

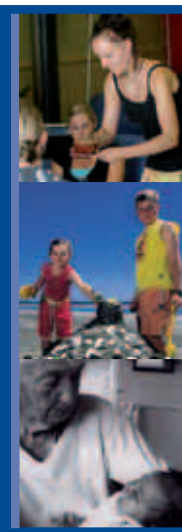


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Whakatane District Council

# BYWAYS

JULY 2010



## 2010/11 Annual Plan finalised

The Whakatane District Council's Annual Plan 2010/11 is now complete, following a six month review period.

While the Annual Plan budgets were being finalised, the District was hit by two floods—one of these considered to be a one-in-one-hundred-year event. The unexpected costs for flood repairs to homes, businesses, roads and community facilities added considerably to the Council's budget.

The cost of solid waste handling and disposal, and the decision not to sell pensioner housing units also added unexpected costs to the budget.

A number of changes have been made to the Annual Plan to ensure additional costs are balanced with an affordable rates increase. As a result, the confirmed rate increase of 8.43% in 2010/11 is 3.4% lower than the increase proposed in the Long-term Council Community Plan (LTCCP) 2009-19.

A number of policy changes have also been confirmed in the Annual Plan and parts of the Plan have been amended to reflect central government changes. The information below outlines the key changes to the Annual Plan, plus policy, central government and major budget amendments.

### KEY CHANGES

#### Cost of flood repairs

Two floods hit the Whakatane District in May and June, with the cost of flood damage totalling \$3.15 million. Some of the costs have been met through subsidies, reimbursements and insurance. However, a large proportion will be funded by ratepayers. The 2009/10 budget will cover \$786,000 of flood operating expenditure. The remaining operating expenditure will be funded by ratepayers in 2010/11, through a 1.9% rates increase. The sum of \$1.49 million of capital expenditure has also been added to the 2010/11 budget for flood repairs. This will be funded through loans, renewals and insurance.

#### Decision not to sell Pensioner Housing

The 2009-19 LTCCP outlined the Council's decision to sell its pensioner housing units, subject to strict criteria being met to ensure the welfare of current and future tenants. As this criteria was not able to be met, on 28 April 2010 the Council decided not to go ahead with the sale.

This sale had been estimated to net the Council \$3.5 million, allowing debt to be paid off over a ten-year period, thus reducing annual rates increases. As the sale will not now be going ahead, and therefore this money will not be available to pay off a number of loans, instead, a 1.56% rates increase has been set to pay debt interest in 2010/11.

While the decision is still required to be finalised through a process of amending the LTCCP, which requires public consultation. The impact over a ten year period, could increase rates by 12% to meet interest payments.

#### Solid Waste removal and disposal

For 40 years, the Whakatane District benefited from extremely low waste treatment and removal costs, with the use of the Burma Road landfill. Since the landfill closed in December 2009, the cost of solid waste disposal has significantly increased. Although an estimate of the increased costs was added to budget forecasts, the actual costs are far greater than anticipated.

A total of \$1.09 million has been added to the 2010/11 budget to cover these costs. As part of an initiative to encourage recycling, a portion of this cost will be funded by increasing charges for solid waste disposal. The refuse removal targeted rates

and the refuse disposal uniform annual charge will also be increased to fund waste disposal.

The Council is planning a number of initiatives to reduce the cost of waste treatment and disposal. A public education campaign aims to increase recycling and reduce the volume of waste.

As planned in the LTCCP, the Council is also be investigating a new landfill site, with construction forecast for 2013/14.

#### Organic Waste Composting Plant

As part of its waste reduction project, the Council plans to construct an organic waste composting plant. This will provide environmental benefits to the District by converting waste to compost, thereby reducing the cost of transporting organic waste. Compost produced will then be sold to the public. The plant is expected to be completed by July 2011 at a cost of \$1.68 million.

