



Meeting of the Hawke's Bay Regional Council

Date: Monday 11 June, Tuesday 12 June, Wednesday 13 June and Thursday 14 June 2012

Time: 9.00am

Venue: Council Chamber
Hawke's Bay Regional Council
159 Dalton Street
NAPIER

Agenda

ITEM	SUBJECT	PAGE
1.	Welcome/Prayer/Apologies/Notices	
2.	Conflict of Interest Declarations	
Decision Items		
3.	Submissions on the Draft Long Term Plan 2012-22	3
4.	Staff Internal Submission to the Draft Long Term Plan 2012-22	7

SUBJECT: SUBMISSIONS ON THE DRAFT LONG TERM PLAN 2012-22

Reason for Report

1. The purpose of this paper is to outline the process being undertaken to hear and consider submissions received on the draft Long Term Plan 2012-22.

Background

2. Media were briefed about the draft Long Term Plan 2012-22 on 10 April 2012, and the public were notified via local media from 10-19 April 2012.
3. Copies of the draft Long Term Plan and Summary document were available for public consideration as required by the Local Government Act 2002. Electronic copies were on Hawke's Bay Regional Council's (HBRC's) website from 5 April 2012, and hard copies were available from 10 April 2012.
4. The availability of the Draft Long Term Plan was notified on HBRC's website on 5 April 2012, in the April 2012 edition of *Our Place* and through local media from 10 April 2012.

The following people were specifically advised by email on 5 April 2012 that the Long Term Plan and Summary documents were available online:

- 4.1. HBRC Councillors
- 4.2. Persons on HBRC's business database
- 4.3. Persons on Council's Long Term Plan mailing list (those who have previously requested copies of 10 Year Plans or Annual Plans) with an email address listed.

Hard copies (approximately 150) of the draft Long Term Plan were distributed to:

- 4.4. HBRC Councillors
 - 4.5. All local authorities in the region
 - 4.6. Environmental groups
 - 4.7. Resource User Groups
 - 4.8. Interest groups
 - 4.9. Iwi groups
 - 4.10. Members of Parliament and Government Ministries
 - 4.11. Public Libraries
 - 4.12. Other Regional councils
 - 4.13. Persons on the Council's mailing list (those who have previously requested copies of 10 Year Plans or Annual Plans).
5. A requirement of the Local Government Act 2002 is to have a Summary of the Plan. This Summary was included in the April 2012 issue of *Our Place* and was distributed to all rural and urban households in the region (approximately 56,000 households), during the week of 10 April 2012.
 6. An Open Day was held at HBRC's main office on Tuesday 17 April 2012 and 'shop front' presentations were held in Central Hawke's Bay and Wairoa on 19 and 26 April respectively. These activities allowed HBRC Staff and Councillors to promote the draft Long Term Plan and encourage submissions.
 7. Submissions closed at 5.00pm on Wednesday 16 May 2012. Submissions were acknowledged by HBRC staff and copies of all submissions were distributed to Councillors on Tuesday 22 May 2012.

8. This year, HBRC received 583 submissions, 166 of whom expressed their wish to present their submissions verbally to Council.
9. Copies of the Staff responses to submissions were sent to each of the submitters and all Councillors on Friday, 1 June 2012.
10. In recent years, Council received the following number of submissions in relation to Annual Plan / Long Term Plans:
 - 10.1. 46 Submissions (Annual Plan 2011/2012).
 - 10.2. 135 submissions (Annual Plan 2010/11 – 57 ordinary submissions, 78 water charges submissions).
 - 10.3. 119 submissions (10 Year Plan 2009-19).
11. The procedure for considering submissions will be that Council:
 - 11.1. Hears all verbal submissions as per the attached timetable, and Council's internal submission
 - 11.2. Considers each submission, bearing in mind the verbal submissions made in support of the written submissions and staff responses to submissions which have already been distributed to all Councillors
 - 11.3. Resolves any changes to be made to the draft Long Term Plan 2012-22 based on the decisions made on submissions from the general public, and the Council's internal submission.
12. Subsequent to Council's decisions on the submissions, the draft Long Term Plan will be revised to incorporate the necessary amendments. Council will then adopt the final Long Term Plan on 27 June 2012.
13. Following the adoption of the LTP on 27 June 2012 each submitter will receive a letter from Council setting out Council's resolution pertinent to their specific submission, and the reasons for the decision.
14. The final Long Term Plan will be distributed within one month of the date of adoption as required under Section 93 (10) of the Local Government Act 2002.

