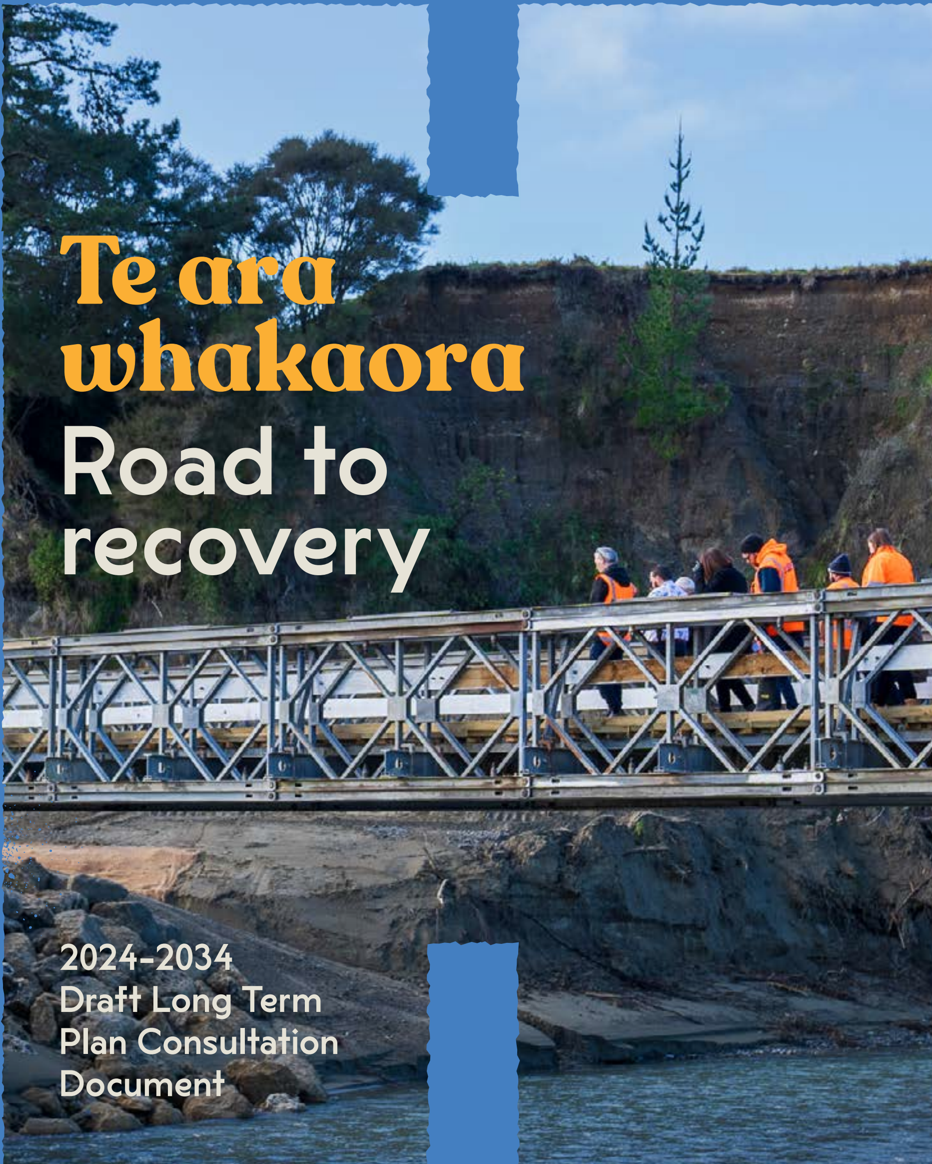


Te ara whakaora
Road to recovery

2024-2034
Draft Long Term Plan Consultation Document

Incorporating amendment to Revenue and Financing Policy and Draft Development Contributions Policy.

April 2024

HERETAUNGA HASTINGS DISTRICT COUNCIL

KIA ORA

Welcome

He reo ahurei tōu
Your voice is important

Once you've read this information, please provide your feedback, particularly on:

- a cyclone targeted rate
- growth
- delaying nice-to-have projects
- the rates and debt plan

SUBMISSIONS CLOSE

5PM, MONDAY 27 MAY 2024

There are two ways to have your say

Head online to **myvoicemychoice.co.nz**
OR
Complete the reply-paid card at the back of this document and pop it in any NZ Post letterbox, or to one of the Hastings libraries (Flaxmere, Hastings, Havelock North), or into Hastings District Council customer service centre in Lyndon Road.

More information

This document is a summary of the full Draft Long Term Plan containing the Amendment to the Revenue and Financing Policy– you can download the full Draft Plan at **myvoicemychoice.co.nz** or view a printed copy at any of the locations below. You can also have your say on the Amendment to the Revenue and Financing Policy and the Draft Development Contributions Policy.

- **Hastings District Council Customer Service Centre,** 207 Lyndon Road East, Hastings
- **Hastings, Havelock North or Flaxmere Library**

Got questions? Feel free to phone our friendly customer service call centre on **06 871 5000**.

MY VOICE MY CHOICE

Attend an information event

Visit our website **myvoicemychoice.co.nz** for more details.

Why are rates increasing?

Councils across New Zealand are under financial pressure.

Some of the reasons are...

BRIDGES ARE

38%

MORE EXPENSIVE TO BUILD THAN THREE YEARS AGO

ROADS AND WATER SUPPLY SYSTEMS ARE

27%

MORE EXPENSIVE TO BUILD THAN THREE YEARS AGO

SEWERAGE SYSTEMS ARE

30%

MORE EXPENSIVE TO BUILD THAN THREE YEARS AGO

Source: Infometrics report on local government costs, 2024

In this document you will also find details on our district's particular challenge: recovering from Cyclone Gabrielle.

Proposed rate increases

On average:

Year one (base cost 17% + cyclone 8%)	**25%**
Year two (base cost 9% + cyclone 6%)	**15%**
Year three	**10%**

To fund over three years:

Cyclone Gabrielle	**14%**
Infrastructure (non-cyclone – roads, three waters)	**16%**
Interest	**13.5%**
Labour costs	**7.5%**
Insurance	**1.5%**
Less (budgeted savings)	**(2.5%)**

Council is proposing short-term borrowing (two years) to smooth rate increases.

To see the impact on your property, enter your address into the online rates calculator: hastingsdc.govt.nz/my-property

Why a three-year plan?

After Cyclone Gabrielle, the government changed the requirement for affected councils to produce a 10-year Long-Term Plan. We have included information over 10 years where possible because our funding challenges need a longer-term view.

The cost of doing business means different things to different people across our district. On page 31 you will find sample property impacts to highlight this. In a nutshell the impacts are as follows:

Urban

For residents living in our major urban areas of (Hastings, Flaxmere and Havelock North) the key impacts are:

Cyclone Gabrielle recovery

Cyclone recovery costs.

Business as usual cost pressures

Non-cyclone related cost pressures (outlined on the previous page).