### POLICY CHANGES

#### SUIPs

As part of the Council's user pays policy, charging rates on the basis of separately used and inhabited parts (SUIPs) of a building or property will be introduced in the 2010/11 financial year. This means that rather than charging rates to a property as a whole, separately used parts, such as multiple businesses within one premises, will be charged. SUIPs will be introduced to commercial properties in 2010/11 and to residential and rural properties in 2011/12. Charges for commercial properties will stay the same (\$275 UAG charge, \$50 roading charge and a \$160.19 promotion and development rate), so the only difference is that separate business entities will now be charged if they are based within one property.

#### Liability Management Policy

The Council will now be able to take advantage of favourable short-term borrowing rates as the Liability Management Policy's debt maturity period has been increased. Previously, 20-60% of all Council loans had to be paid off within three years. The Council consistently breached this rule to take advantage of short-term borrowing rates. Following independent professional advice, this policy has been changed to allow up to 80% of loans to mature within three years.

#### Earthquake-prone Buildings Policy

Under the Building Act 2004, the Council is responsible for identifying and managing earthquake-prone buildings. When evaluating buildings in the District in 2009, the Council discovered a high proportion of at-risk buildings. As a larger number of buildings than anticipated have been found to be earthquake-prone, the review of the policy has been brought forward to allow time to manage such buildings. Information from the review will be used to support the Town Vision Plan and the re-development plans of landowners or lessees.

As the review has been brought forward, increased funding is required. In 2010/11, \$73,150 will be provided from the Harbour Endowment Fund and from rates.

#### Costs for Building Inspection and Resource Management Consents

Income from building inspections and resource management applications have not been meeting the Revenue and Financing Policy targets, set out in the 2009-19 LTCCP. This is largely due to a reduced number of applications

in the poor economic climate.

The Council has recognised that a number of these costs, such as appeals, customer services, complaints monitoring, project costs and government initiatives, are for public rather than private benefit. Therefore, the cost of these items will now be met through general rates charges. However, parts of these activities cannot be funded through charges, creating inconsistencies with the policy. Therefore, although this provides a variation to the funding split outlined in the Revenue and Financing Policy, the Council will not amend the policy to reflect these changes at this point. Instead, the Council will look to review the policy in the 2012-22 LTCCP.

#### Water-related projects

A number of water-related projects planned for 2010/11 rely on substantial subsidies from the Ministry of Health (MoH). These subsidies may be reduced or withdrawn, which means the projects may not go ahead as scheduled.

If MoH funding is cut or reduced, the following water and wastewater projects may not go ahead in 2010/11:

- increasing water storage capacity and extending the pipe network to Ruatoki;
- replacement of water connections and meter installation in Edgecumbe and Matata;
- replacement and upgrade of pipes in Edgecumbe and Matata;
- upgrade of Edgecumbe wastewater pump stations and pipes; and
- development of a new wastewater system in Matata.

#### Transportation Projects

Changes to the priorities of the NZ Transport Agency (NZTA) have resulted in the loss of subsidies for walking, cycling and road safety projects in Whakatane. As a result, some proposed pedestrian facilities and cycleways will no longer go ahead in 2010/11. For an outline of the locations affected, please refer to the Annual Plan, available on the Council website [www.whakatane.govt.nz](http://www.whakatane.govt.nz).

In order to access NZTA funding for road safety projects, the Council aims to align its project goals with the government's recently reviewed Road Safety Strategy.

### BUDGET CHANGES

#### Rates Affordability

The 2009-19 LTCCP identified that the Council is struggling with the cost of delivering services to the community and addressing the poor maintenance of infrastructure. To meet these cost demands, the LTCCP indicated a rates increase of 11.9% for 2010/11.

The Council decided this increase was too great a burden on ratepayers, taking into account the economic climate. Therefore, a number of strategies were put in place to bring the rates increase down to 8.43%.

These strategies include:

- one-off use of the Harbour Endowment Fund to pay for storm damage to roads;
- application of operational surpluses from the 2009/10 year;
- use of accumulated reserves from previous years to pay off debt;
- revision of the capital expenditure programme, particularly Information technology and transport projects; and
- reduction in operating costs across all Council

activities, including the decision not to proceed with a number of new staff positions.