Decision Making Process

15. Council is required to make a decision in accordance with Part 6 Sub-Part 1, of the Local Government Act 2002 (the Act). Staff have assessed the requirements contained within this section of the Act in relation to this item and have concluded the following:
 - 15.1. Sections 83 and 84 of the Act set out the requirements of the Act where special consultative procedure applies with consideration of the draft Long Term Plan 2012-22.
 - 15.2. The issues to be considered in this paper are those issues raised by members of the community that have submitted to the Council on the Annual Plan. All submissions are an integral part of the special consultative processes set out in Section 83 and 84 of the Local Government Act 2002.

Recommendations

That Council:

1. Agrees that the decisions to be made on issues submitted on the draft Long Term Plan 2011/12 are made after the provisions included in Section 83 and 84 of the Local Government Act 2002 have been followed.
2. Receives and considers the verbal and written submissions.



**Paul Drury
GROUP MANAGER
CORPORATE SERVICES**



**Andrew Newman
CHIEF EXECUTIVE**

Attachment/s

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|---|--------------------------------|----------------------|
| 1 | Verbal Submissions Timetable | Under Separate Cover |
| 2 | Staff Responses to Submissions | Under Separate Cover |

HAWKE'S BAY REGIONAL COUNCIL

Monday 11 June 2012

SUBJECT: STAFF INTERNAL SUBMISSION TO THE DRAFT LONG TERM PLAN 2012-22

Item 4

Reason for Report

1. This report sets out a number of items that, in the opinion of staff, require inclusion in the final Long Term Plan 2012-22 (LTP).

Comment on Issues

2. This paper includes the following items:
 - 2.1. Carry forward of expenditure and revenue from 2011/12 to 2012/13.
 - 2.2. Amendments to expenditure and revenue provisions (see **attachment 1** for the impact of these adjustments on the general funded deficits as shown in the draft LTP).
 - 2.3. Other amendments required to be made to the draft LTP which reflects changes to proposed charges – eg, resource management charges and any substantive changes to wording in the policy section and other sections of the LTP.

Groups of Activities

Strategic Direction

3. **Project 151 – Strategic Policy – Hazardous Waste/Substances Management**
 - 3.1. Seek \$12,000 of contractors' budget for unwanted agrichemical collection to be carried forward from 151-2380. The allocation of funding has not been taken up in the 2011/12 financial year due to lower than expected collection costs in the May 2012 collection.
 - 3.2. In the August 2012 collection, Council is targeting the Wairoa and Central Hawke's Bay rural communities and, in particular, the more remote pastoral farmers in those regions. We are expecting to have a higher than normal return of the older legacy chemicals. These legacy chemicals will have to be exported to Germany for high temperature incineration and Trans Pacific Industries have advised that the disposal costs for this will be increased in the next financial year. Therefore this \$12,000 will be required to be used during 2012/13 for the unwanted agrichemical collection.

Effect on Plan

- 3.3. An increase in funding for project 151 of \$12,000 in 2012/13 funded from unexpended funds in 2011/12.

Recommendation

- 3.4. That the Council approves the carry forward in project 151-2380 of \$12,000 from 2011/12 to 2012/13 to cover costs associated with the unwanted agrichemical collection targeting the Wairoa and Central Hawke's Bay rural communities in particular, the more remote pastoral farmers in those regions.
4. **Project 179 – Economic Development**
 - 4.1. Seek \$50,000 of project funding to be carried forward from 179-001-2380. This is for project work to be undertaken by Massey University involving market segmentation and precision agriculture projects. These two projects have been delayed in starting whilst Massey assembles appropriate resources. This work supports commitments within the strategic alliance Memorandum of Understanding signed with Massey in January 2012. It also supports the strategic farming initiative to develop a foundation of R&D in Hawke's Bay, increase primary sector productivity whilst reducing environmental foot printing of land use

intensification. This work also underpins a long term work programme that supports reduced environmental impact aspirations within the Ruataniwha water storage project.

