



Annual Budget Update 2016/17

Ngā Whakahou o ngā Whakapaunga Moni 2016/17

Consultation Document for the Whakatāne District Council Annual Plan

Welcome FROM THE MAYOR



E ngā mana , e ngā reo, koutou ngā rangatira mai tēnā muka , mai tēnā muka o tō tātou hapori o Whakatane nau mai haere mai.

Whakarauika mai ra koutou i raro i ngā manakitanga a tō tātou kaihanga kia eke panunku ai wa tātou moemoeā me wa tātou wawata mo tō tātou Hapori.

Aha koa ngā piki me ngā heke, ngā rereketanga, me whakawhanui ake wa tātou tirohanga ki uta, ki tae, ki ngā pari maunga, ki ngā awa e potere mai ana, tae atu ki ngā mānia te ataahua hoki.

No reira ka waioho ake tēnei whakataukāki

“Ki te kahore he whakakitenga ka ngaro te iwi”.

Noho ora mai koutou katoa!

Welcome to this Consultation Document for the Whakatāne District’s 2016/17 Annual Plan.

“We are finalising our plans for the coming year and we want to hear your views.”

Council’s plans for the coming year are set out in the Long Term Plan (LTP) 2015-25. The 2016/17 Annual Plan provides Council an opportunity to amend, where needed, the budget and work plan. This Consultation Document provides an overview of Council’s proposed changes and seeks your feedback on them.

Council will deliver the majority of the activities and services as outlined in the LTP. However, in the nine months since we adopted the LTP, there have been significant developments that Council needs to respond to, and these will have an impact on rates. The most significant of these are:

Edgecumbe and Te Teko’s water supply quality - the planned enhancement of Edgecumbe’s water supply quality and expansion of the project to also secure better water quality for the Te Teko supply will result in increased capital costs.

Matatā wastewater solution - the Environment Court’s decision not to approve resource consents for the Matatā wastewater project means we have to look at other options. Council is currently working hard to find the best solution; once the project and financing details are confirmed, we will seek community

feedback. In the meantime, this project has been removed from the 2016/17 work plan.

The LTP signalled an average rate increase across the District of 3.84% for the 2016/17 year. Council’s proposed changes would reduce the average rate increase to 3.2%.

We welcome your feedback on the proposed changes and Council will take this into account in our final decision-making.

Please do contact us, as your elected representatives, to discuss any community concerns and provide feedback on this Consultation Document.

Finally, I would like to take this opportunity to remind you that the triennial local government elections will be held in October this year. I would encourage you to get involved and have your say on who will lead the Whakatāne District into the future.

We look forward to another exciting and productive year.

Tony Bonne - Mayor,
Whakatāne District Council



Whakatāne District Council Civic Centre
Commerce St, Private Bag 1002 Whakatāne
P. 07 306 0500 F. 07 307 0718

Murupara Service Centre
Pine Drive, Murupara
P. 07 366 5896 F. 07 366 5897



IMPROVING WATER QUALITY TO Edgecumbe and Te Teko

ABOUT THE PROJECT

Our Long Term Plan (LTP) includes a project to improve the quality of water supplied to Edgecumbe, with future stages looking at other areas of the Rangitāiki Plains such as Awakeri and Te Teko. The cost of this project has increased from the current budget of \$2.45 million, to \$3.9 million, (\$1.45m increase on the LTP budget) due to additional system requirements and to future-proof the supply. The Ministry of Health (MoH) has offered a \$2.02 million subsidy for this project.

As a result of the increased cost estimate for the Edgecumbe project, and concerns raised by Te Teko hapū about the community's water supply, the Council is considering new options for this project. Five possible options have been put forward for consideration and we are now seeking community views on which option to pursue.

HOW THIS PROJECT WILL IMPACT RATES

While this project seeks to improve water quality to Edgecumbe and Te Teko townships, the way Council services are funded means that the wider community will help cover the costs. Even with the subsidy contributed by Ministry of Health, the proposed improvements would be unaffordable to these communities if the costs were to fall to them alone.