Three waters service charges

Continuous improvement of our core water services (drinking water, wastewater and stormwater) to comply with new standards comes with increased cost. The rates for these services will increase over the next three years.

Why are the impacts a little less in our commercial areas?

Total rates paid by a commercial property are typically much higher than a residential property. Therefore, while the commercial sector is also paying its share of the cost – the impact in percentage terms appears a little lower.

Rural

In our rural areas the key impacts are:

Cyclone Gabrielle

Cyclone recovery costs.

Road Renewals

Escalation in non-cyclone related road renewals to upgrade the district's ageing roads. The nine-year increase in road renewal funding in this plan reflects the community consultation process held for the 2021 Long Term Planning process.

Business as usual cost pressures

Non-cyclone related cost pressures (outlined on the previous page).

Why is there a bigger impact on smaller properties and our coastal settlements?

Some of our coastal settlements are connected to these services (water, wastewater and refuse collection). These activities have particular cost pressures.

When it comes to uniform charges (where everyone pays the same) for things like water, wastewater and refuse, and the 50 per cent share of the proposed new cyclone recovery rate, the impact in percentage terms is greater on lower valued properties.

Ngā ihirangi/Ngā kai o roto
Contents

Kei a koe te anamata/Nōu te ao
Our future starts with you

Welcome to Council's Draft Long Term Plan. It pulls together all of our expected activities, major projects, income and costs, and forecasts rates over the next 10 years.

Due to the disruption caused by Cyclone Gabrielle, the government changed the requirement to produce a 10-year-plan, instead allowing for a three-year unaudited plan covering 2024-2027.

This recognised the impact the cyclone had on our resources and ability to deliver previously planned projects.

Despite this change, we have gone ahead and provided the best estimates we have on budgets beyond June 30, 2027, to give the community an overall picture of what is in the pipeline, and the funding strategy to support it.

In the previous Long Term Plan, our council had a strong focus on supporting growth activity – investing in infrastructure for residential housing, and industrial and commercial development, to provide for growth and generate better outcomes for the community.

A lot has been achieved, but post-Covid and Cyclone Gabrielle, the economic environment is now very different and unpredictable, and it is important to carefully consider how we move forward with new projects to enable growth, as well as support business as usual given the financial risks.

When we started to develop this plan we asked members of the community to talk with us and give us an idea of what people felt was important for our district as we look forward together.

Those that took part told us that basic services need to be the first focus, particularly roads and water. Getting the district back on its feet after the cyclone was another key theme.

You also told us that rates affordability has increasingly become a key concern and to balance our aspirations with the ability for our community to pay for it.

Our plan is to tackle the impacts from the cyclone head on, to address the immediate needs of the recovery through the introduction of a new targeted rate to fund that work.

At the same time, this plan keeps debt within our borrowing limit, but there's no doubt it's a real challenge, and servicing the debt will have a significant impact on rates.

Through this planning process we are asking you to consider our preferred options for some of the big-ticket items and how we'll pay for them. We also want to hear what you think about where we have identified we could take a pause to save some money.

Whether you agree or disagree, or have different suggestions, please let us know. We look forward to your feedback.

Mayor Sandra Hazlehurst
Heretaunga Hastings District Council

Tāu i kī mai
What you told us

In November we held public workshops, followed by an on-line forum over the next three months, to get feedback on what we should and shouldn't include in the the Long Term Plan. **Here is a snapshot of the themes:**

PRIORITISE CYCLONE RECOVERY

KEEP OUR ROADS WELL MAINTAINED

PRIORITISE INFRASTRUCTURE INVESTMENT

MORE PAY AS YOU GO – USER PAYS

Governance

Focus on processes and efficiency:

- Clearer processes – simplify
- Better local government coordination across the region
- Don't overregulate
- Think long-term
- Be accountable concerning spending
- Listen to the people.

Planning and Land Use

Focus on housing tension and protecting valuable soils:

- Don't take away fertile land
- Protect green space
- Build up instead of spreading out
- Consider satellite towns
- Ensure a focus on quality intensive housing
- Caution as to where higher density being allowed
- Support housing with good travel corridors
- Consolidate the inner city.

LIMIT RATES - MAXIMISE EXTERNAL FUNDING

REDUCE BUREAUCRACY, CUT COSTS

Community Facilities and Social Development

Focus on what we could do less of:

- Less focus on community programmes
- Stop maintaining dead assets
- Slow down city centre upgrades
- Do less of central government responsibilities (Policing and social services)
- Leave social housing to central government
- Stop putting on expensive entertainment
- Less buying of assets.

COORDINATE BETTER WITH UTILITY PROVIDERS

STOP SPENDING ON NON-ESSENTIALS

Environment

Focus on environmental concerns:

- Reduce plastics and waste generally
- Better management of rivers and waterways
- Regulate better for sustainable behaviour
- Promote healthy native eco-systems, flora and fauna.

BUILD RESILIENCE INTO OUR INFRASTRUCTURE

Ko koe te pae tawhiti

Cyclone Gabrielle – the impacts and the cost

Ngā pāpātanga nui
Big impacts

Cyclone Gabrielle caused significant damage across large areas of the North Island on 13 and 14 February 2023. It resulted in the declaration of a National State of Emergency.

Cyclone Gabrielle has permanently altered our landscape and our lives, causing:

- loss of life
- displacement of hundreds of residents from their homes
- hundreds of millions of dollars in damage to infrastructure
- billions of dollars of lost income from crop and land damage
- social, economic and mental health trauma for many in our communities.

The key impacts on Council roads were:

13 bridges destroyed and 28 bridges significantly damaged

◆

2000+ culverts needed repairing or replacement

◆

100km+ roads to be repaired or rebuilt

◆

800+ large slips needed repair

What's been done?

- $155m has been spent on cyclone response and recovery phases to date.
- Seven major temporary bridges have been built so far: Rissington, Whanawhana, Ellis Wallace, Dartmoor, Waihau, Moeangiangi, and Redclyffe (Waiohiki).
- All communities have been reconnected with road access.

What is still to do?

- The permanent replacements for the 13 destroyed bridges are in various stages of design. Community consultation is underway.
- Twenty eight bridges have significant structural defects. These have been prioritised, with designs either complete or being done on the high priority bridges, construction of the highest priority bridges is under way.
- More than 200 slips remain on the road network, with most of the over-slips (material fallen onto the road from above) repaired, but the vast majority of under-slips (beneath the road) are yet to be fixed and some require advanced engineering design solutions.
- Many culverts were destroyed, blocked or broken during the storm. In many instances temporary culverts have been installed to create access to communities. However, substantial work is required on permanent solutions.
- There are still several detours in place around roads that have been closed for some time and are some time away from being repaired.

THERE'S NO GETTING PAST IT

THE IMPACTS ARE BIG

Ngā tāra nui
Big dollars

ROADS AND BRIDGES
$950m

The estimated cost to finish reinstating the district's roading network is $795m plus. (This is on top of the $155m already spent.)