Effect on Plan

- 4.2. An increase in R&D funding for project 179 of \$50,000 in 2012/13 funded from unexpended funds in 2011/12.

Recommendation

- 4.3. That Council approves the carry forward in project 179-001-2380 of \$50,000 from 2011/12 to 2012/13 to cover costs associated with commitments to the Massey University market segmentation and precision agriculture projects.

5. Project 192 – Strategy and Planning

- 5.1. Seek all unspent external costs to be carried forward from Project 192. As at 31 May 2012 actual spend is \$224,912 against a budget of \$395,841, leaving \$170,929 unspent. Of that \$100,000 is expected to be billed to current commitments. These primarily relate to the Taharua/Mohaka strategy and plan change work, and the Tukituki Plan change including work to comply with national environmental standards for drinking water sources and completion of some values work. Given the information required to support the Taharua and Tukituki plan change and the proposed Tukituki Choices document, it is preferable that all unspent budget is carried forward to 192-001-2380.

Effect on Plan

- 5.1. An increase in the consultant funding for project 192 of \$70,000 in 2012/13 funded from unexpended funds in 2011/12.

Recommendation

- 5.2. That Council approves the carry forward in project 192-001-2380 of \$70,000 from 2011/12 to 2012/13 to cover costs associated with statutory planning projects.

Regional Resources**6. Project 310 – Regional Groundwater Research**

- 6.1. Seek \$100,000 to be carried forward from 310-2380 of Consultancy budget for Heretaunga Groundwater Investigations. The allocation of funding has not been taken up in the 2011/12 financial year because the focus has been on the Tukituki plan change and water storage investigations. This fund will therefore need to be available during 2012/13 to enable investigation work to support policy development for Heretaunga allocation and water quality limit setting.
- 6.2. The groundwater investigation work is required to meet the needs of the Council's strategic plan and water strategy. The timeframe of this funding is aligned to enable these strategic goals and objectives to be met.

Effect on Plan

- 6.3. An increase in funding for project 310-2380 of \$100,000 in 2012/13 funded from unexpended funds in 2011/12.

Recommendation

- 6.4. That the Council approves the carry forward in project 310-2380 of \$100,000 from 2011/12 to 2012/13 to cover costs associated with the Heretaunga groundwater investigations.

7. Project 385 – Regional Park Reserves (Cycleways)

Landscapes Ride

- 7.1. The majority of work has now been completed on the Tukituki Road section (Red Bridget to Moore Road), Smalls section (Red Bridge to Craggy Range Winery) and the River Road section. The last remaining section of this trail to complete is from River Road to Craggy Range Winery where negotiations are well advanced in agreeing an acceptable alignment with the HDC and landowners. It is expected that this work will be completed in the first half of the 2012/13 financial year.

Water Ride

- 7.2. Significant progress has been made on the outstanding sections of trail for this ride. Resolution was achieved with the pistol club that has allowed the section of trail around Rorookuri and Onehunga to be completed and opened. An alignment for the section of trail through the Pandora wetland has also been agreed between HBRC, NCC and DOC with final detail being completed by NCC and work due to commence soon. Additional detail on the Taipo section of trail in Church Road is nearing completion and awaiting NCC's decision, in the hope that this section of construction will also proceed. Detail for a small section of trail adjacent to the Pettigrew Green Arena has been finalised and is also ready for construction.

Wineries Ride

- 7.3. The first section of trail from Ormond Road to Fernhill on the Ngaruroro stopbank has now been completed and opened. Contracts have been let for 3 other major sections of trail around the Ngatarawa, Bridge Pa and Stock Road areas with work now due to commence. Further negotiations are required with NZTA for a section of trail on SH50 and Maori Trustees on the Fernhill Reserve section of land with resolution expected in these areas.
- 7.4. The total cycleway is budgeted at \$5.5 million, funded from \$2.6 million Government Grants, \$0.7 million from Rotary Organisations and Local Authorities, and \$2.2 million loan funding. Total spend to date is expected to be \$3.2 million at the end of the 2011/12 financial year, with the remaining \$2.3 million being spent 2012/13.
- 7.5. This remaining \$2.3m is to be funded from under expenditure in 2011/12 of \$0.75m which will be required to be carried forward to 2012/13, and a further capital provision of \$1.55m (which was omitted from the draft LTP) to be provided in the 2012/13 year.