The improvements to the Edgecumbe system will impact all ratepayers on equalised water schemes. This includes all water schemes apart from Rangitāiki Plains, Murupara and Ruatāhuna. The Te Teko system is part of the Plains water supply scheme. As such the cost of improving Te Teko's water supply will impact all those paying water rates to this scheme. More detailed information about the rating impacts of this project can be found on the Council's website.

WHAT DO THE DIFFERENT OPTIONS MEAN?

OUTCOME	OPTION 1 (EXISTING PLAN)	OPTION 2 (PREFERRED OPTION)	OPTION 3	OPTION 4	OPTION 5
Edgecumbe supplied by Paul Road bore	✓	✓	✓	✓	
Te Teko supplied by Tahuna Road bore		✓		✓ (short term)	
Te Teko supplied by Paul Road bore			✓	✓ (long term)	
Edgecumbe and Te Teko continue to be supplied from existing Plains water sources					✓

FINANCIAL IMPLICATIONS					
Capital costs of project	\$3.9m	\$4.75m	\$5.5m	\$6.1m	No cost
On-going additional operating costs per year	\$125k - \$130k	\$211k - \$217k	\$262k - \$276k	Varied > \$211k - \$276k	-

WATER METERS IN EDGECUMBE

The supply of water to Edgecumbe is currently around two times higher per person than other comparable schemes. It is not currently clear whether this is due to genuine water use, or because of leaks from either Council water pipes or on private property.

As part of the improvements to Edgecumbe's water supply, we are proposing to install water meters for Edgecumbe properties. This will help identify the source of any leaks, and promote more efficient use of the resource. The cost of installing meters has been included in the project budget and billing by meter would be expected to start from 1 July 2017.

Currently Edgecumbe residents are charged a flat rate for their water supply (\$420.90 in 2015/16), based on average usage. With meters installed, the rating will change to a fixed connection charge (\$151.28 in 2015/16) and a variable water by meter charge (\$1.23/cubic metre in 2015/16). This means that Edgecumbe water rates will be based on the level of water used rather than everyone paying the same, regardless of their level of use.

OPTION 1

ADVANTAGES

Edgecumbe water supply meets national water standards.

Allows for future expansion of Paul Road water supply.

Valves isolate Edgecumbe from Plains water supply, but can be opened as an emergency source.

Removing Edgecumbe from the Plains water supply may result in a more consistent supply for others on that water scheme.

DISADVANTAGES

Te Teko continues to be supplied by a high quality, but unsecured source, which does not meet national water standards.

Cost to ratepayers on equalised water schemes.

OPTION 2

ADVANTAGES

Edgecumbe and Te Teko water supplies to meet national standards (this is the most cost effective solution that achieves this outcome for both communities).

Valves isolate Te Teko from Plains water supply, but can be opened as an emergency source.

Advantages of option one apply for Edgecumbe.

DISADVANTAGES

Cost to ratepayers on equalised water schemes and on the Plains water supply.

OPTION 3

ADVANTAGES

Both Edgecumbe and Te Teko meet national drinking water standards.

Both Edgecumbe and Te Teko can access Plains water supply as an emergency source.

DISADVANTAGES

Cost to ratepayers on equalised water schemes and on the Plains water supply.

Unclear what future use will be made of the Tahuna Road bore.

OPTION 4

ADVANTAGES

Both Edgecumbe and Te Teko meet national drinking water standards.

Staging the connection of Te Teko to the Paul Road bore in the future provides a more affordable option in the short term.

DISADVANTAGES

Cost to ratepayers on equalised water schemes and on the Plains water supply - ultimately, this is the most expensive option.

OPTION 5

ADVANTAGES

This is the lowest cost option.

DISADVANTAGES

Edgecumbe and Te Teko water supply will not meet drinking water standards.

The Ministry of Health subsidy would be lost to the community.

More detail on this proposal is available in the 'Have Your Say' section of our website, or by contacting the Council. Reasons for progressively upgrading the Plains water supply are outlined in more detail in the Council's Infrastructure Strategy.



Other changes AND UPDATES FOR 2016/17

MATATĀ WASTEWATER PROJECT

Through the LTP, we signalled a project to provide a reticulated wastewater system for the Matatā community. Following an appeal to the Environment Court, resource consents for the system were not secured. As a result, we have reconsidered the options for wastewater reticulation in Matatā.

