



Big year ahead for Council

Welcome to the Whakatane District Council's summary draft Annual Plan for 2007/08. The Plan sets out how the Council intends to operate for the next year and outlines some major projects and how they are to be funded. It also includes proposed changes to the Ten-year Council Community Plan 2006-2016.

The 2007/08 year promises to be a big one for the Council as we continue with our process of improving our services and assets to meet the requirements and expectations of the people of our District. On top of this work are some significant events, including local body elections, a rates review and the proposed establishment of a Bay of Plenty Local Authority Shared Services Council-Controlled Organisation.

If there is a theme to the year, it is one of investing in the future. There are a number of projects planned that will provide much improved foundations for effective and efficient management of the Council's functions and assets. These include information technology projects and the development of comprehensive asset management plans. Through this latter initiative we will ensure that we are actively and sustainably managing the assets that every person in the District relies upon on a daily basis. It will provide a robust register of every asset held by the Council on your behalf and will ensure that our maintenance and upgrade programmes are appropriately targeted. While this has a large initial cost, it will ensure that future expenditure on assets is cost-effective and appropriate.

Improvements to the District's physical infrastructure, planned through the draft Annual Plan, include hazard mitigation projects, water supply upgrades and continued improvement of the Whakatane Port to provide more berthage and amenities. Roading also continues to be a major expenditure item for the Council, and one of the key projects for 2007/08 is the completion of stage three of the seal widening and safety improvements on Ohope Road. These infrastructure projects ensure that the Council meets the infrastructure needs of current ratepayers and provide for growth.

Over the last few years we have experienced natural disasters in Matata, Otarawairere/West End, Edgecumbe and Awatapu. Subsequently the Council has worked hard to plan for and implement a series of mitigation projects to reduce the risk of similar disasters occurring. During 2007/08 we will start to construct the physical works required in Matata and Otarawairere/West End. This has come about after a long period of planning and consultation and it is pleasing to see the practical work finally under way.



Preparing for the future-the Whakatane district libraries provide learning opportunities for the young and old.

Although planning is still continuing for Edgecumbe, we will start these works later during the year. In addition to the mitigation works in Matata, Edgecumbe, Whakatane and Ohope, we are also working to identify any other natural hazards that could affect the District. Detailed research on this will start in 2007/08 and will provide crucial information for the future development of the District.

A major water supply upgrade is included in the draft Annual Plan to implement the first stage of a project for a new Plains Water Supply source. This project will ensure compliance with the New Zealand Drinking Water Standards and address the presence of arsenic in the Plains Water Supply. During 2007/08 the Council will investigate new water bores at Paul Rd. Construction works will take place in 2008, depending on the outcome of public consultation currently underway, on the cost of increased water charges as a result of the project.

Another physical project in the draft Annual Plan is the establishment of a transfer station to transport solid waste to a new disposal site. The Council also intends to continue the fortnightly greenwaste collection service, following a very successful one-year trial. Obviously these initiatives do have a cost. To offset this we have reviewed the funds that we hold for various purposes to ensure that best use is being made of them. As a result of this, the Council intends to apply \$1.80m of accumulated balances and reserve funds to cover one-off extraordinary costs, capital items that would otherwise be funded from rates, or loan-funded. The decision to use funds in this manner will not impact upon rates in future years, owing to the one-off nature of the

expenditure. In addition, the Council intends using operating surpluses from previous years, to reduce the required input from rates by \$1.20m. In short, the Council is doing whatever it reasonably can to ensure that your money stays with you, while at the same time putting much needed investment into infrastructure and systems.

In order to focus the future development of Council policies and plans, and to guide our investment in infrastructure the Council has been working on a series of strategies and studies. These include a retail strategy, residential growth strategy, industrial land strategy, transportation study and the Whakatane Town Vision. These will be finalised in 2007/08 and we will start the detailed work on the ensuing projects and plans. This is an exciting time for the District as we define a vision of our future development and plan how to get there and how to support our growth.

In summary, there is an element of catch-up for some of our internal systems and some much needed long-term planning all happening together. Based on the projects included in the draft Annual Plan, rates are proposed to increase on average by 11.69%. This is slightly higher than forecast in the Ten-year Council Community Plan (10.66%). This rates increase will not be uniform across the District. Individual rates will differ depending upon where you live and what services you receive. In order to make this clear we have included indicative rates for various properties across the District on page 3.

The Council has also been through a process to review its purpose and vision statements. These new statements reflect the Council's belief in making changes to ensure great services and excellent delivery. Consultation on the Annual Plan is an important mechanism for you to have your say on what the Council does in your District, with your money. Please do take the time to read it and let us know what you think about our plans. And don't forget, comments are due before 5.00pm on Monday 14 May 2007.

Colin Holmes, Mayor

Diane Turner, Chief Executive



Coastal hazards

The Council is proposing to vary the District Plan, to address issues related to sea level rise and coastal inundation.

Chief Executive Diane Turner said discussions with affected property owners and key stakeholders will be continuing.

"From these discussions we will emerge with policies and rules that take into account

coastal hazards," she said, "while agreement on every aspect will not be possible the Council intends that through the variation, appropriate development will be possible." Ms Turner points out the proposed variation is not cast in stone.

"It is important to ensure that our policies are based on the best and most up to date information."



Fees and Charges Important

A key document of the draft Annual Plan that is often overlooked during public consultation is the Fees and Charges Schedule. The schedule provides information on user fees and charges for such activities as dog registrations, building permits, resource consents and waste disposal.

Public views and comments on the proposed fees and charges are important, as they are reviewed annually.

The Council's Director of Environment and Policy David Bewley says the Fees and Charges Schedule is often overlooked however it is important that comments are made.

"Quite often people only note the new fees and charges when they come into effect."

He said the Council is encouraging people to take time to look at the Fees and Charges Schedule and make a submission either in support of or against any proposed increases. An effective submission should try and cover these issues:

- Make clear what you are supporting or opposing, and why.
- If you think the fee or charge is too high or low, tell us what you think it should be and why.

Average rates increase of 11.69% proposed

Whakatane District ratepayers face an average 11.69 percent rates increase in the 2007/08 financial year, which is higher than the 10.66 percent signalled in the Ten-year Council Community Plan.

The increase is mainly attributed to the move to fully fund depreciation, from 60 percent last year to 80 percent in 2007/08, which accounts for \$1.80m or 7% of the increase.

Over the past few years the rating impact has been cushioned through the use of credit balances and accumulated reserves. Last year the Council used about \$1.2m from accumulated reserves and credit balances to reduce the rates increase to an average of 5.94 percent.

