, now and in the future, the location, design and scope of replacement options has the potential to create a vibrant new waterfront area which will transform the Whakatāne town centre. The Council are working closely with Te Rūnanga o Ngāti Awa and Ngāti Awa Group Holdings on this project to align with their cultural and commercial interests in the area.

Providing for residential growth and development

The situation:

The Whakatāne District population is currently 34,600. In the past 2-3 years, we have experienced an increase in population growth. This is expected to continue into the future, due to our lifestyle attraction and major economic development opportunities currently being progressed across the Eastern Bay of Plenty.

Our plan:

In response to likely demand, a number of residential development opportunities are already well underway by private developers. The sale of Council's land block at Opihi will provide further residential and retirement opportunities.

We are currently progressing a Development Strategy for the Whakatāne District which will provide direction for sustainable growth and development. It will assess the residential and business development capacity requirements by taking a number of different approaches. The Development Strategy will consider a 30 year timeframe, with an emphasis on providing direction for the next 10 years.

Enhancing the District's White Island/Whakaari Brand

The situation:

White Island/Whakaari is an international tourism attraction for New Zealand. Currently, more than 20,000 people visit the island every year and 80% of these are international visitors. Tourism New Zealand is now marketing White Island/Whakaari as an iconic attraction and the island receives global media attention. The uniqueness of the White Island/Whakaari experience is a point of difference that no other region in New Zealand has. Whakatāne's status as a Gateway to White Island/Whakaari can be leveraged to draw more international and domestic travellers. The consistent message we are getting from industry experts is that White Island/Whakaari is the 'jewel in our crown' and that if we embrace this opportunity, it will provide a significant step change in Whakatāne's tourism economy.

Our plan:

Whakatāne District Council has developed the 'White Island/Whakaari Tourism Project', which will investigate the economic opportunities that can be generated by using White Island/Whakaari as the cornerstone tourism attraction and key promotional tool for Whakatāne. This work will be undertaken with operators and the wider tourism industry. There is an opportunity to utilise a unique tourism product to benefit the business sector and the community. An expansion for White Island Tours, White Island/Whakaari Experience Centre, and improved passenger access are among some of the potential tourism plans that will help boost our waterfront economy.





Supporting iwi-led development opportunities

The situation:

A number of iwi have areas of interest that fall within the Whakatāne District. Ngāti Awa, Ngāti Manawa, Ngāti Tūwharetoa Ki Kawerau (Bay of Plenty), Ngāti Whare, and Ngāi Tūhoe have reached settlements with the Crown, with four of these settlements being reached in the past five years. Ngāti Rangitihī is currently in negotiations with the Office of Treaty Settlements. Post-settlement iwi are leveraging off their strengths and asset base to support and advance their economic opportunities. Council has a role to support these aspirations.

Our plan:

We will continue building collaborative relationships to support iwi-led development. Work is ongoing, and as any new iwi-led projects and initiatives arise, we will explore how we can best work together. Examples include collaborating with Te Rūnanga o Ngāti Awa on the wharf development, supporting Tūhoe Te Uru Taumatua and Te Urewera Board on the Nature's Road/ SH38 project, the Ngāti Manawa water bottling opportunity, supporting Ngāti Whare's nursery and redevelopment of Minginui, and supporting various iwi in pursuing cultural and ecotourism aspirations.

The 'Supporting and encouraging Māori to contribute to Council decision-making' section of this LTP contains further information on Council and iwi partnerships.

Supporting and partnering with our Eastern Bay of Plenty neighbours - Ōpōtiki and Kawerau

The situation:

The districts in the Eastern Bay of Plenty share a number of common aspirations. Alongside our neighbours, Ōpōtiki and Kawerau, we want to realise our economic potential, while creating employment opportunities and positive social outcomes. Our proximity to our neighbours means that positive economic outcomes often have mutual benefits to the whole Eastern Bay of Plenty region.