Effect on Plan

- 7.6. There is no effect on public good funding for the provision of the remaining \$2.3 million to be spent on cycleways as this is funded \$1.2m by way of grants from Central Government and other parties and \$1.1m from loan funding.

Recommendation

- 7.7. That Council approves the carry forward in Project 385-003 (cost code 2395) of \$0.75m 2011/12 to 2012/13 and a further budget provision of \$1.55m under this same consultancy budget code, to cover the cost of Landscapes, Water, and Wineries Ride Cycleway Developments, noting that this expenditure is funded \$1.2m million from grants from Central Government and other parties and \$1.1m from loan funding.

8. **Project 385 – Regional Park Reserves (Other Open Space Projects)**

- 8.1. The 2011/12 revised budget provided \$1.2m, funded from loan funding, to be set aside for the funding of open space projects. The only project funded from that provision was a \$300,000 contribution to the Waimarama Domain. It is anticipated that further open space projects will be submitted to Council for funding in the 2012/13 year and beyond, and accordingly it is requested that the \$900,000 remaining be carried forward to assist with the funding of these projects.

Effect on Plan

- 8.2. There is no effect on public good funding through this carry forward request of \$900,000 as this is funded from loan funding.

Recommendation

- 8.3. That Council approves the carry forward in project 385051 (cost code 2650) of \$900,000 from 2011/12 to 2012/13 to provide funding for future open space projects, noting that this is funded from loans.

Hazard Management

9. **Project 711 – Hazard Identification and Mitigation**

- 9.1. Seek \$20,000 of hazard funding to be carried forward from 711-001-2380. The full allocation of hazard funding has not been taken up in the 2011/12 financial year, as staff expertise has been reprioritised (water storage project). Remaining expenditure is required to complete the remaining tsunami modelling for the southern coast line and for Waipatiki, and to publish a final technical report on the tsunami modelling completed for the region as a whole.
- 9.2. Funding in 2012/13 of \$50,000 is already committed to obtain updated hazard data on liquefaction and fault lines in accordance with the 10 Year Hazard Research Plan adopted by the CDEM Group. The unspent funding in 2011/12 will therefore be needed during 2012/13 to fund remaining tsunami hazard work.

Effect on Plan

- 9.3. An increase in funding for project 711 of \$20,000 in 2012/13 funded from unexpended funds in 2011/12. Funding will enable the Council to achieve its strategic objectives in regard to hazard research.

Recommendation

- 9.4. That Council approves the carry forward in project 711-001 (cost code 2380) of \$20,000 from 2011/12 to 2012/13 to cover costs associated with completing region tsunami inundation modelling and publishing the final technical report.

10. **Project 713 – Civil Defence Emergency Management Coordination**

- 10.1. Seek \$40,000 of funding to continue the review of the Hawke's Bay Civil Defence Emergency Management Group Strategic Plan carried forward from 713-2750 and 2380. Currently \$8,000 of the \$40,000 budget has been spent. This project has commenced and will run over two years and is expected to be completed in the 2012/13 year. This funding is required to ensure this review happens in a timely manner and appropriate specialist input can occur.
- 10.2. Seek \$25,000 of funding to complete the establishment of the new Hawke's Bay Civil Defence Emergency Management Group Emergency Coordination Centre carried forward from 713-2395. Currently \$5,000 of the \$82,000 budget has been spent. The actual cost of some equipment such as IT has been less than expected due to the purchase of second-hand computers from HDC and reduced IT setup costs. Some expenditure was also able to occur utilising existing budgets in the previous financial year. Some setup work will need to occur into 2012/13 including some IT setup for the implementation of the new national Emergency Management Information System and minor building changes such as cabling and earthquake proofing of equipment.

Effect on Plan

- 10.3. The funding will enable the Hawke's Bay Civil Defence Emergency Management Group and the HBRC to achieve its objectives of reviewing the Group Plan. In particular this money will enable the engagement of recovery specialists and Lifelines groups in this review.
- 10.4. Funding for the new Emergency Coordination Centre will help ensure that the group and HBRC are able achieve the LTP objective of being able respond effectively to an emergency or disaster.