Revenue required from rates (the amount of money the Council needs) is \$28.55m, an increase of \$2.98m on the previous year. Rates generally fund over 50 percent of the operational expenditure for the year with the rest coming from subsidies, grants, interest, development contributions and user fees and charges.

An analysis of 2006/07 rates figures shows that while the general rate went up, the works and facilities rate input decreased, owing to the application of credit balances from previous years. This was further complicated by the fact that while the district as a whole experienced an average 5.94 percent rate rise, Whakatane township

ratepayers experienced either a decrease or a lower than average increase.

'Whakatane township meets 66% of the overall works and facilities rates of the district, so any changes either upward or downward, in the works and facilities rates impact more greatly on Whakatane township than on other parts of the district', explained the Council's Chief Executive Ms Turner.

Whakatane District Mayor Colin Holmes said the Council has a considerable gap between normal operating expenditure and operating income, and this gap has been subsidised in the past through the use of accumulated reserves and credit balances.

"The Council has, in the 2007/08 plan, sought to use accumulated reserves and credit balances to fund capital projects rather than drawing on loans which place long-term financial burden on ratepayers," said Mr Holmes. He added that the challenge for the Council going into the future is addressing the gap between income and expenditure.

Mr Holmes said, also impacting on the rating requirement is the cost of works to protect the community against the risk of further flooding, landslip and debris flows.

"The real impact of funding disaster mitigation works will begin to be felt in this 2007/08 financial year," said Mayor Holmes.

Greenwaste service to continue?

After a 12 month trial period, the Council is proposing to make greenwaste collection a permanent service.

This follows a review which found that there was a low level of greenwaste contamination. Monitoring conducted between June and December 2006 found the levels were below 10% of the fortnightly volume collected, which is an acceptable range.

Councillors were impressed that most of the greenwaste being collected from the kerbside was being put to good use.

Councillors noted that benefits of the service to the community and environment were numerous and included a service affordable for all the communities, covering about 80% of the residents and alleviating the problems associated with dumping.

The Council's Service Delivery Manager Mike Naude told the Council that over 80% of the more than 8,000 urban properties which have access to the fortnightly service are participating. To date only five property owners have requested that their greenwaste bins be removed.

He said that following the introduction of the smaller 80

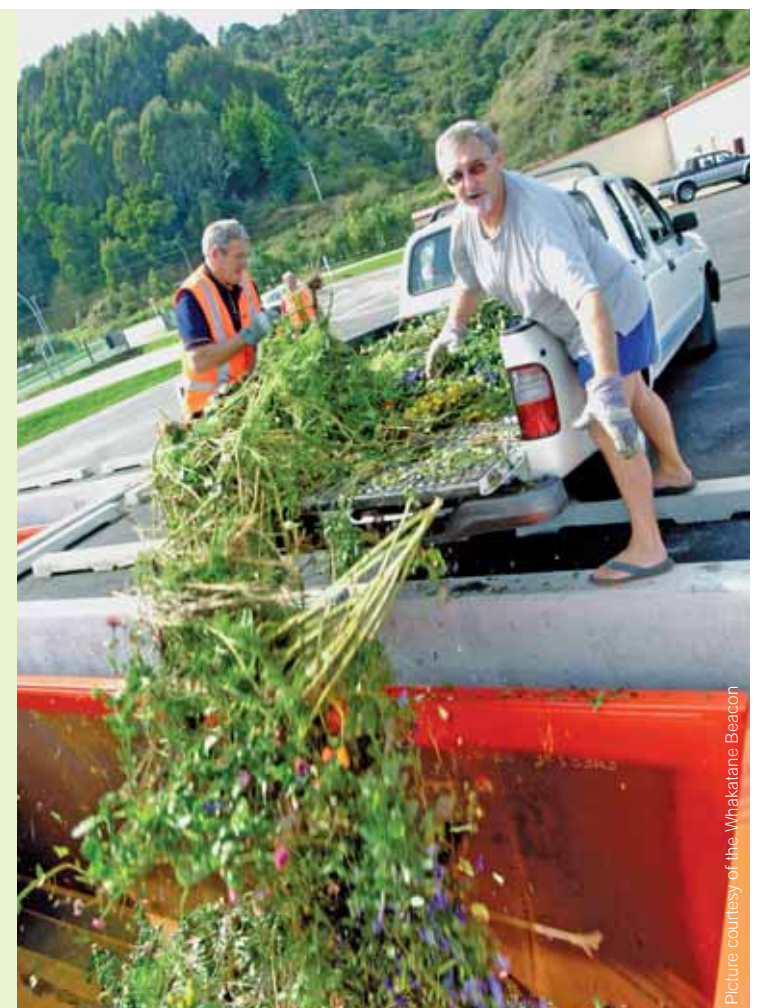
litre rubbish bin and the recycling crate, the community has taken up the principles of separating household waste into the various categories.

Greenwaste and kerbside recycling collection services underpin the Council's objectives of waste minimisation. This maximises diversion of waste from the Burma Road landfill which is due for closure in 2009.

Mr Naude that said that between June and December 2006 the greenwaste and recycling service has diverted over three thousand tonnes of materials from the landfill. Greenwaste has made up 52.4% of this volume.

He said continuation of the rate-funded greenwaste service would provide a cost effective collection service for urban properties.

"The issue of affordability would become key as the price would depend on the number of households participating in the service. Generally, households would expect to pay between \$5-\$8 per pick-up for a commercial service compared with the \$1.84 under the rate funded service."



ABOVE: Whakatane resident takes advantage of the greenwaste disposal service at the Recycling Park in Te Tahī St. The Recycling Park opened for business in April 2006

Picture courtesy of the Whakatane Beacon

Financial policies

The Council is moving to fully fund depreciation of assets over a five year period from 2004/05 to 2008/09. In 2007/08, the Council is funding 80% of the depreciation charged. The remaining 20% will be treated as non-funded. This will ensure that the Council can maintain assets at optimum levels.

All New Zealand reporting entities are required to present their financial statements in accordance with generally accepted accounting policies (GAAP).

Consequently New Zealand has adopted International Financial Reporting Standards for all reporting periods commencing on or after 1 January 2007. This has impacted upon the way in

which the Council must produce financial reporting and staff have been significantly involved over the past twelve months in preparing the Council for compliance with the new standards. The most noticeable aspect of the new standards on this draft Annual Plan for 2007/08 is in the Accounting Policies which are included in the section of the plan entitled "Financials".

At the time of finalising the Ten-year Council Community Plan, information available to the Council indicated that it may be able to borrow for capital works at an interest rate of 6.75%. The latest information available to the Council indicates that interest rates should be adjusted to 7.25%. This impacts on rates.