What's in front of us?

- Council's share of the remaining roading bill is about $170m, with the rest coming from the Crown and the NZ Transport Agency. We have planned to complete the roading recovery programme over the first six years of the Long Term Plan.
- The Voluntary Buy-out Programme for eligible category 3 properties (in conjunction with the Crown) is in full swing. Council's cost is $50m.
- Repairs to three waters and parks will cost $10m.

What impact does this have on debt?

Council will need to fund $230m for cyclone costs, in addition to borrowing for Council's scheduled capital programme. This would see overall debt peaking at $701m.

THERE'S NO GETTING PAST IT

THE DOLLARS ARE BIG

How can we pay for this?

The cost will be substantial. The cyclone recovery programme is forecast to cost an average of $17m per year over 16 years.

If we spread this over all properties, the average cost would be $620 per property a year.

Council is proposing introducing a new targeted rate for Cyclone Gabrielle recovery which you would see separately listed on your rates bill. See page 36 for more details.

$301m
BRIDGES

$159m
SEALED PAVEMENTS

$241m
SLIPS

What about resilient communities?

In addition to investment by various agencies across the region, Hastings District Council (with funding support from Ministry of Primary Industries and Red Cross) is rolling out:

- 30 Community Emergency Hubs where people can get supplies and information when they are cut-off
- Two mobile emergency trailers that can be filled with resources and towed or lifted by helicopter
- Equipping urban community centres to enable them to act as temporary Civil Defence centres.

What about resilient flood infrastructure?

Hawke's Bay Regional Council has a comprehensive investment plan in response to Cyclone Gabrielle.

Key elements include:

- A four-year build programme of flood schemes to protect at-risk areas
- Three new pumpstations
- New river monitoring telemetry
- Improvements to existing flood protection infrastructure.

$94m
CULVERTS

Ētahi atu tino take tuāhanga

Other significant infrastructure issues

Ngā Wai e Toru
Three waters

How three waters services will be delivered and paid for in the future is uncertain as councils await Government decisions on its management over the longer term. In the meantime, responsibility remains with councils and forward planning and operations for three waters in Hastings have been factored into this plan.

We're proposing escalating investment in each of the three waters work programmes to address several challenges.

This will see a significant cost increase per property for water and wastewater rates.

Drinking water

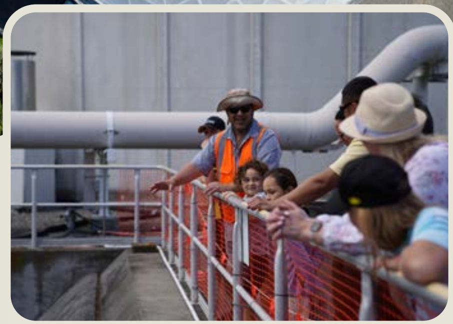
Since the Havelock North drinking water contamination event, Council has invested circa $100m in new drinking water infrastructure to keep drinking water safe and to meet updated drinking water standards. A new operating environment has also been put in place.

What still needs to be done:

- Getting the best from a limited resource by reducing leaks in the network and continuing community education
- Ongoing improvement to water quality by upgrading control and monitoring systems, reducing potential contamination points, and continuing with water treatment upgrades.

$70m
OVER THREE YEARS

$158m
OVER THREE YEARS



Wastewater

Key challenges are:

- renewal of ageing infrastructure including pump stations, the trunk mains taking sewage to the wastewater treatment plant, and components of the Wastewater Treatment Plant
- addressing vulnerabilities such as the impact of more severe weather events on infrastructure by increasing emergency storage and electrics resilience
- enabling future growth by installing new arterial wastewater pipes around our city.

Stormwater

Key challenges are:

- building resilience to prepare for more severe weather events with new flood resilience work and renewing/upgrading existing systems
- intensification of housing means more stormwater for our systems to cope with. Investments are required to increase stormwater capacity.

$42m
OVER THREE YEARS

Te whakahou me te tautiaki huarahi
Roads renewal and maintenance

$425m
OVER TEN YEARS

Hastings has an extensive urban and rural roading network. As these roads get older, the challenge is to keep up with the road renewals and maintenance.

Many of our roads are approaching the latter years of their life. This makes planned renewal and maintenance a key ingredient of Council's work programme and budget. We don't need to rush out and replace all our roads right now, but we know we need a period of ongoing and increased investment to stop our roads deteriorating further.

In addition to cyclone recovery work, we also need to meet the following 10 challenges:

- **Bridges:** renewal of retaining walls
- **Road rebuilds:** some roads are reaching end of life and wet weather makes them more vulnerable so they need rebuilding
- **Road resealing:** escalating by about 20km per year
- **Unsealed roads:** increased road re-metalling
- **Drainage:** ongoing renewal and maintenance to ensure maximum road life
- **Footpath maintenance and renewal:** continuing focus
- **Environmental maintenance:** continued but slowed focus on mowing, litter pickup and vegetation control
- **Safety:** aligned with the national Road to Zero safety strategy, focusing on high-risk areas and intersections and speed management
- **Walking and cycling network:** no significant new extensions in this plan; focus after that on lower speeds around more schools and neighbourhoods, and addressing critical gaps in the network
- **Broader network development:** focus on key corridors (Karamū Rd, St Aubyn St, Pakowhai Rd and Maraekākaho Rd); continue improvements on Napier-Taihape Rd, Middle Rd, Te Mata Rd and Waimārama Rd.

Ngā para me ngā hangarua
Rubbish and recycling

Getting the most out of our landfill is a priority, as is further development to set us up for the future.

The current landfill valley is nearing capacity and construction of a new cell is underway.

The three key rubbish and recycling themes for this Long Term Plan are:

Ōmarunui Landfill

- Work on an already planned new 'cell' at the landfill is underway, however the additional tonnages received at the landfill from Cyclone Gabrielle have increased the need to speed up landfill expansion. A total investment of $37.6m is included in this Long Term Plan.

Blackbridge historic landfill (closed 1979)

- This project entails stopbank improvement work near the landfill in the lower reaches of the Tukituki River catchment and is a joint project with Hawke's Bay Regional Council.
- This work is anticipated to be carried out within the 10-year term of this plan. The timing is dependent on post-cyclone stopbank work.

New changes ahead

Changes set by central Government include kerbside pickup collection of residential food scraps by 2027.

- All residential properties within the existing kerbside recycling and rubbish collection areas will be included
- The cost is likely to be similar to the current costs for kerbside recycling, but is not yet budgeted
- More work and a feasibility study will be completed on the best approach for Hastings, followed by public consultation.

Te whakatere i tō tātau wero ahumoni

Navigating our financial challenge

OUR KEY ISSUE

Mahere pūtea
Budget savings

The challenges are significant. In addition to cyclone costs, Council needs to keep normal services and facilities operating for the community.