Recommendation

- 10.5. That Council approves the carry forward in project 713-2750 of \$30,000 from 2011/12 to 2012/13 to cover costs associated with completing the review of the Hawke's Bay Civil Defence Emergency Management Group Plan.
- 10.6. That Council approves the carry forward in project 713-2395 of \$25,000 from 2011/12 to 2012/13 to cover costs associated with completing the establishment of the new Group Emergency Coordination Centre.

Governance and Community Engagement**11. Project 840 – Community Representation and Regional Leadership (Social and Economic Study)**

- 11.1. Seek carry forward of \$20,000 from consultancy budget to be carried forward from 840-013-2380. This project has commenced and will be delivered in the 2012/13 financial year. Some expenditure has occurred in the 11/12 year but the majority for the work will be carried out in the 12/13 year. This funding is required to ensure the project brief can be delivered upon.
- 11.2. Seek funding of \$60,000 for 840-013-2380 for the 2012/13 year to allow for delivery of the Study. Hawke's Bay Regional Council, in April 2012, agreed to lead and fund the Study, following sign-off of the study terms of reference by all the councils. The additional funding for Council's commitment this was not included in the Draft Long-Term Plan as the Draft Plan had been adopted by this time. The funding is required to complete the study.

Effect on Plan

- 11.3. An increase in public good funding for Project 840 of \$80,000, with \$20,000 of this being funded from unexpended funds in 2011/12, the remaining \$60,000 will increase Council's general funded deficit by \$60,000 for 2012/13.

Recommendation

- 11.4. That Council approves the carry forward in project 840013 (cost code 2380) of \$20,000 from 2011/12 to 2012/13 to provide funding for the completion of the Hawke's Bay Social and Economic Study.
- 11.5. That Council approves new expenditure in project 840013 (cost code 2380) of \$60,000 for 2012/13 to provide funding for the completion of the Hawke's Bay Social and Economic Study.

12. Project 877 – Specific Regional Projects**Hawke's Bay Cultural Trust Earthquake Exhibition in Napier Museum**

- 12.1. A sum of \$45,000 remains in this reserve to assist with the funding of the earthquake display in the new Museum building when completed. This sum is required to be carried forward to the 2012/13 year and be made available to fund enhancements in the earthquake display on completion of the new Museum building.

Effect on Plan

- 12.2. An increase in expenditure during 2012/13 for project 877 of \$45,000 to be funded from the specific regional project scheme funds which will not now be spent during 2011/12.

Recommendation

- 12.3. That Council approves the carry forward in project 877001 (cost code 2395) of \$45,000 from 2011/12 to 2012/13 for the funding of further upgrades to the earthquake museum display planned as part of the new Museum building project.

13. Project 893 – Regional Infrastructure

- 13.1. On 25 November 2009 Council approved a contribution of \$2.5m from the community facilities fund to the velodrome at the Regional Sports Park (payable during 2010/11 and 2011/12). The internal submission considered by Council in June 2011 gave effect to carrying forward the amount of \$1.25m provided in 2010/11 to the 2011/12 year. Accordingly, a sum of \$2.5m has been provided for in the Annual Plan 2011/12.

- 13.2. As the velodrome project at the Regional Sports Park was not approved to proceed, Council has requested Hastings District Council to give an indication of their preferred project for the expenditure of this \$2.5m. Hastings District Council has requested that this \$2.5m be used to fund hockey field development at the Regional Sports Park. This Council has included that proposal in the Right Debate section of the 2012-22 LTP. Subsequent to this consultation Council will be in a better position to determine how this \$2.5m on regional infrastructure is to be spent, and will therefore require these funds to be provided in the 2012/13 and subsequent years of the LTP for distribution.

Effect on Plan

- 13.3. There is no effect on public funding through this carry forward request as the \$2.5m to be carried forward is funded \$900,000 from the sale of land non-investment account and \$1,600,000 of loan funding from the \$7.5m loan funding for capital projects of regional significance.

Recommendation

- 13.4. That Council approves the carry forward in project 893-001 (cost code 2395) of \$2.5m from 2011/12 to 2012/13 (\$1.25m) and to 2013/14 (\$1.25m) to provide funding for regional projects within those years, noting that this expenditure is funded \$900,000 from the sale of land non-investment account and \$1,600,000 from loan funding.