Financial costs and use of reserves

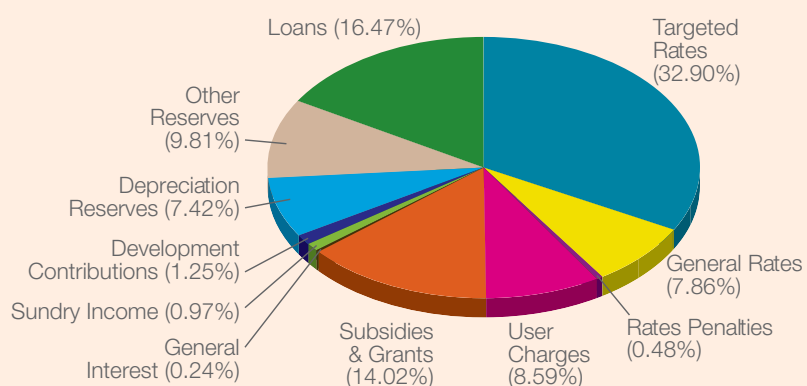
The Council intends to apply prior year's credit balances from general and targeted rates totalling \$1.2m, which reduces the required input from rates. This is in accordance with the policy adopted in 2006 where credit balances identified as at 30 June 2006 were to be returned to ratepayers equally over the 2006/07 and 2007/08 financial years.

In addition, the Council will apply a further \$1.8m of accumulated balances and reserve funds in respect of "one off" extraordinary operating costs, capital items

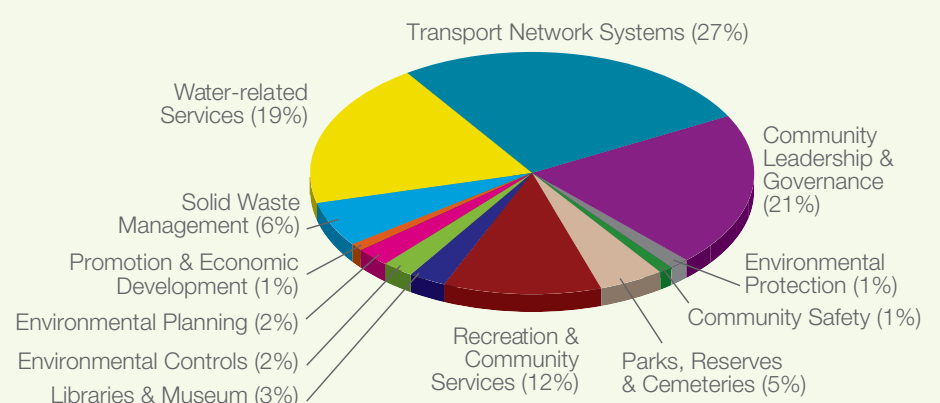
that were intended to be funded from rates, and capital items that were intended to be loan funded. The decision to utilise reserves in this manner will not impact upon future year's rating requirements.

During 2007/08 the Council will undertake a full rates review. This process will start after the results of central government's Commission of Enquiry into Rates are known. This will involve consultation with the community and will be completed in time to coincide with the next Ten-year Council Community Plan in 2009.

Where does the money come from in 2007/08?



How does the money get spent in 2007/08?



Indicative property rates for 2007/08

To undertake the activities signalled in the draft Annual Plan 2007/08, the Council needs to raise \$28.55 million in rates. The actual level of rate increases will vary from property to property because different properties have different capital values. To help illustrate the potential impact, a range of indicative properties is shown in the table.

Address	Location	Land Value	Capital Value	5.94% overall increase in 2006/07				11.69% overall increase in 2007/08			
				Rates 2005/06	Rates 2006/07	Diff	% Diff	Rates 2006/07	Rates 2007/08	Diff	% Diff
Muriwai Drive	Whakatane	870,000	1,240,000	4,601	4,386	-214	-4.66%	4,386	5,270	884	20.15%
James Street	Whakatane	73,000	149,000	1,103	1,145	42	3.82%	1,145	1,381	237	20.67%
Melville Drive	Whakatane	160,000	350,000	1,747	1,742	-5	-0.29%	1,742	2,098	356	20.43%
Bunyan Road	Coastlands	900,000	1,330,000	4,899	4,646	-252	-5.15%	4,646	5,578	931	20.04%
Commerce Street	(Commercial)	190,000	440,000	3,622	3,442	-180	-4.96%	3,442	4,278	836	24.29%
Fenton Mill Road	(Forestry)	52,500,000	62,300,000	76,148	72,984	-3,164	-4.15%	72,984	77,393	4,409	6.04%
Sisam Valley Road	(Rural)	27,400,000	31,000,000	38,161	36,606	-1,555	-4.08%	36,606	38,774	2,168	5.92%
King Street	(Commercial)	1,150,000	5,010,000	28,608	25,242	-3,366	-11.77%	25,242	31,592	6,350	25.16%
The Strand	(Commercial)	950,000	4,900,000	29,346	26,441	-2,906	-9.90%	26,441	33,241	6,800	25.72%
Mill Road	(Commercial)	1,100,000	29,500,000	81,028	71,409	-9,619	-11.87%	71,409	87,834	16,425	23.00%
Galatea	(Rural)	760,000	800,000	1,761	1,784	23	1.32%	1,784	1,945	161	9.03%
Ruatoki Road	(Rural)	3,000	29,000	628	639	11	1.68%	639	613	-26	-4.01%
Manawahe Road	(Rural)	495,000	511,000	1,303	1,325	22	1.69%	1,325	1,430	105	7.94%
Otarawairere Road	Otarawairere	375,000	700,000	1,709	2,075	366	21.44%	2,075	3,116	1,041	50.15%
Huia Crescent	Te Teko	5,000	49,000	682	716	35	5.10%	716	790	74	10.34%
West End Road	Ohope	1,400,000	1,430,000	3,321	3,497	176	5.31%	3,497	4,473	976	27.92%
Pohutukawa Ave	Ohope	445,000	610,000	1,951	2,039	89	4.54%	2,039	2,221	182	8.92%
Ocean Road	Ohope	690,000	850,000	2,352	2,458	107	4.54%	2,458	2,667	209	8.51%
Pohutukawa Ave	Ohope	1,040,000	1,500,000	3,438	3,593	156	4.53%	3,593	3,876	283	7.87%
College Road	Edgecumbe	40,000	235,000	1,752	1,794	42	2.39%	1,794	2,076	282	15.73%
Pakeha Street	Matata	60,000	117,000	1,075	1,284	209	19.40%	1,284	1,707	423	32.97%
Morrison Street	Taneatua	7,000	61,000	1,284	1,453	169	13.14%	1,453	1,555	102	7.02%
Amokura Road	Taneatua	3,500	53,000	1,264	1,421	157	12.40%	1,421	1,511	90	6.34%
Oregon Drive	Murupara	300	23,000	1,015	1,040	25	2.48%	1,040	996	-44	-4.19%
Kopuriki Road	Murupara	18,000	20,000	880	954	74	8.43%	954	853	-101	-10.59%
Pioneer Place	Awatarai	109,000	220,000	1,238	1,460	222	17.89%	1,460	1,981	521	35.72%
Warbrick Terrace	Waimea	165,000	270,000	1,318	1,760	443	33.60%	1,760	2,306	546	30.99%
Awatapu Drive	Awatapu	57,000	255,000	1,553	1,460	-93	-5.97%	1,460	1,759	300	20.52%

Definitions:

Land value is the unimproved value of the property (bare land), although the value of below-ground improvements such as drainage is included.