To better-utilise our existing wastewater assets and allow improvements to the Edgecumbe and Whakatāne wastewater systems to be fast-tracked, we have identified a combined wastewater solution for the Matatā, Edgecumbe and Whakatāne communities as our preferred option.

At this stage, investigations are still ongoing and work is being undertaken to secure the additional funding required to deliver this project at an affordable cost. As a result, we are not making a Matatā wastewater decision through this Annual Plan. Therefore, the proposed inclusion of a targeted Matatā wastewater rate will not proceed in 2016/17 as planned in the LTP. Once investigations have been completed and a workable, affordable plan developed, we will seek feedback from the community.

UPGRADING PORT FACILITIES

There are a number of projects in the LTP to replace or upgrade our port facilities, for example a rebuild of the Whakatāne Commercial Wharf is required and an extension of the Quay Street Wharf is also planned. Work was due to start on the Quay Street wharf extension in 2015/16, but with resource consents yet to be granted, construction has been delayed until 2016/17.

RESIDENTIAL DEVELOPMENT UPDATE

Plans for urban growth through residential development on Huna Road and Bunyan Road had been put on hold, awaiting the finalisation of the proposed District Plan. With District Plan decisions, proposed works to support those developments, including upgrades to water supply, stormwater and wastewater infrastructure, are planned for 2016/17.

RECOVERING DROUGHT-RELATED COSTS

During the 2014/15 year, the District suffered from drought conditions. As a result, water restrictions and additional works were needed to ensure a continuous water supply to Ōhope and Whakatāne. Between our additional work and your efforts to reduce water consumption, we managed to get through the drought without having to shut off the water supply.

With both increased costs from the additional work, and reduced income from lower metered water use, the water activity has a \$400,000 account deficit for the 2014/15 year. To get this budget back on track we will need to recover this deficit from those connected to equalised water schemes. This will mean a \$42.59 water rates increase in the 2016/17 year for those on equalised water schemes.

Options to improve water quality to Edgecumbe and Te Teko

- Option 1
- Option 2
- Option 3
- Option 4



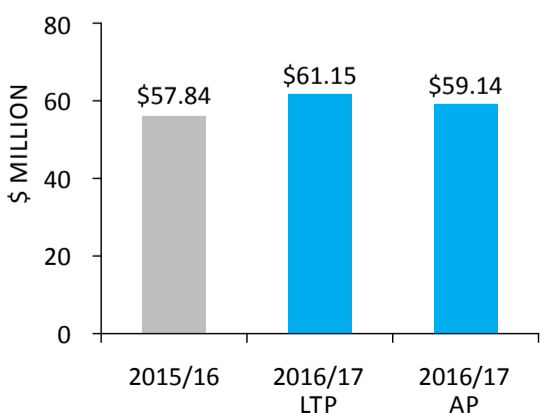
Overview of proposed budget FOR 2016/17

PROPOSED OPERATING EXPENDITURE OF \$59.14 MILLION

Operating expenditure is the total annual cost of delivering Council services and facilities. This also includes the repayment of loans used to fund our capital works programme, and the cost of building-up reserves for future asset replacements.

The graph below shows the total cost of delivering our services and facilities in the 2016/17 year, compared to what we said it would cost in our Long Term Plan and to the budget for the current year.

Our top three areas of operational expenditure continue to be on Roads and Footpaths; Water Supply; and Solid Waste, which together account for 40.55% of our operating costs. Repayment of loans will account for 8.17% of our operational spending in 2016/17.



HOW WE WILL FUND OPERATING EXPENDITURE

Rates are the main source of income used to fund Council services and facilities. In the 2016/17 year, general and targeted rates will make up around 63% of our total revenue.

Other major sources of funding include fees and charges and external subsidies and grants from partners like the Ministry of Health (for water related projects) and New Zealand Transport Agency (for roading).

Wherever possible, we try to secure funding from sources other than rates to help make services and facilities more affordable.