Capital Expenditure Adjustments**14. Capital Expenditure – Proposed Guppy Road Building Extensions**

- 14.1. The 2011/12 Annual Plan provided \$650,000 for the deferred maintenance of the Operations Group building in Guppy Road and also to cover an extension to the current building to facilitate the transfer of up to 16 staff from the Dalton Street offices. The only enhancement that has come to charge is Council's contribution to the sewage upgrade in Guppy Road. An amount of \$20,000 is to be paid to Napier City Council as a contribution towards the upgrade cost. There is a need to carry forward the remaining \$630,000 into the 2012/13 year in order to fund this work if it is to proceed during the LTP period.

Effect on Plan

- 14.2. The \$630,000 to be carried forward into the 2012/13 year will be funded from under expenditure in the capital programme of \$630,000 in 2011/12.

Recommendation

14.3. That a sum of \$630,000 be carried forward from 2011/12 to 2012/13 to provide funding for the deferred maintenance of Council's current Operations Group offices and for the extension of that office to accommodate up to 16 staff to be transferred from Dalton Street to Guppy Road. It is noted that Council has yet to receive a formal proposal for this development and the expenditure of this money.

15. Project 996 – Ruataniwha Water Augmentation Investment

15.1. The budget estimates for this project have been based on the figures available in February 2012 for the Ruataniwha water harvesting project which at that time had a figure of \$170m as the capital cost. This cost has been included in the draft LTP and calculations of the cost for Council to take up a 51% shareholding has been estimated at \$80m, this figure being included in the Plan.

15.2. Since February, costs for the construction of the dam and infrastructure to deliver water to the farm gate have been revised at \$230m. This is the capital cost to be used in the financial feasibility currently being undertaken, this feasibility is on track to be submitted to Hawke's Bay Regional Investment Company and Council by the end of August 2012.

15.3. It is proposed to correctly reflect the revised capital cost of this project in the final LTP and to amend the \$170m where mentioned in the Plan to \$230m. The potential for cost adjustments is clearly signalled in both the introduction and the right debate segments of the draft LTP. The cost adjustments reflect more accurate information, in particular the refinement of the off-farm infrastructure costs. Costs relate to additional storage capacity and the infrastructure required, hydro-generation capacity and the infrastructure required and additional costs associated with the engineering solutions to various geotechnical aspects relating to the storage site specifically.

15.4. The inclusion of information covering the extent of Council's proposed commitment to this project, namely \$80m, was specifically discussed with Audit New Zealand who advised that the inclusion of this information in the draft LTP was essential. It is proposed that Council retains the commitment of \$80m towards a potential equity investment in this project. This may result in Hawke's Bay Regional Investment Company having a less than 51% share of equity in the scheme. However capital structuring and assessment of other investors in the potential scheme will be a subject of major focus going forward and will no doubt influence arrangements.

15.5. Staff have discussed with Audit New Zealand, the impact on the LTP process if the commitment to Council either decreased or increased from the \$80m included in the draft LTP. In their opinion LTP process issues will only occur if Council is required to commit significantly more than the \$80m (a figure of over 10% additional funding was mentioned). In their opinion this would trigger an amendment to the LTP and this amendment would need to be consulted on again.

Effect on Plan

15.6. There is no financial effect on the Plan as Council's input into the Ruataniwha water harvesting project is proposed to be retained at \$80m, however the narratives in the Plan will be updated to reflect the current costs of \$230m for this project.

Recommendation

15.7. That where the draft LTP includes the cost of the Ruataniwha water harvesting project at \$170m that this be revised to \$230m and, further, that Council's financial commitment to the purchase of equity in this project be retained in the final Plan at \$80m.

16. Regional Income Adjustments

- 16.1. On 27 July 2011 Council approved freeholding discounts to be offered to lessees for the Napier leasehold land portfolio. The number of lessees that have recently approached Council to freehold their properties has been well in excess of the number included in the draft LTP. The statistics and implications of the revised numbers are set out below:

	Draft LTP	Proposed Final LTP
No of Lessees freeholding	100	274
Leasehold rentals (2012/13)	\$2.5m	\$1.9m
Freeholding receipts	\$9.2m	\$21.3m
Estimated value of sale of residual cash flows	\$63m	\$50m

- 16.2. The above table indicates that there will be a number of changes that will need to be made to the draft LTP to reflect the substantial uplift in freeholding of Napier leasehold properties.