Capital Value is the land value plus the value of any improvements such as a dwelling.

What is planned 2007/08

The Council welcomes submissions on these issues and any other matters in the draft Annual Plan and amendments to the Ten-year Council Community Plan 2006-2016. Information on how to make a submission is included on page 8.

Natural hazard mitigation works

Following recent natural disasters in the District, the Council is planning a range of flood, landslip and debris flow mitigation projects. The cost of these works is significant but necessary to protect communities within the District.

Matata

The 2006/07 financial year focused on the planning and design work and the 2007/08 year will be when the majority of the construction work is completed. The following physical works are to be completed in the 2007/08 financial year:

- Awatarariki Stream and Te Awa o te Atua Lagoon (Western Lagoon) restoration works, downstream of the State Highway Bridge (Moore's Bridge)
- Waitepuru Stream debris and stream management works
- Ohinekoao (Matata straight, State Highway 2); and
- Waimea Stream debris and stream management works

The construction of the Awatarariki debris detention structure will also commence in the 2007/2008 financial year. However, it is expected that the works will not be completed until the beginning of the 2008/2009 financial year.

The cost of the project remains unchanged from the Ten-year Council Community Plan for 2007/08, at \$3.94 m (including \$1.9 m of government funding).

Otarawarirere/West End wastewater/stormwater disposal scheme

The Council has agreed to reticulate stormwater and wastewater away from the developed areas on top of the Otawarurere/West End escarpment. Conveying the stormwater and wastewater away from the escarpment will reduce, but not totally eliminate, the risk of landslips.

The scheme was estimated to cost \$2m at the concept stage of the project, and the Council was expected to collect \$667,000 of this cost from other sources. This cost was identified in the Ten-year Council Community Plan 2006-2016. The overall costs have now risen to \$2.99m (with \$2.74m budgeted in 2007/08). This cost increase can be attributed directly to the rise in the cost of construction, a more detailed budget for planning costs and a decision by the Council

to include extra capacity in the scheme to accommodate future development in the area.

The Council has now been advised that there is uncertainty in the funding from Central Government for the Otawarirere/West End project. Therefore, the Council will rate for the full cost of the project (being \$2.74m for 2007/08 without subsidy) but will continue to pursue a government contribution towards this project.

While it may be possible to undertake some physical works towards the end of the 2006/07 financial year, the majority of the construction of the reticulated stormwater/wastewater disposal scheme will be undertaken in the 2007/08 financial year.

The Council has agreed to collect a portion of the increase in project costs from development contributions. Further information on the decision regarding additional capacity for development in this project is included on page 7.

Edgecumbe

In July 2004 the town of Edgecumbe suffered flooding which extensively damaged homes. In addition there was concern relating to the integrity of the stopbanks surrounding Edgecumbe. During the event the stopbanks were breached on the eastern side of the township.

The Whakatane District Council is responsible for stormwater management within the boundaries of the Edgecumbe township. Environment Bay of Plenty maintains the drainage system outside the township.

The Council has partnered with Environment Bay of Plenty to investigate options to protect the community from further flooding. The investigation has now identified preferred options. The process of consultation with affected parties, the lodgement of a resource consent application, and the detailed design will be completed at the beginning of the 2007-2008 financial year.

The tender process will take place in 2007/08 and the physical works will be scheduled for the 2007/08 and 2008/09 financial years. The cost of the project remains unchanged from the Ten-year Council Community Plan for 2007/08, with \$1.50m budgeted including \$500,000 in funding from other sources.

Port development

The harbour is widely recognised as the town's main attraction and the ongoing development of the port and associated public facilities is provided in the Annual Plan.

The Draft Annual Plan 2007/08 includes projects such as the continued improvement to the wharf area to provide more berthage and public utility (at a cost totalling \$1.7 m across two separate projects). It also includes funding for the expansion and ongoing development of public amenities along the port area. This includes the purchase and the development of facilities on the ex-Army Hall property and improvements to the north of the Whakatane

Heads carpark. The relocation of the swimming area away from ramps and wharfs is planned in consultation with users at a cost of \$80,000.

The development and adoption of the Port Safety Plan may require the review of some operational activity for Ports. The range and method of delivery of current services continues to be reviewed, including the future requirements and methods of maintaining a navigable channel. The retention of various harbour assets will also be considered and exploration of options for the functioning of the harbour will continue.

Transport networks

The Council plans to complete stage three of the seal widening and safety improvements on Ohope Road during 2007/08 at a cost of \$1.5m.

The Annual Plan makes provision for seal extension work throughout the District based on the reviewed seal extension priority list. Seal extensions are budgeted at \$585,000 for the 2007/08 financial year.

The draft Annual Plan for 2007/08 shows an increase in the targeted roading rate requirement of \$1.1 million. This is due to a number of factors of which the most substantial is that the Council's expected rating income to fund roading has been falling behind what is actually required on an ongoing basis. In October 2006 the Council addressed the

shortfall by borrowing sufficiently to cover all years until 30 June 2007. Unfortunately the figures in the Ten-year Council Community Plan for the 2007/08 year were understated at the time. The proper funding of this activity has now been addressed in this draft Annual Plan.

The Eastern Bay of Plenty including the Whakatane District, has road crash statistics and traffic offences that exceed the national average. The Council recognises that there must be strong community awareness and inputs for road safety delivery to be effective. The Plan indicates the Council's commitment to this by preparing an Eastern Bay wide Road Safety Action Plan and through a continuation of support to the Eastern Bay Road Safety Committee and its programmes.

Water supply

Compliance with the New Zealand Drinking Water Standards 2005 will increase the costs of water supply. The Council will also address the presence of arsenic in the Plains Water Supply.