As well as carefully scrutinising current budgets for savings, Council has set a further savings target of 2.5 per cent in Year 1 of the plan. In a second phase, Council is committed to identifying (by December 2024) further savings in the 2025/26 financial year.

Councils, just like households, are impacted by this sustained period of higher inflation. It affects the cost of labour, materials such as pipes and bitumen, and other areas such as insurance. These are placing pressure on Council's finances.

Pausing projects

In addition to reducing costs, Council has 'stretched out' its capital programme so we don't have to borrow too much too quickly.

So, for example, we are suggesting we take a breather for a few years from investment in our central city and parks, and on walking and cycling paths, particularly given Council has invested significantly in these over recent years.

The following pages show how this comes together in terms of rates and debt.

Closure of Frimley Pool

Rapidly declining use of the pool leading to increasing costs to ratepayers has led to a proposal to close Frimley Pool.

At such low numbers, operating the pool costs $32 per user, with adults (aged over 18) paying just $6 for entry. Ratepayers fund the balance.

The rapidly declining use of the pool, future investment requirements, the availability of lane-swimming at the nearby Mitre 10 Park pool, and a recommendation in the Aquatics Strategy to close the pool are the key reasons.

Closure of the pool would save about $250,000 per annum. Some plant and equipment could be repurposed to other pools.

Council is in discussion with schools that have historically used the pool and may consider alternative arrangements with them or other interested parties such as leasing if that is workable.

Given the land's reserve status, the most likely future use of the site is as an extension of Frimley Park. Some closure and reinstatement costs would be incurred but these would be funded from savings from closing the pool.

He aha tā mātau mahere ā-moniwhiwhi?

What's our plan for income?

Despite receiving a funding support package from Government, our district is left with a massive recovery bill.

To tackle that we're proposing rates increases, to get debt under control and balance the budget. These are significant but will get Hastings back on track.

Council signalled last year that a period of elevated rates increases would be required to fund the huge impact of the cyclone on our infrastructure and community.

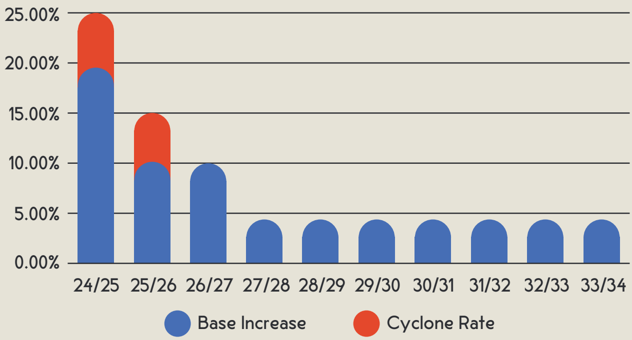
Balancing our budget means setting operating revenues that will cover operating costs. We don't need to do this immediately, but we do need to get there in future years.

The graphs show we need to increase rates to balance the budget by year two of this plan. This requires rate increases of an average 25 per cent in year one, 15 per cent in year two, and 10 per cent year three (noting that cyclone recovery makes up 14 per cent of these increases).

As the graphs show, the cyclone recovery rate represents a higher proportion of the rate increase in the first two years for Rating Area Two, compared to Rating Area One. That reflects that most of the work needs to be done in the rural area.

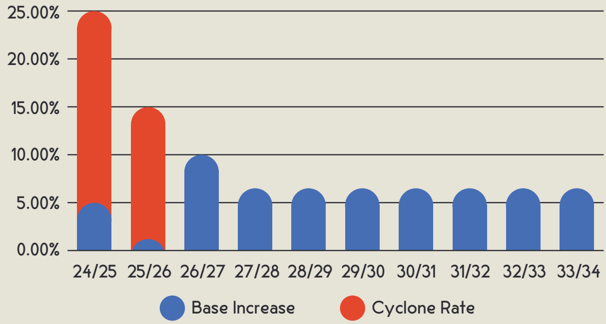
By dealing with debt earlier, rate increases can drop to around four per cent in urban areas and seven per cent in rural areas, from about year four.

Rating Area One (Greater urban area) Annual Rating Revenue Movement



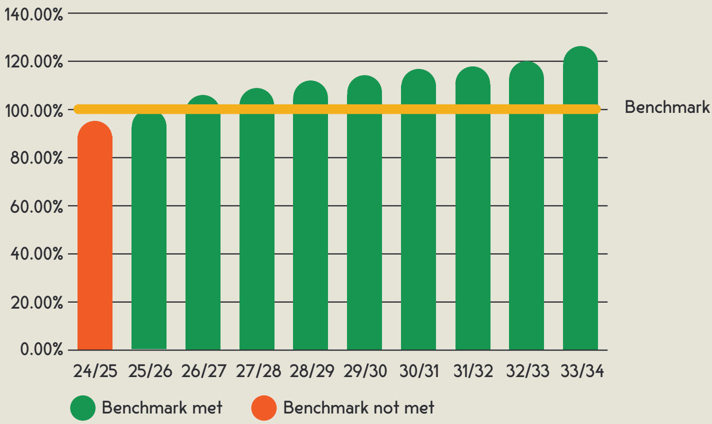
Note: In the urban area the rates impact of the cyclone is less, due to the lower allocation and large proportion of rates paid for services such as three waters and refuse collection.

Rating Area Two (rural area) Annual Rating Revenue Movement



Note: In the rural area the first two years are focused on funding cyclone recovery (with short-term borrowing for other costs); from year three onwards higher increases are needed to fund ongoing rural road renewals.

Adjusted Balanced Budget Benchmark



He aha tā mātau mahere ā-nama?

What's our plan for borrowing?

We're proposing to increase Council's debt cap to 250 per cent of income, then progressively reduce that to 175 per cent by year 10 of the plan.

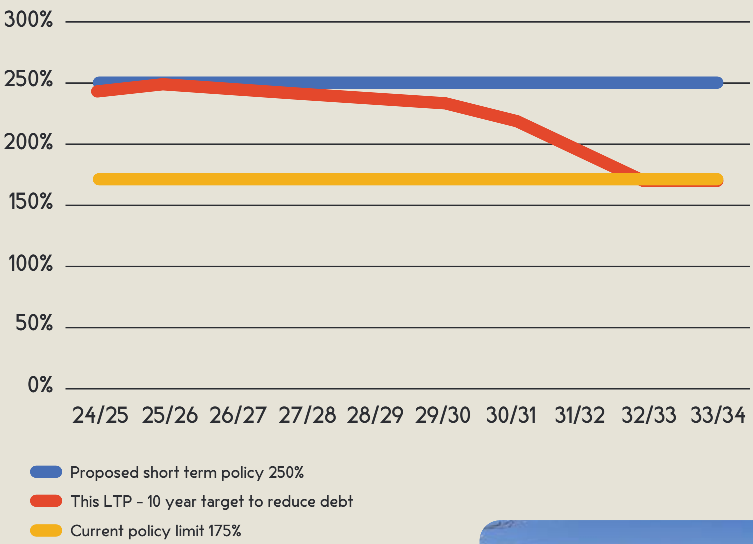
The maximum we can borrow is 280 per cent. Debt is expected to peak at $701m.