Our plan:

We are working with our neighbouring districts both directly and through Toi-EDA (the economic development agency for the Eastern Bay of Plenty). The aim is to harness our collective strengths and aspirations for development. Ōpōtiki has identified aquaculture and horticulture development as key priorities, and Kawerau has key projects in dairy, wood manufacturing, geothermal and industrial development. Whakatāne, with its strong tourism focus on leveraging White Island/ Whakaari, also stands as a service centre for growth that is occurring in adjoining districts. If we work towards our priorities together, it will result in economic and employment benefits across the Eastern Bay of Plenty.



RESILIENT PEOPLE AND PLACES

Ngā tāngata me ngā wāhi manawaroa

Our District will face a number of significant challenges over the next few years and beyond. These include managing the effects of natural hazards and climate change, maintaining a safe and secure water supply network, and making sure that all of our infrastructure (things like buildings, pipes, and roads) works well, meets your needs, and fulfils our legislative requirements. Our work will help to ensure that people, places, and resources are resilient – that means that they are able to withstand or recover quickly from difficult situations.





Upgrading wastewater treatment systems

The situation:

The resource consents for the Whakatāne, Edgecumbe, Tāneatua and Murupara wastewater treatment systems all expire on 1 October 2026. To continue to deliver wastewater systems we will need to apply to the Bay of Plenty Regional Council for new consents. Because technology and environmental standards have changed over the years, the new resource consents are very likely to require changes to the way our treatment plants operate.

Our plan:

We'll start applying for new resource consents during the 10 years of the 2018-28 Long Term Plan. We won't know exactly what changes need to be made to our treatment systems until we start the resource consent process, but we have budgeted for the types of upgrades we're expecting will be required. As we learn more about what we need to do, we'll ask the community to help us make decisions about these projects. Over the next 10 years we have budgeted \$4 million to replace our wastewater resource consents and \$14 million to begin wastewater treatment system upgrades. We have currently indicated a further cost of \$46 million (in our 30 year Infrastructure Strategy) falling beyond the coming ten years to continue these upgrades.

As part of our consultation on the LTP we asked for feedback on equalising the rates costs of Murupara's water and wastewater. With the timing of the projects to improve Murupara's water and wastewater currently being reconsidered we have decided to delay equalisation of rating costs until we have more certainty.

Project update - Finding funding for the Matatā and integrated wastewater solution:

Our initial plans sought to develop a new wastewater scheme in Matatā in 2015-2017, but the resource consent for this project was overturned by the Environment Court. We're now proposing an alternative 'integrated wastewater system.' This would pipe raw sewage from Matatā to Edgecumbe for treatment, and then to Whakatāne for discharge.

This proposal makes the most of our existing infrastructure, requires minimal changes to existing resource consents, and also provides improvements for Edgecumbe and Whakatāne. It would cost about \$32 million. Because of the high cost, this project can only be progressed if we are able to confirm external funding support. We will continue ongoing discussions with Central and Regional Government to help fund this project. If funding is received, we will consult with the community about options for this significant project.



Finding an alternative water supply for Whakatāne and Ōhope

The situation:

Currently, water for Whakatāne and Ōhope comes from the Whakatāne River. The quality of the water can be affected by high turbidity and by saltwater intrusion. It is a risk to continue to rely on this supply alone, particularly as we experience more extreme weather patterns.

Our plan:

The most cost-effective solution would be to develop a number of shallow wells along the Whakatāne River, upstream of the current water treatment plant. We've included \$300,000 in the budget for 2018/19 to investigate this option. If that investigation is successful, we will spend just over \$2 million the next year (2019/20) on developing the wells. If the investigation is not successful, we will need to look at other options.

Making sure water is safe to drink

The situation:

The focus on drinking water safety has increased following the Havelock North drinking water contamination event in August 2016. It is very likely that at some point in the near future, Central Government will require councils across the country to upgrade their drinking water safety standards, which could include mandatory chlorine treatment.

Our plan:

Our LTP budget includes \$1 million for specific water safety-related projects across a number of Council schemes.

Amongst these projects, the Murupara water supply has been identified as having an elevated risk because it is currently not chlorinated. Following a strong plea from the Murupara community, the Council recently made a decision not to chlorinate this water supply. An alternative option will install backflow prevention to help manage some risk within this reticulation system.

We will continue to work closely with Toi Te Ora Public Health drinking water assessors and our communities to implement any necessary changes to our systems.