- The Council has a programme to improve the performance of the Whakatane water treatment plant. The programme is reviewed periodically in order to meet changing demands and to meet new drinking water standards. \$305,000 has been budgeted in 2007/08 for a water treatment plant improvement project.

- \$1.74m has been budgeted for 2007/08 to implement the first stage of the Plains new water source project. The first stage of the project involves drilling of new bores at a Paul Rd and the installation of associated reticulation works. The full project is planned to be completed in 2008. Implementation of this project will depend on the outcome of the public consultation on willingness to pay for increased water charge due to the project. If implemented, the project will address the arsenic issue in the Plains Water Supply.

Solid waste

Space in the Whakatane landfill is becoming limited. It is becoming more costly for councils to operate small landfills due to the cost of complying with increasingly high environmental standards.

The Annual Plan includes a project to establish a transfer station to transport solid waste to a new disposal site. \$791,000 was previously included in the Ten-year Council Community Plan for the acquisition of land and to establish a transfer station. The cost has been reduced in this draft Annual Plan to \$139,000 to establish a transfer station on existing Council property adjacent to the Recycling Park.

Town vision

Over recent years the Whakatane District Council has reassessed the future of land held by the Council through Whakatane Harbour Board ownership. The majority of the Council's holdings are in long-term perpetual ground leases held as an endowment. The Council considers that any possible future divestment should take place in a planned and measured way.

The Council is working towards the development of a town vision plan for the Central Business area of Whakatane (in consultation with stakeholders, local Iwi and the community). The town vision will provide an overall plan towards which individual Council property decisions,

transactions and other plans, policies and development, can be targeted. Following the adoption of a town vision, the Council may choose to use its property interests and community/infrastructure works (e.g. the planned development of reserve areas or Council facilities) to influence the development of the Whakatane central area in line with that vision. The town vision plan will assist the Council with future decision making in regard to harbour leases. The cost of the project is budgeted for \$20,000 in 2007/08 and a proportion of the budget from 2006/07 will also be carried over.

After adoption of a town vision plan the Council may:

- divest up to 15% of harbour endowment land;

- use its commercial strength and planning ability in managing the divestment to ensure that any approved developments preserve the special character of the Whakatane township;
- reinforce the Council's cultural, economic, social and environmental stewardship of the area in keeping with the adopted town vision plan; and
- use the proceeds of any capital realisation for harbour purposes, provided that any divestment realises a financial return.

These decisions are yet to be made. If there was a proposal to divest land, the requirements of the Local Government Act 2002 would have to be followed.

Asset management plans

Asset Management Plans are required as part of responsible stewardship of infrastructure assets by the Council. Asset management planning is taking a long term view of how you are going to manage your assets, from when you buy or install them, through their life, and when they need replacing. This means planning for the maintenance, replacement and upgrading of assets, so as to ensure certain services are provided, while taking into account growth, feedback from the community, and the ability of the community to pay.

A number of reports have been prepared over the past 12 months outlining key areas for improvement in the Council's Asset Management Plans and the risks of not undertaking the identified improvements. These reports have highlighted a need for considerable work to bring the Asset Management Plans up to the standard expected by industry and the Local Government Act 2002.

The Council is undertaking an Asset Management Plan project at a cost of \$705,000 from reserves, to enhance Asset Management Plans and practices. The total cost of this project will be spread over the cost of all Council infrastructure assets. This project may result in some changes to the projects included in the Ten-year Council Community Plan. Consultation may be required in 2008/09 if potential changes to levels of service are proposed as a consequence of this project.

Delivery of marketing and economic development services

The Ten-year Council Community Plan indicated that there is a possibility of a change in the way marketing and economic development services were to be delivered in the 2006/07 financial year. This did not eventuate.

The councils of the eastern Bay of Plenty with Environment Bay of Plenty have now embarked on a joint initiative to review the existing arrangements for the delivery of marketing and economic development services in the eastern Bay of Plenty. There are currently a number of different arrangements across the individual councils, as well as the organisation Toi-EDA, which was specifically set up by the four councils and the Mataatua Iwi Forum. With anticipated changes in Government policy and the need to ensure councils are providing the most effective and efficient service, some rationalisation is anticipated. Changes may occur in the 2007/08 financial year, if this work has not been completed and approved by the councils in the current financial year.

Variation 6 (Coastal Hazards) to the proposed Whakatane District Plan

The Council will complete a change (Variation 6) to the Proposed Whakatane District Plan to manage the risk of coastal hazards.

Managing building and subdivision in areas that are predicted to be subject to coastal erosion and inundation (flooding) over the next 100 years will be implemented by way of a Variation to the District Plan. The Variation will be open for submissions and further submissions. The Council will then hear from submitters and finalise the Variation, although there will be a right to appeal the Council's decision to the Environment Court. The cost of completing this process will be \$40,000.

Future growth tops Council agenda

In 2007/08, Whakatane District Council will begin implementing strategies for managing residential and business growth in the district, at a cost of \$94,000.

The Council Chief Executive, Diane Turner said these growth strategies will help the Council and the community to decide where new residential, retail and industrial areas should be located.

She said consideration will be given to the cost of new developments and other constraints, such as natural hazards, land tenure, cultural heritage sites and the value of high quality soils.

"We need to integrate the findings of the Residential, Industrial, and Retail Growth

Strategies and the Transportation Study into one coherent vision for the district."

Ms Turner said the Council would engage in extensive consultation with the community before deciding on the best option as this is the only way to ensure the option the Council adopts has the support and backing of the community.

Choosing the preferred option(s) for future development arising from the Residential, Retail and Industrial Strategies will be completed by October 2007.

Implementation of the adopted options is likely to require changes to the District Plan to rezone land to residential, commercial or industrial, and to provide for infrastructure

such as roads, water and other utilities.

Ms Turner says decisions about how these services will be funded will also be made, adding that the provision of additional industrial zoning is likely to include joint initiatives with the Kawerau District Council.

The retail strategy was completed in August 2005 and is being implemented by the preparation and notification of a change to the District Plan to rezone the land principally occupied by The Hub development to reflect its use for large floor retailing.

Establishment of a BOP Local Authority Shared Services Council-controlled Organisation

The proposal is that the Council becomes a shareholder in a Local Authority Shared Services Council-controlled Organisation.

It is expected that improved services, at lower aggregate cost, can be achieved by a number of local authorities participating in the purchase or development of the infrastructure for the service and the on-going operation of it. There are a number of services provided by the local authorities, particularly involving information collection and management, where these benefits

could be achieved.