All councils set debt limits, which cap total borrowing. That limit, based on income, is currently set at 175 per cent.

Unfortunately, we will need to increase that limit in the medium term to fund the cyclone recovery and regular Council activity.

This plan proposes raising the debt limit to 250 per cent in years one to five and then reducing progressively to 175 per cent by year 10. This means there will only be $90m of 'debt headroom' in the first five years, retained for any emergency response. The debt headroom grows back considerably after this.

Net Debt as % of revenue



Note: Council is using a modified version of the official measure. The modified ratio excludes the considerable external revenue (such as Government funding) that's forecast to be received for the cyclone and other projects. If we included that revenue, it would make the financial position look better than it really is. This is because the revenue is a one-off and not ongoing, which masks the actual position the Council will be in in future years.

Ka ahatia te pūtea?

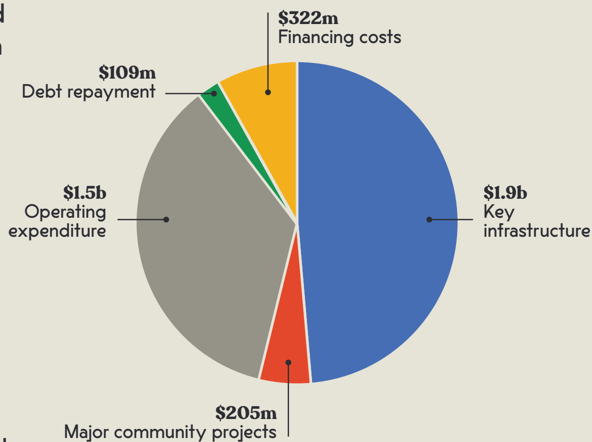
What does it mean for money?

He aha te utu?
What will it all cost?

On behalf of residents, Council looks after a range of infrastructure, assets and facilities, from roads to pipes, buildings and land, the public toilets and bins on your local parks.

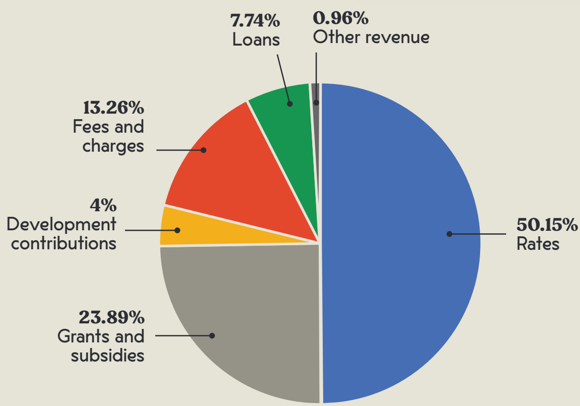
It also undertakes the massive task of running, regulating and monitoring all the services that contribute to where and how we live, work and play across our district.

The estimated cost of looking after our infrastructure, upgrading community assets, building new ones and providing services is around $4 billion over the next 10 years.



Ka ahu mai te pūtea i hea?
Where will the money come from?

The amount we put towards our mahi needs to be reasonable. The income from rates isn't enough to cover the costs to complete all the work. We will use loans to fund capital projects and our strategy is to maximise funding from other sources, such as central government, wherever possible.



Ka ahatia ahau me āku tāke kaunihera?

What does it mean for you and your rates?

Not all rates bills are equal

Often you hear people talk about average rates increases being at a certain level. But simply taking that figure and applying the increase to your rates invoice will not necessarily give an accurate representation. Why? There are several reasons.

One property may have a higher valuation than another, or it may be connected to certain Council services whilst another may not. A property may be in an urban area and closer to facilities than a rural property. A property may be used for a commercial purpose rather than as a home. All these factors impact on the level of rates.

We have prepared examples of common types of property in our district and the average rates impact of the proposed 2024/25 budget. These are examples only. For specific information on your property please use the rates database which can be found at **hastingsdc.govt.nz/my-property**

Rating Area One – Greater urban area

Urban Residential

Average increase **26.5%**

	LAND VALUE ($)	RATES 23/24 ($)	PROPOSED RATES 24/25 ($)
Flaxmere	200,000	2,586	3,294
Hastings	510,000	3,528	4,399
Havelock North	660,000	4,014	4,969

Property owners will see increases in drinking water, wastewater, and refuse collection charges, along with the new cyclone recovery rate. The charges will have a slightly bigger percentage impact on lower valued properties.

Townships

Average increase **27%**

	LAND VALUE ($)	RATES 23/24 ($)	PROPOSED RATES 24/25 ($)
Whakatū	280,000	2,478	3,177
Clive	470,000	2,988	3,780
Haumoana	550,000	2,762	3,415

Property owners (receiving services) will see increases in drinking water, wastewater, and refuse collection charges, along with the new cyclone recovery rate. The charges will have a slightly bigger percentage impact on lower valued properties.

Commercial / Industrial

Average increase **20%**

	LAND VALUE ($)	RATES 23/24 ($)	PROPOSED RATES 24/25 ($)
Hastings CBD Retail	730,000	17,866	20,242
Havelock Nth CBD Retail	1,070,000	17,699	20,456
Suburban	1,020,000	12,055	14,361
Commercial Non-Urban	1,410,000	11,641	13,519

Total rates paid by a commercial property are typically much higher than for a residential property. Therefore, while the commercial sector is paying its share of the costs the impact in percentage terms appears a little lower.

Horticulture / Farming

Average increase **24%**

	LAND VALUE ($)	RATES 23/24 ($)	PROPOSED RATES 24/25 ($)
Small	980,000	2,677	3,328
Large	2,110,000	5,013	6,142

Horticulture/farming properties in Rating Area One are funding a share of the cyclone recovery costs. As these costs are being funded via a uniform charge (50%) and a percentage based on land value (50%), larger blocks will contribute a greater percentage share.

Rating Area Two – Rural

Coastal Residential

Average increase **35%**

	LAND VALUE ($)	RATES 23/24 ($)	PROPOSED RATES 24/25 ($)
Whirinaki	660,000	2,323	3,059
Waimārama	660,000	2,168	2,919
Waipātiki	440,000	3,917	5,363

These coastal settlements are connected to some services (water, wastewater and refuse collection), which attract charges specific to their area. For uniform charges (where everyone pays the same) and the 50 per cent share of the new cyclone recovery rate, the impact in percentage terms is greater on lower valued properties.

Farming

A 'farm' in Rating Area Two is over 1 hectare and used for farming purposes.