#### Sale of Properties and Reserves

In 2010/11, the Council will investigate the sale of Council properties that are surplus to requirements. Submissions regarding the properties and reserves under review have already been received through the Annual Plan process. Properties and reserves will be sold only if they are determined to be no longer required for services to the community.

A full list of the properties under review is available in the Annual Plan and further public consultation will be provided according to the Local Government Act 2002 and the Reserves Act 1977.

#### Deferral of the Arts and Culture Centre

Owing to the unexpected costs incurred in 2010, the Council has decided to delay the development of the Arts and Culture Centre for six months. The development, due to start in late 2010, will now commence on 1 July 2011.

The centre, which is expected to cost \$8 million, is one of the Council's most significant capital projects for many years. It is to be housed in the former Briscoes building in the Esplanade Mall, and will remedy the current library and storage space shortages, while providing up-to-date facilities.

#### Funding for Storm Damaged Roads

The Council has not previously allowed a contingency for storm damage costs. Taking into account the number of storms occurring in recent years and the significant repair costs to roads, a contingency fund will be added to the budget annually from 2010/11.

The sum of \$275,000 put in by the Council, together with a contribution from the NZTA, will provide \$500,000 annually for storm-damaged roads. If the money is not spent, the Council's portion will roll into the next year to build the fund to a maximum of \$1 million.

#### Funding for Weathertightness Claims

Last year the Council established a \$100,000 per annum fund to pay for weathertightness claims. A number of these claims are still outstanding and claims lodged from 1 July 2009 are no longer covered by insurance. To meet the ongoing costs associated with these claims, the Council has increased the annual fund to \$150,000.

#### Funding Last Year's Deficit

In 2008/09, the Council reported a net deficit of \$10.89 million compared with a budgeted operating surplus of \$8.87 million. A number of factors contributed to this variation, including:

- revaluation downwards of some of the Council's assets;
- an increase in depreciation owing to revaluations and the closure of the Burma Road landfill;
- reduced income from grants and subsidies;
- reduced income received from development contributions and building and resource consent charges;

legal fees, Aquatic Centre consultancy, refuse collection contracts, ACC levies and audit costs.

- The majority of the deficit does not affect Council cash flow. However, the Council must now pay back an operating deficit of \$1.95 million, and plans to do this over a three-year period through the rates increase and by using accumulated funds from a number of reserves.

A full copy of the Annual Plan is available on the Council website [www.whakatane.govt.nz](http://www.whakatane.govt.nz) or by phoning the Council on 07 306 0500.



## Warren Cole walkway awards finalist

Whakatane's Warren Cole Walk and Cycleway is tomorrow night (Sunday 1 August 2010) hoping to come out tops in the 2010 Golden Foot Awards. The walking and cycleway was recently named as a finalist for the national awards run by Living Streets Aotearoa, a government-led organisation which supports the development of walking initiatives across the country.

Whakatane District Council Community Facilities Manager Paula Chapman was delighted with the nomination.

"It's wonderful to be acknowledged at a national level, for a project developed with so much community input. Many locals and visitors use the walkway, which highlights its success. It would be the icing on the cake to win," she said.

Thirty-three nominations were submitted for the awards, which honour innovative new walking facilities.

Whakatane is up against three other finalists in the Best Practice Walking Facility category—Auckland, Timaru and Tasman. The awards, held in Wellington on 1 August, are open to private and public organisations, not-for-profit groups and community organisations.

The Warren Cole Walkway was officially opened in December last year and stretches from the Whakatane River Bridge to the Whakatane Gardens and Amphitheatre. Opus International Consultants designed the walkway and managed the physical works. A number of local contractors were also involved, including Tracks Concrete Ltd, Horizon Energy, FX Network Ltd, Sissan Engineering and Ngāti Awa Master Carvers. The project cost \$1.1 million, funded by the Whakatane District Council, NZ Transport Agency and the Eastern Bay Energy Trust.

## Staff profile: Thomas King-Hazel

During his 24 years at the Whakatane District Council, Thomas King-Hazel has been called out for work amid many natural disasters.