Strengthening earthquake-prone buildings

The situation:

In the wake of the recent Canterbury and Kaikoura earthquakes, many communities around New Zealand are dealing with earthquake-prone building regulation. Central Government direction has tasked local authorities with the responsibility of ensuring buildings are assessed and strengthened to reduce the risk to people and property during earthquakes. Initial evaluations indicated that 67 percent of buildings in the Whakatāne CBD are potentially earthquake-prone, meaning those buildings may not meet the required standards.

Our plan:

The challenge of dealing with earthquake-prone buildings is complex and potentially costly for building owners. The Council has implemented an Earthquake-prone Buildings Programme to guide and coordinate a response to this issue. As part of this programme the Council has undertaken a nationally recognised Ground Study and is coordinating and project managing building assessments to simplify the process and reduce the costs to private building owners.

A number of Council's own buildings and facilities require earthquake strengthening including for example the Civic Centre Building and the Whakatāne District War Memorial hall.

Coordinating a response to climate change and natural hazards

The situation:

The world's climate is changing. Trends are for a warming of average temperatures, rising sea levels and increased frequency and intensity of weather events. The impacts of climate change have far reaching implications for our society and economy that we need to consider and respond to.

The flood events in April 2017 are an example that we live in a District that is very vulnerable to natural hazards. The increasing effects of climate change are making this a growing concern.

Our plan:

We are continuing work that responds to climate change on a number of fronts. Work will continue under this LTP on a number of projects to increase the capacity of our urban stormwater systems. We have also approached the Bay of Plenty Regional Council requesting that they work closely with us on the review of their river schemes and flood catchments. A Climate Change Action Plan is being developed at the time of writing this LTP and will help to guide a collaborative response to this challenge. It will also consider how as a Council and a community, we can reduce our impact on the environment. The potential impacts of climate change are also key considerations in our District Plan and our Infrastructure Strategy.

Project update - Managing risk in the Awatarariki stream fan head:

The Matatā township was struck by devastating debris flows in 2005. Initial plans for an engineering solution to reduce risk for residents living near the Awatarariki Stream were eventually abandoned in 2012, because experts assessed this to be unworkable and unaffordable. Independent hazard and risk assessments have confirmed that the risk to life and property along parts of the lower Awatarariki Stream is unacceptably high. The most effective way to reduce risk is a 'managed retreat', to enable property owners to relocate away from the high-risk area. A case to support funding of this option is being pursued with Regional and Central Government, as it would be unaffordable for our District without support from these partners.

RESPONSIBLE MONEY MANAGEMENT

Te Haepapa Whakahaere pūtea

We are mindful of the need to balance affordability with all the work needed to help our communities be resilient, vibrant and thriving.

The LTP is all about deciding priorities within financial limitations and ensuring that we remain financially sustainable – that's why we set limits for rates increase and for the amount of debt we use to fund things.

Consultation on our LTP asked for feedback on our balance of rates affordability versus doing more for our communities. It's a balance – we could deliver more, but that would require more money, including from rates, loans and other sources. On the other hand, we could look to keep costs lower, but this would require us to reduce or cut services. In general, the feedback was split between keeping the balance of costs and services at about the level they are now, or, to deliver more, even if this meant an increase in rates or debt. Very little feedback suggested we should reduce services and projects to cut costs. This is in keeping with the messaging we get annually through our 'Communitrak' residents survey.

For more information, our Infrastructure Strategy, Financial Strategy and Revenue and Financing Policy are included in the Strategies and Policies section of this Long Term Plan.

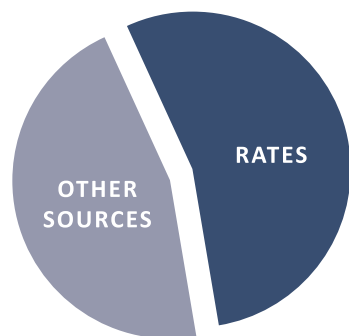
AMOUNT OF
FUNDING WE
NEED OVERALL

1. OUR BUDGET SETTING PROCESS IMPACTS RATES AFFORDABILITY:

As we developed the LTP we made choices about projects and services that we will deliver and others that do not make the cut. The amount that we spend and how we spread these costs over time (such as through loan funding) has a direct impact on what rates will be. Our overall budget setting process works within limits that we have set for rates and debt.