Average increase **24%**

	LAND VALUE ($)	RATES 23/24 ($)	PROPOSED RATES 24/25 ($)
Small	1,550,000	3,081	3,862
Medium	3,270,000	5,861	7,050
Large	6,760,000	12,078	14,509

The majority of the land value in the rural area is made up of farming blocks. Farms therefore receive about the average rates increase and typically do not incur any of the increases in particular service charges as they are not connected to these services.

He aha ngā whakatau nui?

What are the big decisions?

1

Te pāpātanga heipū e whakaora ai i ngā waihotanga a te huripari

Cyclone recovery targeted rate

Council is proposing introducing a new cyclone recovery targeted rate (CRTR).

It is considered the fairest way for the community to fund the costs of the cyclone.

We are also proposing that the cyclone transport recovery programme is substantially delivered over the first six years of this plan. It could be delivered over nine years to smooth rates increases, however the transportation network is very fragile and delays could end up costing a lot more.

Cyclone recovery budget and cyclone recovery targeted rate (CRTR)

To address the costs of the cyclone, a recovery budget of $230m has been developed for this Long Term Plan.

The funds collected through the CRTR will be ring-fenced, meaning they will only be used for cyclone recovery purposes, including:

- rate remissions for cyclone-affected ratepayers
- roading network repairs
- Council's share of the Voluntary Buy-out Programme for category 3 properties
- Three waters, parks and community resilence
- associated costs for administration and delivery.

A nine-year cyclone recovery programme

Council did consider slowing down some slip and culvert repairs and road sealing work planned for the first six years, to alleviate funding pressure. This would remove about $42m from the first six years.

However, the cyclone-damaged roading network is very fragile and delaying repairs means they will be very vulnerable to further damage in bad weather, resulting in higher overall costs and more inconvenience. Also, across the whole community, the impact on the cyclone rate per property would not be significant. Therefore this approach is not recommended.

Why should we all pay?

The costs of the cyclone are unprecedented. Despite the roading damage being predominantly in the rural area, there were also impacts in the urban area (for example the Redclyffe and Brookfield bridges). Also, rural roads benefit the whole district in respect of economic activity and access to recreational opportunities.

Council did consider a number of options but is recommending sharing the cost across our district, with the rural community paying a bit more to reflect the direct benefits to those communities.

The cost is allocated based on land value, which sees a split of 67 per cent to the greater urban area and 33 per cent to the rural area.

The finer detail

Council has adopted a 'we are all in it together' principle as it is the only practical way of funding the level of costs that come from a natural event of this magnitude. However, the rate has been set to reflect that some benefit more than others from the repairs.

Everyone paying an equal share would have seen a rate of about $620 a year set on every property. Council then considered the negative impact fixed uniform charges have on lower valued properties.

Therefore, the rate is proposed to be split into two parts. The first 50 per cent will be rated via a fixed charge on every property, phased over two years:

	YEAR ONE	YEAR TWO
Rating Area One	$127	$242
Rating Area Two	$323	$617

The other 50 per cent is proposed to be calculated on a percentage of the land value of a property (the same as the general rate).

A detailed working paper can be found in the full Long Term Plan document (Revenue and Financing Policy section).

Amendment to Revenue and Financing Policy

In 2023 the Council amended its Long Term Plan to create a new activity for cyclone recovery (inclusive of the Category 3 property buy-out programme).

That amendment signalled the introduction of a cyclone targeted rate to take effect from 1 July 2024. This consultation formalises the introduction of that rate within Council's Revenue and Financing Policy. A link to the policy (in the LTP Supporting Information) can be found at myvoicemychoice.co.nz.

High level budget breakdown

Below is a summary of the cyclone cost to be funded (after various government subsidies).

The proposed Cyclone Targeted Rate has been set to recover these costs over a 16-year period. The total cost to be funded is about $230m (plus interest). The targeted rate will be ringfenced and used only to fund these costs.

EXPENDITURE ITEM	VALUE
Roading recovery costs	$170m
Category 3 Property Buy-out	$50m
Three waters costs	$5m
Other (including parks and community resilience)	$5m
TOTAL COUNCIL COST	$230m

Give us your feedback on cyclone recovery targeted rate

2

Te tipu whakahaere
Managing growth

Given the financial challenges, we have had to delay investment in infrastructure (roads, water pipes etc) to service housing and industrial growth.

This means we can't be open for business everywhere.

We need to find the right balance; having enough land serviced to meet housing and business needs, with the least financial risk for ratepayers.

Fees and charges

Building Consents and Resource Consents charges are proposed to increase, some by 16 per cent. Inflationary pressures including for compliance and audit standards are increasing the cost of delivering these services. See the full Fees and Charges schedule (in the LTP Supporting Information) via a link on **myvoicemychoice.co.nz**.

Development contributions

The costs of growth infrastructure are primarily recovered via Development Contributions (fees charged directly to a land developer). This plan signals increases in Development Contribution charges to recover the escalating cost of growth, moving away from a phased approach.

These proposed increases are as follows:

TYPE OF DEVELOPMENT	2023/24 CHARGE	2024/25 CHARGE
Greenfields residential per HUE	$33,898.55	$53,632.55
Infill residential per HUE	$22,664.20	$34,230.90
Medium density housing residential per HUE	$24,826.20	$35,763.85
Semi urban residential/rural residential per HUE	$5,991.50	$8,784.85
Office per 100m²	$6,861.88	$10,419.44
Commercial and retail per 100m²	$9,220.99	$13,952.42
Industrial per 100m²	$7,939.37	$12,080.80
Hospitality and accommodation per 100m²	$19,150.89	$29,133.51

Please find the Development Contribution Policy online at myvoicemychoice.co.nz

OUR PREFERRED OPTION

Growth infrastructure – carry on with existing commitments only

The completion of new wastewater infrastructure, previously approved and currently under construction, will provide capacity for new housing and businesses within the main urban area.

To mitigate financing risks, this option will see infrastructure projects designed to enable development in the southern urban area moved out to later years.

Any other growth infrastructure projects will need to be carefully scrutinised (or funded by the private sector) to mitigate financing risks to ratepayers.

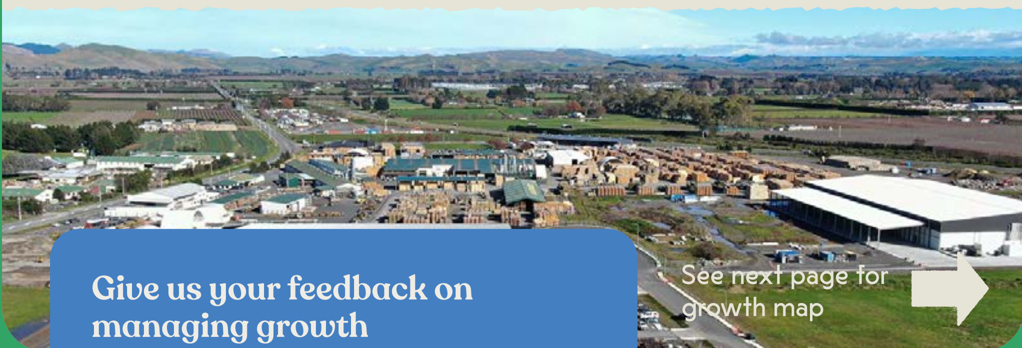
ANOTHER OPTION

Open up more areas for growth development

We could invest in further growth development, enabling works which would free up the south side of Hastings for development (marked in red on the map on the next page).