TARGETED RATES

\$23.45M
35.91%

GENERAL RATES

\$17.77M
27.21%

OTHER REVENUE

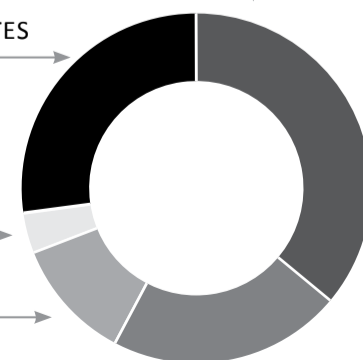
\$2.49M
3.81%

USER FEES & CHARGES

\$7.34M
11.24%

SUBSIDIES & GRANTS

\$14.25M
21.83%



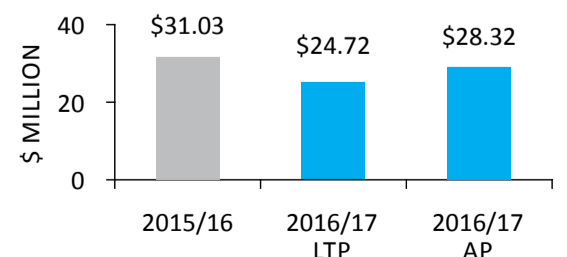
PROPOSED CAPITAL WORKS PROGRAMME OF \$28.32M

Our capital works programme for the 2016/17 year is made up of many projects. Some examples of key projects from the LTP proposed for the 2016/17 year are:

- Wairaka Centennial Park development - \$870,000
- Roading renewals and improvements - \$9.57m
- Whakatāne Museum redevelopment - \$3.2m
- Wastewater upgrades in Ōhope - \$2.87m
- Earthquake strengthening the Civic Centre - \$700,000
- Quay Street Wharf Extension - \$500,000
- Whakatāne Harbour Eastern Wall Strengthening - \$500,000
- Three Waters Infrastructure for Huna Road - \$985,400

The full list of proposed capital projects is available on the 'Have Your Say' pages of our website.

The costs of capital works are often spread over time through the use of loans and depreciation reserves (savings). This allows projects to be more affordable and ensures that over time, the people benefitting from the assets are contributing toward their costs. Subsidies and grants also make a significant contribution towards capital projects, sometimes covering 80-90% of the cost.



3.2% AVERAGE RATES INCREASE FOR 2016/17

Our Long term Plan signalled an average rates increase across the District of 3.84% for the 2016/17 year. After reviewing our budget, we are proposing to reduce this to 3.2%. As this is an average, the impact will vary from property to property- some example properties are set out below. More example properties and a detailed breakdown of rating categories, is available on the 'Have Your Say' pages of our website.

MATATĀ

Capital value of property:	\$226,000.00
Current rates:	\$2,749.58
Proposed rates for 2016/17:	\$2,759.54
Increase on previous year:	(0.36%) \$9.96
Rates increase off-set by phasing in of the use of general rates to fund Matatā disaster mitigation stormwater costs.	

EDGE CUMBE

Capital value of property:	\$205,000.00
Current rates:	\$2,678.25
Proposed rates for 2016/17:	\$2,800.79
Increase on previous year:	(4.58%) \$122.54

Rates increase reflects the increase in stormwater rates and water rates (to fund the 2014/15 deficit and the inclusion of the project to connect Edgumbe to Paul Road bore).

TE TEKO

Capital value of property:	\$101,000.00
Current rates:	\$1,668.33
Proposed rates for 2016/17:	\$1,662.80
Decrease on previous year:	(-0.33%) \$5.53

Slight decrease due to decreases in the roading, stormwater and refuse rates.

MURUPARA (URBAN)

Capital value of property:	\$53,000.00
Current rates:	\$1,746.15
Proposed rates for 2016/17:	\$1,781.63
Increase on previous year:	(2.03%) \$35.48

Increase in rates for Murupara water supply and in the general rate.

WHAKATĀNE

Capital value of property:	\$298,000.00
Current rates:	\$2,940.33
Proposed rates for 2016/17:	\$3,034.15
Increase on previous year:	(3.19%) \$93.82

Rates increase reflects the increase in water rates (to fund the 2014/15 deficit and the inclusion of the project to connect Edgumbe to Paul Road bore).