Many of our priorities in this LTP are 'must do' items. Outside of those things, we will continue to deliver most services at the current level, unless we can find ways to make improvements with minimal cost to ratepayers.

We will also continue to review the way our services are delivered including those delivered through contracts. We look for more efficient, productive or innovative ways to deliver services.

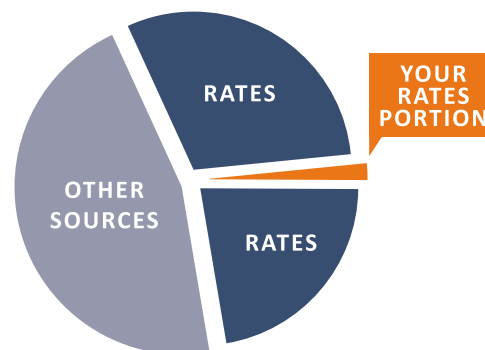


2. THE AMOUNT OF FUNDING WE ARE ABLE TO GET FROM OTHER SOURCES IMPACTS RATES AFFORDABILITY:

We will source as much funding as we can from external sources like the Regional Growth Fund, Ministry of Health, NZ Transport Agency, the Lotteries Commission, local partnerships and others. This helps to minimise some of the costs to ratepayers. Rates usually make up around 65-70% of our funding.

For a number of key projects, we will only proceed on the basis that a certain amount of external (non-ratepayer) funding has been secured.

We will also look to benefit from the Harbour Fund, but continue to manage this for long term sustainability.



3. OUR SYSTEM OF RATING IMPACTS RATES AFFORDABILITY:

In our District we have 15,617 rateable properties. Our “rates requirement” is divided amongst these properties and the amount of rates charged is different for each property. These differences are based on a balance between the capital value of the property, and on the services those property owners can access or are likely to benefit from.

To see what rates could look like for your property in the 2018/19 year, have a look at the ‘Indicative Rating Examples’ included later in this Long Term Plan.



4. OUR DAY TO DAY FINANCIAL MANAGEMENT IMPACTS RATES AFFORDABILITY:

Staying within the budgets that have been set for any given year, is a key part of rates affordability. This is because cost overruns in one year can cause a rating deficit which would need to be recovered in the following year or years.

We will continue our disciplined approach to day-to-day financial management to make sure we finish each year in a strong financial position.

When unexpected costs happen, we will always try to accommodate these within existing budgets first, to avoid or minimise budget overruns.

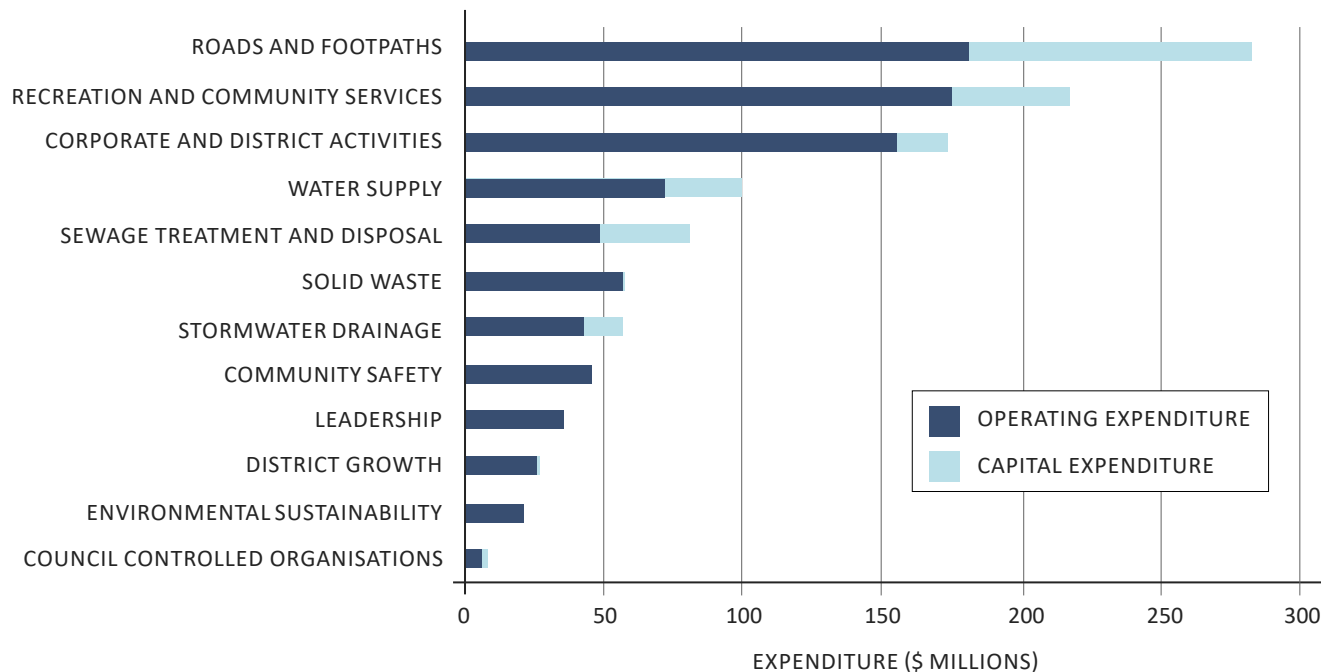
While unforeseeable events, such as storms, are difficult to plan for, we will continue to set aside some reserves to help meet the costs of emergency response and reinstatement work.