Effect on Plan

- 16.3. There should be no general funded effect on the Plan as the decreases in rental income from the leasehold portfolio through increased freeholdings is offset from the increase in interest revenue from the investment of freeholding proceeds.

Recommendation

- 16.4. That adjustments be made to the draft LTP to reflect the impact of the increase in freeholdings from 100 to 274 properties, noting that adjustments will be made to future rental income from Napier leasehold land properties offset by increases in interest income earned from the investment of the additional freeholding proceeds.

Other Amendments Required to the Draft LTP

Resource Management

17. Small Structures Consents

- 17.1. The draft 2012-22 LTP contained a lower \$100 charge for lapsed date extensions for onsite waste water.
- 17.2. Staff recommend this be extended to include small structures consents. While it is rare that an extension is needed for land use consent (as these are typically for one off activities such as constructing a culvert) with the recent flooding in coastal Hawke's Bay, some consent holders will be caught out with the higher charge. In these situations, recoverable staff time is not an issue as an application would take less than one hour to process. The existing \$500 fixed fee for a lapsed date application is recommended to be lowered to \$200, (actual and reasonable costs are still able to be recovered), but this change will mean a lower initial fee which will cover the majority of applications.

Effect on Plan

- 17.3. Inclusion of small structures consents and a reduction from \$500 to \$200 fixed fees for lapsed date extension applications on Table 1 Part 4.10 Page 51.

Recommendation

- 17.4. Include small structures consents, and reduce fixed fee from \$500 to \$200 on Table 1, Row 7, Part 4.10 Page 51.

18. Transfer of a Resource Consent

- 18.1. The draft 2012-22 LTP contained one set of charges for the transfer of a resource consent, a test case for the interpretation of section s136(2)(a) of the Resource Management Act 1991 has meant a new process is needed for a situation where an applicant applies using a non-standard process, in this situation additional staff time maybe needed to action the transfer and organise an invoice. Staff recommend the insertion of a provision in the additional charge column which allows Council to recover actual and reasonable costs when the standard process is not followed.

Effect on Plan

- 18.2. Insertion of a provision in the Additional Charge Column in Table 1, Column 3, Rows 8 & 9 in Part 4.10 Page 51.

Recommendation

- 18.3. Insert in the additional charge column in Table 1, Column 3, Rows 8 & 9, Part 4.10 Page 51 which says: *“Based on actual and reasonable costs for non-standard process”*.

19. Rates and Mileage for Hearing Committee

- 19.1. The draft 2012-22 LTP set out charges for Hearings Committees at the 2010/11 rates of \$68.00 and \$85.00 per hour for members and chairs respectively as well as mileage rate for \$.70c per km for related travel allowances. For the 2011/12 financial year the Remuneration Authority increased these rates to \$80.00 and \$100.00 per hour and mileage for \$.74c per km respectively. Staff recommend that charges for hearings committees be increased to reflect current Remuneration Authority rates, and to reference the authority.

Effect on Plan

- 19.2. Increased rates to \$80.00 and \$100.00 per hour for members and chairs respectively as well as mileage rate for \$.74c per km respectively for related travel allowances.

Recommendation

- 19.3. Change rates to \$80.00 and \$100.00 per hour for members and chairs respectively as well as mileage rate for \$.74c per km for related travel allowances to reflect current Remuneration Authority rates.

20. Bore Permits Deposits – Multiple Bore Permits

- 20.1. To allow for more efficient processing of consents for the same type of activity occurring in close proximity, change to Table 1 (page 51) first row of table, second line to say:

- *“Other consent applications (where three or more bores are to be drilled for the same purpose on the same site [or in close proximity] an application can be made for a bore field consent with a deposit of \$1000).”*

- 20.2. Amend Note 1 (page 52) which refers to *“... actual disbursements (as in Table 4)”*... to *“... actual disbursements (as in Table 6)”*.

- 20.3. Add new footnote to page 52 which reads as follows:

“Note 3: Where a bore field consent is issued for three or more bores, bore inspection and compliance administration shall be carried out at a rate of \$97 per hour.”