WHAKATĀNE COMMERCIAL

Capital value of property:	\$640,000.00
Current rates:	\$5,087.30
Proposed rates for 2016/17:	\$5,289.94
Increase on previous year:	(3.98%) \$202.64

Rates increase reflects the increases in the District Growth Rate and water rates (to fund the 2014/15 deficit and the inclusion of the project to connect Edgumbe to Paul Road bore).

ŌHOPE

Capital value of property:	\$490,000.00
Current rates:	\$3,439.87
Proposed rates for 2016/17:	\$3,570.93
Increase on previous year:	(3.81%) \$131.07

Rates increase reflects the financing costs for stormwater works and an increase in water rates (to fund the 2014/15 deficit and the inclusion of the project to connect Edgumbe to Paul Road bore).

TĀNEATUA

Capital value of property:	\$112,000.00
Current rates:	\$2,255.98
Proposed rates for 2014/15:	\$2,347.17
Increase on previous year:	(4.04%) \$91.19

Rates increase reflects the increase in water rates (to fund the 2014/15 deficit and the inclusion of the project to connect Edgumbe to Paul Road bore).

Also open for consultation

The additional consultation processes outlined below are being undertaken alongside this Annual Plan. Further details about these proposals can be found under the 'Have Your Say' page on the Council's website.

FEES & CHARGES REVIEW

The Council has reviewed its resource consent fees, with a focus on improving certainty for applicants and ensuring greater consistency and fairness. This review proposes to replace some variable fees with fixed fees. Possible changes to Airport fees and Building Consent deposits will also be discussed directly with stakeholders.

REVIEWING OUR GAMBLING POLICY

We are also reviewing our Gambling Policy, taking into consideration the social impact of gambling in our District. The Council is proposing to leave the policy fundamentally unchanged, but with the intention of reducing the number of pokie machines in the District from the current 181 to 141. This means that, in the short-term at least, no applications for new machines would be considered. Some minor changes are proposed to other aspects of the Policy, including introducing a relocation clause and restricting venue locations.

Have your say - Whakaputahia i ōu Whakaaro

The updates to our budget for the 2016/17 year, as set out in this Consultation Document are proposals only, meaning they have not yet been finalised. We want to know what you think before we set any plans down in stone. Let us know what you like, what you don't like, and any suggestions you have for how we should do things differently. We will consider your feedback and keep in touch with you along the way.

MORE INFORMATION IS AVAILABLE ON OUR WEBSITE

If you would like to know more about the topics covered in this consultation document, a range of supporting information resources are available on our website including the following:

- Council report detailing the proposed project to improve water quality in Te Teko and Edgumbe
- Council paper providing a detailed update on the Matatā wastewater project
- Draft Financial Cost of Service Statements 2016/17 for each group of activity and overall Council
- Draft Capital Projects List 2016/17
- Detailed rating impact table indicating proposed changes to rates

Submissions close
5pm - Friday,
22 April



Email for submissions:
submissions@whakatane.govt.nz

Email for
information enquiries:
info@whakatane.govt.nz

Getting involved is easy...

There are a number of different ways that you can have your say. Whichever you prefer, just make sure you get your thoughts back to us before: 5pm, Friday, 22 April 2016.

CONTACT YOUR ELECTED MEMBERS

The Mayor, Councillors and Community Board Members have been voted into office to represent you and make decisions on your behalf. They are always keen to hear from you. The profiles and contact details of elected members are available on our website.

MAKE A FORMAL WRITTEN SUBMISSION

You can make a formal written submission via our online submission form or in paper form. The forms are available at our offices, on our website, or by contacting the Council.

POST A COMMENT ON SOCIAL MEDIA

Watch our consultation videos on our website, YouTube channel or Facebook page and post a comment. Councillors will read your comments before they make their final decisions.

PRESENT YOUR THOUGHTS TO COUNCIL

If you want to present your thoughts in person, we ask that you contact us so that we can arrange a time. Alternatively, make sure you tick the box on your submission form indicating that you would like to be heard.