The total cost of delivering services and facilities to our communities and District for the coming ten years is \$1.1 billion.

This includes:

- \$867.9 million of operating expenditure – this is the day-to-day costs of delivering our services, maintaining existing assets, or other expenditure that does not buy or build a new asset (e.g. maintaining our parks and reserves).
- \$237.5 million of capital expenditure - this is the cost of buying or building a new asset, renewing an existing asset, or improving an asset to deliver a better service.

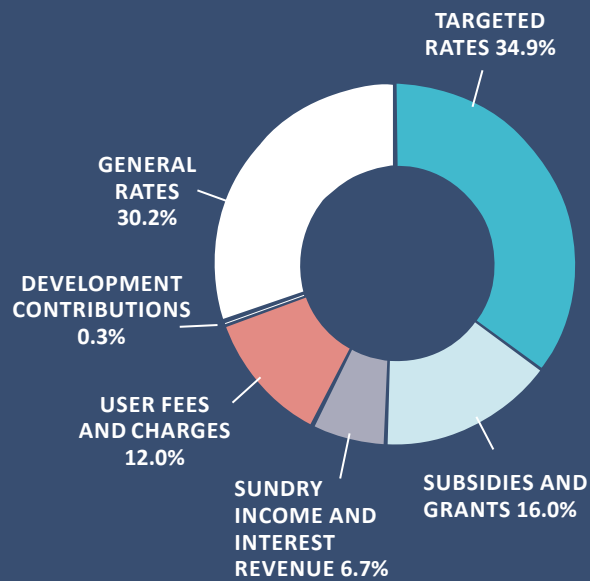
TOTAL EXPENDITURE BY GROUP OF ACTIVITIES 2018-28



This graph shows the amount of expenditure on each of our Groups of Activities in total for the coming ten years. More information about each of our activities, including why we do them and what we will work on, can be found in the "Our Work In Detail" chapter of this LTP

We don't get all of our income from rates

Rates typically provide between 65 and 70 percent of the revenue required to pay for Council services and facilities. Other funding sources include user fees and charges, subsidies, grants and development contributions.