The main reasons for establishing a Council-controlled organisation are:

- Ability for Council to influence the entity to ensure that there is effective stewardship and utilisation of ratepayer funds (particularly via the Statement of Intent)
- Legislative requirement for Council-controlled organisation's Statement of Intent and strong accountability

- Legislative requirement for Council-controlled organisation directors to contribute to the achievement of the objectives of the organisation
- Council-controlled organisation director's legislative role is to assist the organisation to meet its objectives and any other requirements of the Statement of Intent.

Building controls

The Building Act 2004 introduced a number of Government initiatives aimed at improving the quality of buildings for New Zealanders now and in the future. A key initiative is to strengthen the decision-making processes at the critical building consent and inspection stages of the building process. This will require those responsible for regulatory controls of buildings to be accredited to a cascading quality standard over six years with compliance with the first stage to be achieved by 30 November 2007.

A Lakes-Coast Regional Building Control Cluster Group has been formed of six local authorities: Taupo District Council, Rotorua District Council, South Waikato District Council, Kawerau District Council, Opotiki District Council and Whakatane District Council. The purposes of the Cluster Group

include regional standardisation, facilitating accreditation for participating members, and minimising compliance costs by multiple stakeholder input.

To achieve accreditation, the Council will need to satisfy the accreditation criteria set out in the Building (Accreditation of Building Consent Authority) Regulations 2006 via independent audit. Preparatory work will include:

- Developing and documenting all policies procedures and systems for performing building control functions
- Documenting the means by which the Council will effectively implement those policies, procedures and systems
- Documenting decisions, including the reasons for and the outcomes of those

decisions

- Developing information for applicants on the building consent process
- Ensuring that organisational capability and capacity exists through a combination of in-house and external providers
- Ensuring work is carried out by competent employees and/or contractors
- Committing to formal training programmes for those employees that perform the building control functions
- Ensuring adequate technical leaders exist with appropriate delegations to enable them to provide that leadership
- The cost of this project for 2007/08 is \$55,000.

Overheads from support functions

There are internal Council support functions such as Information Technology, Customer Services, Finance and Human Resources that assist in the delivery of the activities identified in the Annual Plan 2007/08. The cost of these support functions is allocated through overheads. New projects as well as a reallocation of budgets has led to extra overhead costs.

Some of the key projects planned in the support functions are in the area of information management improvements. The Council's Information and Communications Technology (ICT) infrastructure and core information systems have suffered from

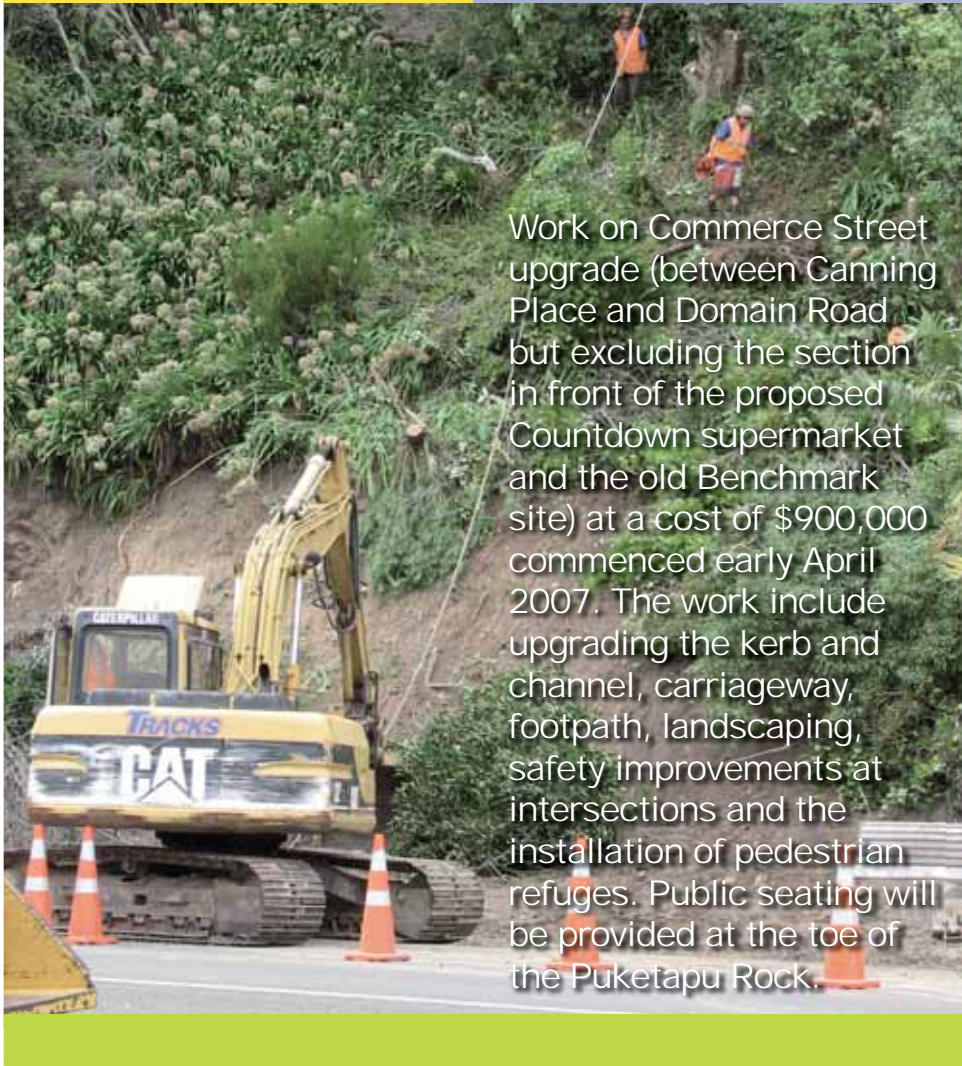
a lack of investment over the last 15 years. This has major implications for the Council's ability to deliver efficient and cost effective services. To recover from years of underinvestment, expenditure of \$932,000 in information technology capital works and the subsequent increases in operational costs are planned.

A number of projects have been highlighted to bring the ICT infrastructure up to date. These projects are required to support effective delivery of services and to meet e-Government best practice. These include:

- Enhancement and customisation of the new corporate financial and regulatory

software,

- Development of a web portal and asset management systems,
- Improved IT infrastructure including remote access and backup facilities,
- A move to new geographical information systems (GIS) in line with other Councils,
- Aerial photography for the GIS mapping systems, and
- An electronic documents and records management system



Work on Commerce Street upgrade (between Canning Place and Domain Road but excluding the section in front of the proposed Countdown supermarket and the old Benchmark site) at a cost of \$900,000 commenced early April 2007. The work include upgrading the kerb and channel, carriageway, footpath, landscaping, safety improvements at intersections and the installation of pedestrian refuges. Public seating will be provided at the toe of the Puketapu Rock.