Due to the increased financial risk in a slowing economy, this option is not recommended.

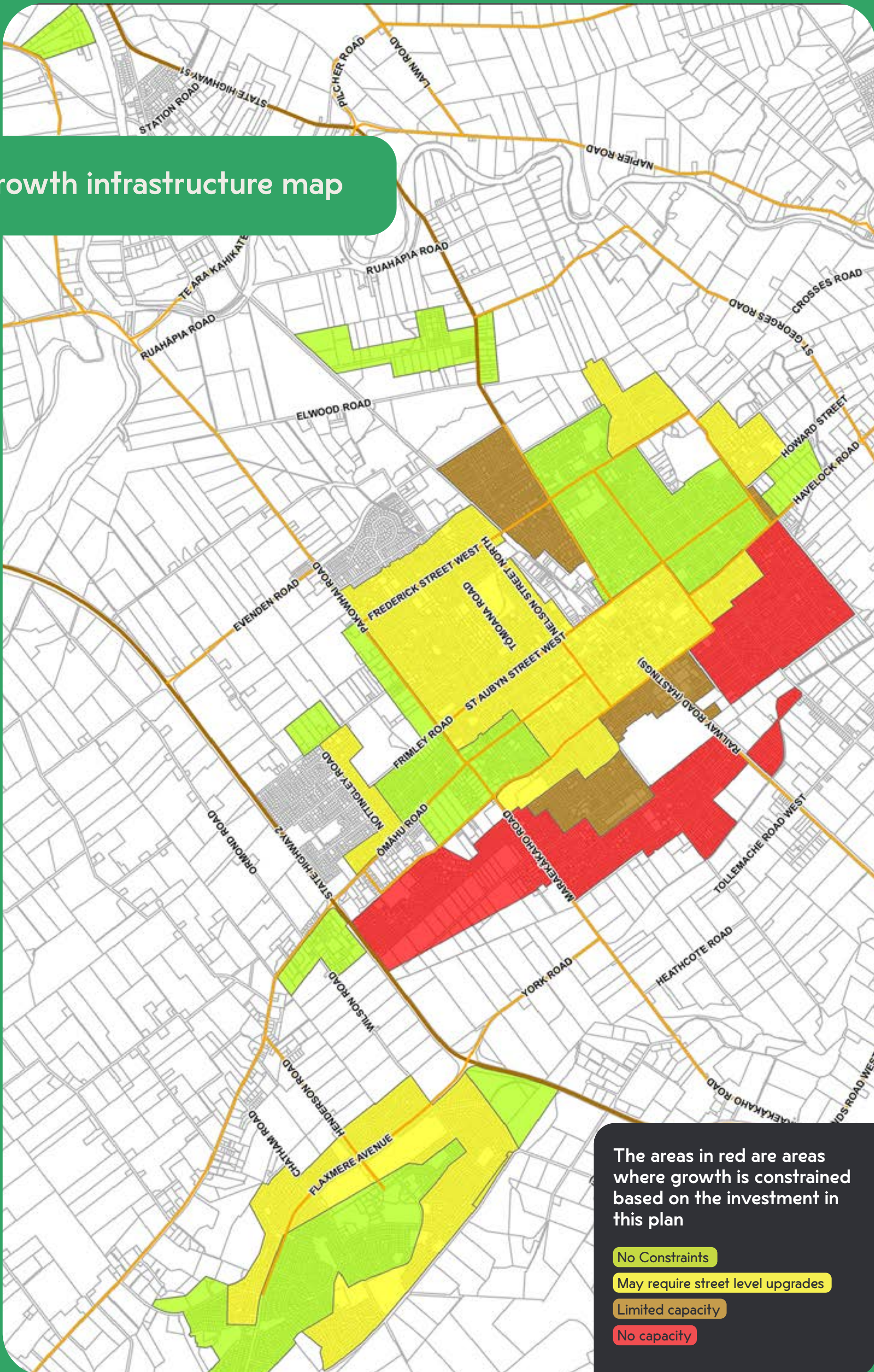
New areas could still be opened up if the other partners, government, developers or other entities are prepared to take the financial risk and build to Council standards.



Give us your feedback on managing growth

See next page for growth map

Growth infrastructure map



The areas in red are areas where growth is constrained based on the investment in this plan

3

Ngā kaupapa tōmina
Nice-to-have projects

Council has put considerable investment into community projects over recent years, including walking and cycling projects, upgrading parks, and improving retail areas.

With the difficult financial outlook in the short-medium term as a Council and community, we need to reconsider our priorities.

This Long Term Plan includes funding to look after our existing community assets and address any immediate service issues.

The plan does, however, delay a number of projects while others have been removed from the plan.

Projects that remain in the first three years are:

- Hastings Mall upgrade (linked to KiwiRail safety works)*
- Park upgrades (revegetation works in Havelock Hill reserves).

KiwiRail safety work*

While Council is delaying almost all city centre upgrades, upcoming major safety work by KiwiRail means work in Hastings Mall must be considered. A KiwiRail safety assessment of its pedestrian crossings either side of the city's water fountain recommends both crossings are kept, but automatic gates, pedestrian maze, accessible ramps, and a 1.4m high fence is erected along the full width of the water fountain. Council staff are working with KiwiRail on options that might help minimise the visual impact of the safety works.

Our theme for this plan is:

Take a breather

Fulfil existing commitments

Signal future intentions

Council has had to look hard at its finances and priorities. We simply cannot afford to do everything we want to.

What does this mean? There is no funding in the plan for the following (other than indicated):

- Splash Planet development
- Civic Square redevelopment (until after year seven)
- Tōmoana Showgrounds development
- new playgrounds (until years five to 10)
- Hastings Library/Art Gallery upgrade
- new events
- walking and cycling initiatives (other than near Ōmahu School)

OUR PREFERRED OPTION

Taking a breather – limited and delayed new investment

The removal of capital investment plans for nice-to-have projects detailed on the previous page amount to about $50m over the first five years of the plan. These projects may be revisited, prioritised and staged in the future, once Council has financial capacity. We think this is necessary to get debt back to manageable levels and to avoid higher rate increases.

ANOTHER OPTION

Advance some projects into the first three years – this will cost more

We want to hear whether you think we have this right. You may feel some projects need to be delivered earlier, but this will have financial consequences both in terms of debt levels and paying interest, and therefore debt repayment costs increasing your rates.

For example adding $50m of nice-to-have projects back into the budget would add about an extra five per cent increase in rates over the first three years if we are to stay within our debt limit.