In his role as Utilities Coordinator for the Operations Business Unit, Thomas maintains the day to day operations and maintenance of the district's water supplies, sewerage and storm water systems.

If a flood or earthquake occurs, these systems come under immense pressure. It's all hands on deck to ensure pump stations and water supply pipes aren't damaged and drains are cleared to help reduce flooding.

"I often spend 48 hours away from my family when a flood occurs. People forget that while we're out in the field, our families are at home

trying to cope with flooding on their own," he said. Thomas reflects on the recent floods, and reiterates what households can do to try and reduce flooding.

"Everyone in our team was called out as soon as flooding was reported in the town. We do as much as possible to reduce flooding, however, when a one-in-one hundred event occurs, no storm water system in the world is designed to cope."

"I've lived in Whakatane all my life and I definitely believe we are seeing more monsoon-type rain. Households need to be aware of this and ensure their drains are clear to help avoid flooding."

It's a demanding job, 24 hours a day, but Thomas



enjoys the variety of work and his great team. Outside of work, Thomas likes nothing better than a day out fishing on his boat. With a love of the sea and catching kaimoana, Thomas, can't imagine living anywhere else.

## Whakatane Heads development commences

A work to beautify the public reserve at the Whakatane Heads has started. The Heads as it is popularly known, represents an area that symbolises Whakatane's unique identity and the improvements aim to attract more locals and visitors.

Community Facilities Manager Paula Chapman said The Heads area was significant to the Whakatane community.

"It's the only area where the town meets the sea. This connection holds historical and cultural significance, and will be celebrated through the re-development. It also improves an already popular recreational area."

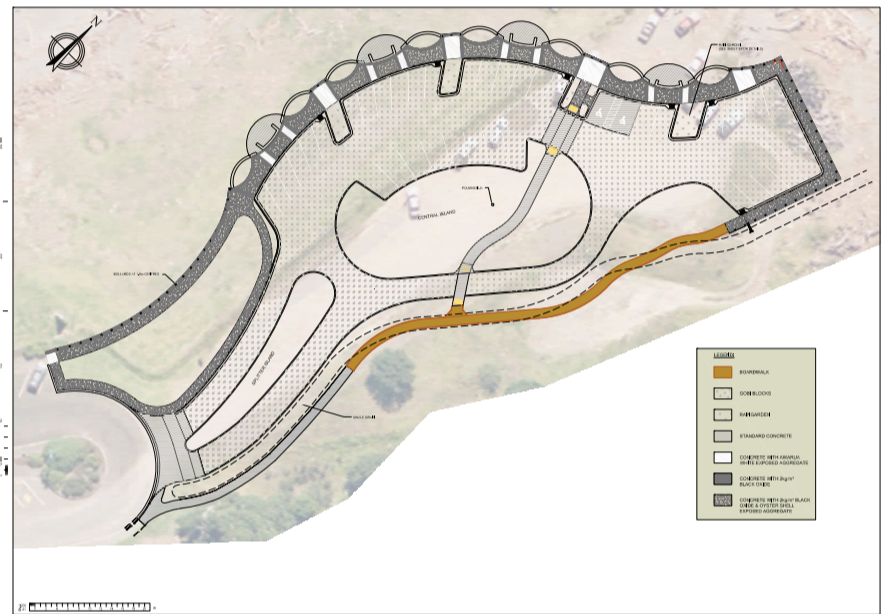
Locals and visitors will benefit from sheltered picnic areas, more parking spaces, open lawn and improved views of Putauaki (Mount Edgecumbe), Mount Tarawera, Moutuhora and Whakaari (Whale and White Islands).

Furniture, paving and planting will reflect the site's cultural and historical significance, and Ngāti Awa carvers have begun working on pouwhenua to be placed in the reserve.

Planning for the project commenced in 2007 and included consultation with community groups, Te Runanga o Ngāti Awa, the Coastguard and nearby Wairaka residents.

The project is expected to cost \$454,000. For more information about The Heads

re-development, please contact the Council on 07 306 0500.



For further information visit [www.whakatane.govt.nz](http://www.whakatane.govt.nz)