Community Boards request for Discretionary Funds

The five Community Boards in the District are rating for the provision of a discretionary fund. This fund allows the Community Boards to allocate funds to support projects for the benefit of their community. For 2007/08, the following discretionary funds will be provided from rates:

- Whakatane Community Board \$50,000
- Edgumbe-Tarawera Community Board \$5,000
- Ohope Beach Community Board \$5,000
- Taneatua Community Board \$5,000
- Murupara Community Board \$10,000

Monitoring rural-residential subdivisions

A monitoring project is underway to review the positive and negative effects, including the cumulative effects, of rural-residential subdivisions over the last 8 years in specific areas of the District.

An analysis of rural-residential subdivisions created since the District Plan was reviewed in 1998 is underway to determine what positive and negative effects this form of subdivision has had on the environment. In particular, the cumulative effects of subdivisions will be assessed. This work will consider the impact on roads from more traffic movements, the impact on services such as rubbish disposal and wastewater, impact on the farming economy from fragmentation, and impact on landscape values. If the effects are considered to be significant, the Council will prepare a Variation to the District Plan to avoid or mitigate those effects. The cost of this project is \$50,000.

Weathertightness Claim Determinations

The Council has been specifically budgeting for weathertightness claims in anticipation of legal expenses. This was budgeted to have cost the Council \$75,000 for 2007/08.

The Council is not intending to continue to specifically fund for weathertightness claim determinations against it. The Council has been involved in the resolution of several determinations in the past, at very little cost to Council. While a similar outcome for future claims cannot be guaranteed, it is considered more appropriate for funding decisions to be made on a case by case basis.

Service delivery options for Council maintenance of infrastructure and amenity assets

The Council invests in systems and processes to provide the services required by the community. A major area of investment is to improve the management and maintenance of infrastructure and amenity assets, a service which is currently undertaken by the Council's Operations Business Unit. The Council will be investigating options for delivery of those services prior to committing to the capital

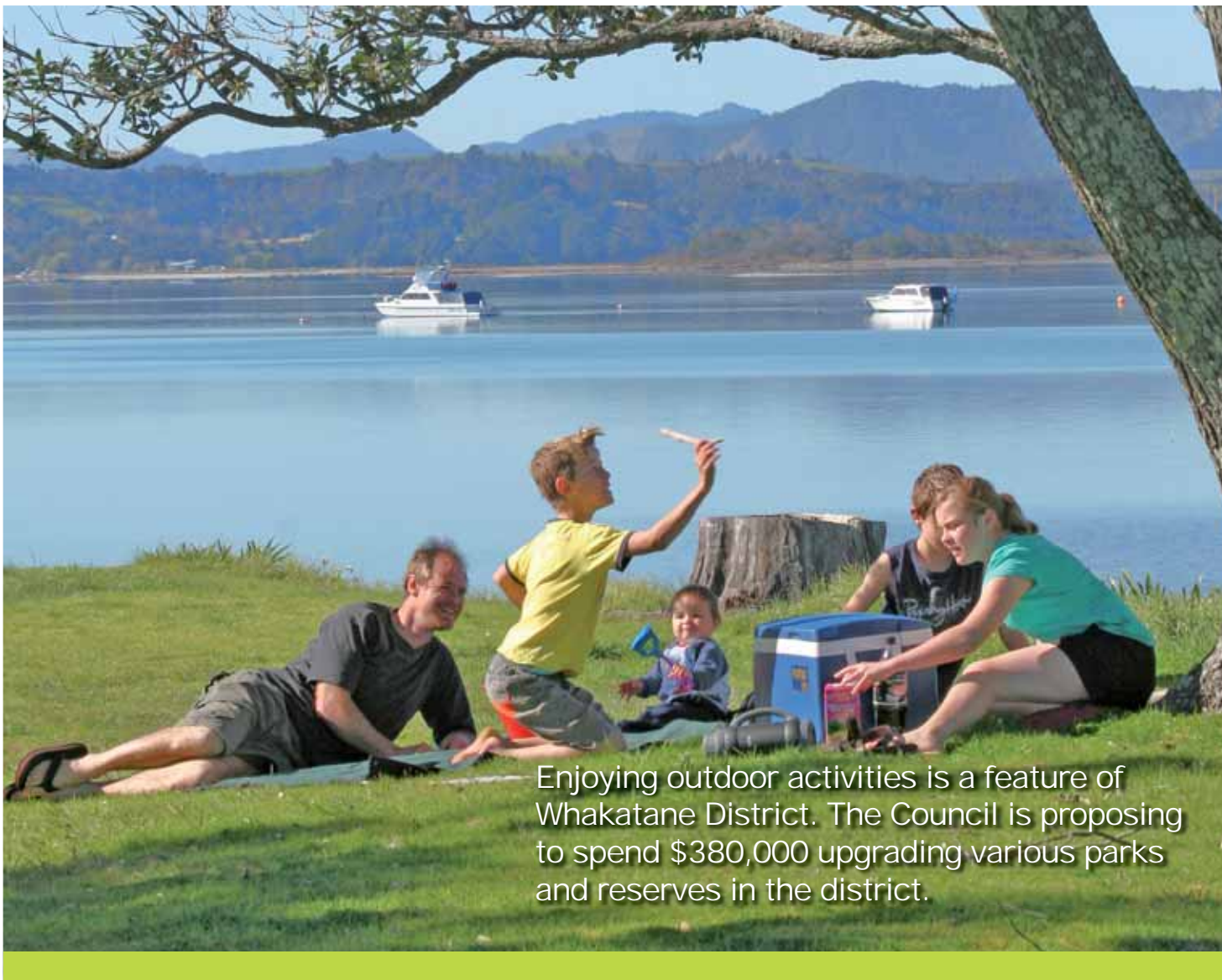
investment required.

What is planned

The Council's infrastructure and amenity assets include storm and waste water systems as well as parks and reserves. In order to ensure that the community gets high quality service and recreational areas, it is necessary for the Council to create, maintain and upgrade its assets.

Substantial capital investment in systems and tools is currently required to improve service delivery. It is estimated that this investment could cost in the vicinity of \$1.00m.

The Council will investigate options for the provision of services from the Operations Business Unit prior to making decisions on the capital cost. The goal is to ensure excellence in operational delivery and sustainable management of council assets.



Enjoying outdoor activities is a feature of Whakatane District. The Council is proposing to spend \$380,000 upgrading various parks and reserves in the district.