Give us your feedback on nice-to-have projects

4

Te mahere whānui i ngā tāke kaunihera me ngā moni tārewa

Overall rates and debt plan

Managing debt and balancing our budget are two key goals in the financial strategy.

Decisions made on these matters influence the amount Council can borrow, and therefore the extent of future rate increases.

Council's proposal is to deal with the cyclone funding impact over three years to get us back on track, and then consolidate Council's finances to enable it to resume projects that will enable Hastings to keep up with future needs and aspirations.

Savings and funding tools

Council has looked at areas where savings could be made to reduce the funding pressure in the early years of this plan.

It's a balance because cuts in expenditure often lead to reduced levels of service. That reduction could be to how quickly we can do things, what standard we can do them, or simply how much can be done.

This plan has included a savings target of 2.5 per cent in Year 1 which has helped to reduce the rate increase. The Council will report during the 2024/25 financial year on progress toward achieving this target and where the savings have been found.

We are also proposing that a phase-two of our savings plan is put in place to be reported through the 2025/26 Annual Plan. These savings may be more focused on reduced hours at facilities, closure in some cases or stepping away from roles that other agencies can perform.

Our financial ratios

It's a balance between smoothing the impact on ratepayers and the reality of the costs we face.

The debt to revenue ratio and balanced budget ratios are two important indicators.

Essentially, they control how much we can borrow and show when the Council is meeting its annual costs from annual revenue (instead of borrowing). **These ratios are explained on pages 25 and 27.**

OUR PREFERRED OPTION

THE **THREE YEAR** FUNDING PLAN

Funding over three years

We will operate at a debt to revenue ratio of 250 per cent for five years, before creating more borrowing capacity by year 10. It means we will balance the budget by year two. This is an important way of measuring whether we are living within our means. The draft plan assumes the savings plan is implemented and that nice-to-have projects are not delivered in the first three to five years. We want to hear your views.

ANOTHER OPTION

THE **FIVE YEAR** FUNDING PLAN

Make further savings and smooth rates increases further

Council has considered a longer-term funding recovery strategy over five years. This would reduce the year one proposed increase in rates revenue from 25 per cent to 19 per cent. However, unless significant reductions in costs (and therefore service levels to our community) are found then the saving made in Year 1 would just prolong the period of higher rate increases.

It would mean:

- borrowing an extra $21m over the first three years
- debt would exceed the 250 per cent limit (in years one to four; closer to 260 per cent) meaning less borrowing capacity in case of an emergency
- Overall, this option would add about an extra two per cent in rates increases (due to the increased borrowing), compared with the three-year option.

Let us know which Council services are less important to you.

Give us your feedback on the overall rates and debt plan

Kōrerotia tō kōrero
Have your say

SUBMISSIONS CLOSE

5PM, MONDAY 27 MAY 2024

There are two ways to have your say

Head online to **myvoicemychoice.co.nz**
OR
Complete the reply-paid card at the back of this document and pop it in any NZ Post letterbox, or to one of the Hastings libraries (Flaxmere, Hastings, Havelock North), or into Hastings District Council customer service centre in Lyndon Road.

More information

This document is a summary of the full Draft Long Term Plan containing the Amendment to the Revenue and Financing Policy– you can download the full Draft Plan at **myvoicemychoice.co.nz** or view a printed copy at any of the locations below. You can also have your say on the Amendment to the Revenue and Financing Policy and the Draft Development Contributions Policy.

- **Hastings District Council Customer Service Centre,** 207 Lyndon Road East, Hastings
- **Hastings, Havelock North or Flaxmere Library**

Got questions? Feel free to phone our friendly customer service call centre on **06 871 5000**.

MY VOICE MY CHOICE

Attend an information event

Visit our website **myvoicemychoice.co.nz** for more details.

Te rārangi kaimahi a te Kaunihera
Directory of Council

Mayor
Sandra Hazlehurst

Councillor Tania Kerr
(Deputy Mayor)

Councillor
Henry Heke

Councillor
Damon Harvey

Vacant

Councillor
Ana Apatu

Councillor
Eileen Lawson

Councillor
Alwyn Corban

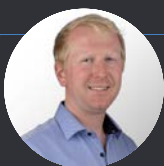
Councillor
Simon Nixon

Vacant

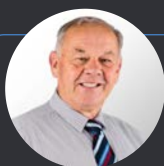
Councillor
Malcolm Dixon

Councillor
Wendy Schollum

Councillor
Michael Fowler



Councillor
Marcus Buddo



Councillor
Kevin Watkins

Councillor
Kellie Jessup

HERETAUNGA
HASTINGS DISTRICT COUNCIL

TE KAUNIHERA Ā-ROHE O HERETAUNGA
HASTINGS DISTRICT COUNCIL
207 Lyndon Road East, Hastings 4122 | Private Bag 9002, Hastings 4156
06 871 5000 | customerservice@hdc.govt.nz | hastingsdc.govt.nz

Freepost Authority 226
Hastings District Council

Reply

Hastings District Council
Private Bag 9002
Hastings 4156

CUT HERE

FOLD HERE

KŌRERO MAI
SPEAK UP

Your Feedback Form

Tell us how you feel about Council's approach to the following proposals

Submissions to the Draft Long Term Plan (incorporating Amendment to Revenue and Financing Policy) and the Development Contributions Policy close on 27 May 2024.

Make your submission by:

Visiting **myvoicemychoice.co.nz**

Returning this reply-paid feedback form

TAPE CLOSED HERE

1

Cyclone Targeted Rate

Council's proposal will add a new targeted rate to pay for Cyclone Gabrielle-related costs for a term of 16 years. This is based on completing roading projects over the next six years. Going slower over a nine-year period would reduce some costs but would mean some routes will remain vulnerable to further weather events. Tell us what you think below.

- [ ] It's about right
- [ ] Pay less; recover slower accept increased risks to the roading network

2

Growth

Council's proposal will continue to unlock opportunities for residential and industrial growth in line with its previously signalled growth strategy. However, we will need to limit the number of areas we have open for growth so ratepayers are not exposed to financial risk. We could open further areas more quickly, but this means more debt and risk to recovering development contributions. Tell us what you think below.

- [ ] It's about right
- [ ] Pay more; expand growth areas for development; accept more funding risk to ratepayers

3

Nice-to-have projects

Council's proposal will mean taking a breather from new nice-to-have projects. This means things like park upgrades, central city improvements, walking and cycling initiatives and new events will not be delivered. Tell us what you think below.

- [ ] It's about right
- [ ] Pay more to add some projects
- [ ] Pay less; slow down further

4

Three-year rates and debt plan

Due to the significant costs we are facing, an overall three-year rates and debt plan has been proposed and included in the draft plan. It is based on a debt to revenue ratio of 250 per cent for the next five years and balancing the Council budget by year two. Tell us what you think below.

- [ ] It's about right
- [ ] Pay more; go quicker; invest more
- [ ] Pay less; take longer and find more savings

Share your thoughts here....