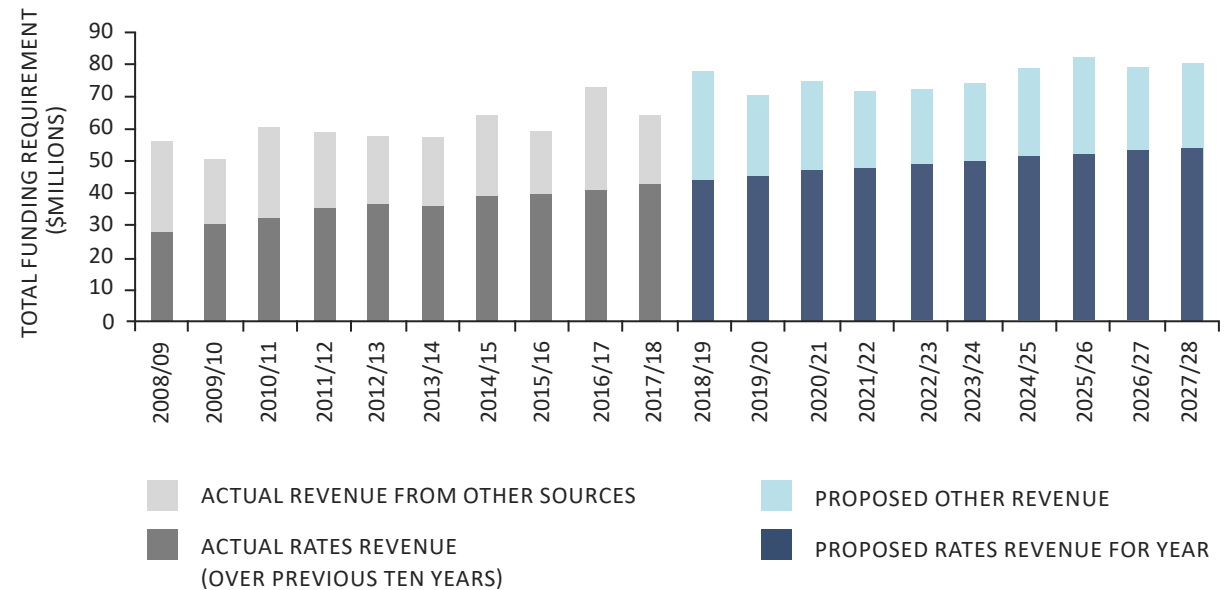


The funding from ratepayers towards services and facilities for the coming ten years is \$491.4 million.

In the first year of implementing our LTP the cost of our activities to the average rateable property is around \$54 per week. This amount is forecast to increase over time to \$66 per week by 2028.

This increase is mostly due to inflation, but also for some carefully-selected changes and improvements to our services. In particular, a major driver of cost increases in the coming years is for our three waters services (water supply, wastewater, and stormwater) but also to progress other carefully selected priorities for our communities and District.

REVENUE REQUIRED FOR COUNCIL ACTIVITIES 2018-28 (INCLUDES INFLATION)



Limiting rates increases

In this LTP we will continue to limit rates increases to inflation - based on the Local Government Cost Index (LGCI) - plus two percent. This limit applies to the total increase across the District, with actual rates increases varying from property to property. Our limits for rates increases are set out in the following table. The table also shows the rates increases that are forecast for each year of the Long Term Plan.

LGCI is a measure of inflation as it relates to the local government sector specifically (for example the changing costs of concrete, pipes and construction). LGCI figures are adjusted annually and this may change our limits for rates increases.

TOTAL RATES INCREASES AND LIMITS ON TOTAL RATES INCREASES 2018-28

	TOTAL RATES INCREASE OVER PREVIOUS YEAR	LIMIT ON TOTAL RATES INCREASE (LGCI + 2%)
2018/19	3.83%	4.0%
2019/20	2.88%	4.2%
2020/21	3.40%	4.2%
2021/22	1.97%	4.2%
2022/23	2.18%	4.3%
2023/24	2.61%	4.3%
2024/25	1.99%	4.4%
2025/26	1.63%	4.5%
2026/27	1.96%	4.6%
2027/28	1.78%	4.7%

Limiting debt

We use loans to fund new assets that have a long lifespan. Repaying loans over time means that current and future ratepayers contribute to the cost of the asset during its lifetime. However, because loans are largely repaid from rates revenue, we need to be mindful of the level of debt we take on.

In this LTP we have increased our debt limit from \$75 to \$80 million. The need to increase the debt limits is mainly driven by a need to fund some major infrastructure projects in the coming ten years.

The graph below shows our forecast levels of debt compared to the limit, over the ten years of the Long Term Plan.