Future ownership of Council-owned property in Port Ohope and Piripai

The Council has recently reviewed its ownership of property throughout the District. The two main locations under consideration are harbour reserve land around Port Ohope and Council owned land at Piripai.

The Council has considered the future options for harbour land located at and around Port Ohope Wharf. This includes the properties at 325, 333 and 335 Harbour Road, Ohope (residential block land). The Port Ohope concept plan identifies areas for future reserve protection and areas for further community or commercial uses. The concept plan has been the subject of a special consultative procedure and decisions will be made based on the submissions received.

The Council is investigating options for the development of the Council-owned residentially zoned land at Piripai. Proposals from the private sector to participate in development of the land are being considered. The Council will make decisions about the project in 2006/07.

Development Contributions Policy reviewed

The Council is proposing to amend its Development Contributions Policy, by changing the formula used to calculate the amount of the development contribution for visitor accommodation facilities and funding of Otarawairere/West End stormwater and wastewater project.

Visitor Accommodation

The Council's Director of Environment and Policy David Bewley, says the proposal included in the draft Annual Plan amends the current policy in the Ten-year Council Community Plan 2006 - 2016 to calculate a levy based on the "actual demand" that people staying in visitor accommodation place on community facilities when compared to a household. Where accurate data is not available, the policy has been amended to consider best practice examples from around New Zealand.

He said that using actual demand to calculate the development contribution will reflect more accurately the demand on infrastructure when compared to a household unit. This will generally lower the levy charged for visitor accommodation, which will be more attractive for developers of motels, hotels, backpackers and hosted accommodation. The policy will also apply to caravan parks.

"The change in policy is likely to encourage the construction of visitor accommodation in the Whakatane district, thereby supporting the tourist and business sectors" said Mr Bewley, adding that "contributions towards infrastructure will also ensure the adverse environmental effects are managed".

The Development Contributions Policy is one of the funding tools relied upon by the Council to meet the upgrading and expansion of community facilities over the next ten years.

For non-residential activities, including visitor accommodation and commercial and industrial activities, the amount of the development contribution is based on a "household equivalent" value.

The community facilities for which a contribution is payable are:

- Water, wastewater and stormwater
- Solid waste
- Roading and Whakatane car-parking
- Community infrastructure
- Reserves

The underlying philosophy of the policy is that new growth from the construction of residential and business development can result in a cost to the community for new or additional assets or assets of increased capacity, and as a consequence the Council incurs capital expenditure.

This also includes capital expenditure the Council has already incurred in anticipation of growth. The capital expenditure must be for community facilities, which are network infrastructure (wastewater, water, stormwater, roading), community infrastructure and reserves. This is a separate and distinct contribution from any localised effect arising from a subdivision or development.

For visitor accommodation, the current policy had assumed that visitors staying in each room or unit in a motel or hotel would have the same impact on solid waste services, roading and car-parking, community facilities and reserves as a household unit.

Basing the development levy on actual demand provides a mechanism to get contributions that will be used to develop infrastructure that is consistent with the Council's regulatory functions and help to achieve a number of community outcomes.

Otarawairere/West End Stormwater and Wastewater Project

Following the July 2004 landslips, the Council undertook investigations to assess the future stability of the escarpment and what remedial actions would need to be put in place to reduce the risk of future landslips.

Solutions coming out of the investigation recommend the installation of a comprehensive reticulated stormwater and wastewater system to remove storm and waste water away from the escarpment.

The Council recognised earlier in the investigation that putting such a system on the escarpment would not just be a disaster mitigation project, and that there is a component of private benefit arising from the work that will enable further development and growth in the Otarawairere and Cliff/ Brown Road areas.

Mr Bewley says "that to ensure equity and fairness in paying for the development of infrastructure which benefits both existing and anticipated development, the Council is proposing that \$1.3 million of the cost of the project be funded through development contributions applying in the Ohope Planning Area".

To do this, Mr Bewley said three options had been looked at and the preferred option is a variation of proportional development opportunities.

The proposal is that the sharing of costs should be done on the basis of how much future development can be anticipated over the next ten years in the area.

Based on current anticipated figures for infill housing, with the large lot sizes and the desirability of the Otarawairere and the Cliff/ Brown Road area, the Council anticipates that 69 new properties are likely to be developed over time; 50% of which are likely to be developed over the next 10 years. This would result in 77 properties in the future (42 existing, 35 extra). The 35 new properties would make up 45% of total future property count. Therefore the cost of the project would be split on a 55% vs 45% basis between existing ratepayers and future developers.

Below is a table showing the impact:

Mr Bewley said the major benefit of adopting this option is the cost of the scheme would be spread across ratepayers and future developments in an equitable manner.

"The increase in total units of demand in the Whakatane District, and specifically in the Ohope Planning Area results in the other

Description	Wastewater	Stormwater	Total
Proportion to be applied to existing properties	\$636,863	\$997,020	\$1,633,882
Proportion to be applied to future properties (ie DCs)	\$523,137	\$818,980	\$1,342,118

Effect on Development Contributions	Current	Future	Difference
For a development in Ohope	\$8,362	\$10,969	+\$2,607
For a development in Whakatane	\$11,272	\$11,126	-\$146

Annual Rating Requirements (additional to all existing rates charged)	Total Rates (incl GST)
West End	\$733.69
Otarawairere/Cliff /Brown Rds	\$832.69
Rest of Ohope	\$14.49

N.B. Otarawairere/West End ratepayers were advised earlier of the indicative cost of this project. These figures have changed following the adoption of the draft Annual Plan 2007/08. The new figures are in the table to the left.

Rating Unit definition

The Council is proposing to amend the Ten-year Council Community Plan 2006-2016 to include the definition of a 'separately used or inhabited part of a rating unit'.

Currently the Council sets targeted rates for water supply, waste water disposal and refuse collection on the basis of separately used or inhabited parts of a rating unit, however the Ten-year Council Community Plan does not include a relevant definition.

The new definition reads: "Any part of the

rating unit that is, or able to be, separately used or inhabited by the ratepayer, or by any other person or body having a right to use or inhabit that part by virtue of a tenancy, lease, license, or other agreement."

This definition provides clarity on what is meant by 'a separately used or inhabited part of a rating unit', but makes no change to the manner in which the Council currently charges rates.

categories of Development Contribution (solid waste, roading etc) being spread over a wider base and therefore reducing in cost."

It is consistent with the methodology behind the calculations of other development contributions in the District and it would bring Ohope in line with development contributions charged in Whakatane.

"It takes a realistic view of potential future development, making it more likely that the costs will be fully recovered" said Mr Bewley, adding that an increase in the amount of Development Contributions may be seen negatively by some people looking to develop in Ohope.