Effect on Plan

- 20.4. Make changes as per recommendation below.

Recommendation

20.5. Change to Table 1 (page 51) to read:

“Other consent applications (where three or more bores are to be drilled for the same purpose on the same site [or in close proximity] an application can be made for a bore field consent with a deposit of \$1000).”

20.6. Amend Note 1 (page 52) which refers to “... actual disbursements (as in Table 4)” to “... actual disbursements (as in Table 6)”.

20.7. Add new footnote to page 52 which reads as follows:

“Note 3: Where a bore field consent is issued for three or more bores, bore inspection and compliance administration shall be carried out at a rate of \$97 per hour.”

21. **Fixed Charges for Resource Consent Applications Requiring Notification or a Hearing**

21.1. Table 1a, Part 4.10 (Page 52) – refers to the cost where a notification and a hearing is held. The wording in the table heading should be amended to read as follows:

“Table 1a: Fixed Charges for Resource Consent Applications Requiring Notification or a Hearing.”

Effect on Plan

21.2. Make changes as per recommendation below.

Recommendation

21.3. Change heading in Table 1a, Part 4.10 (Page 52) to read as follows:

“Table 1a: Fixed Charges for Resource Consent Applications Requiring Notification or a Hearing.”

22. **Monitoring of Domestic On-Site Wastewater Treatment Systems**

22.1. Amend Part 4.10 (Page 55) Table 2a (fourth box down) to change “\$329” to “\$340”.

22.2. Amend Part 4.10 (Page 56) first paragraph, fourth line, under Monitoring of Domestic On-site Wastewater Treatment Systems Charges to change “\$329” to “\$340.”

Effect on Plan

22.3. Make changes as per recommendation below.

Recommendation

22.4. Amend Part 4.10 (Page 55) Table 2a (fourth box down) to change “\$329” to “\$340”.

22.5. Amend Part 4.10 (Page 56) first paragraph, fourth line, under Monitoring of Domestic On-site Wastewater Treatment Systems Charges to change “\$329” to “\$340.”

23. **Zone Based Water Science Charges**

23.1. The draft LTP 2012-22 details the zone based water science charges for annually recovering 35% of the work the science department does throughout the region. Staff recommend that the Hawke’s Bay Regional Council itself be excluded from these charges for the 2011/12 financial year and thereafter. The purpose of the charges is to be recoverable – charging internally does not achieve this purpose, internal charging also adds an additional level of management and administration (non-recoverable) to the project and the charged departments.

Effect on Plan

23.2. Make changes as per recommendation below.

Recommendation

- 23.3. Insert the additional wording in point 3, third paragraph, in Part 4.10 Page 56 under Allocation of charges which says: *“The Hawke’s Bay Regional Council will be itself excluded from these charges”.*

Decision Making Process

24. Council is required to make a decision in accordance with Part 6 Sub-Part 1, of the Local Government Act 2002 (the Act). Staff have assessed the requirements contained within this section of the Act in relation to this item and have concluded the following:
- 24.1. Sections 83 and 84 of the Act set out the requirements of the Act where special consultative procedure applies with consideration of the draft Long Term Plan 2012-22.
- 24.2. The issues to be considered in this paper are those issues raised in Council's internal submission on the Plan. All submissions are an integral part of the special consultative processes set out in Section 83 and 84 of the Local Government Act 2002.

Recommendations

That Council:

1. Agrees that the decisions to be made on issues submitted to the draft Long Term Plan 2012-22 are made after the provisions included in sections 83 and 84 of the Local Government Act 2002 have been followed.
2. Receives and considers Council's internal submission.



Paul Drury
GROUP MANAGER
CORPORATE SERVICES



Mike Adye
GROUP MANAGER
ASSET MANAGEMENT



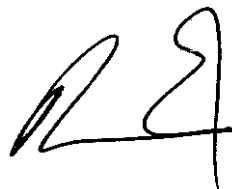
Helen Codlin
GROUP MANAGER
STRATEGIC DEVELOPMENT



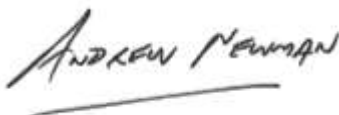
Liz Lambert
GROUP MANAGER
EXTERNAL RELATIONS



Iain Maxwell
GROUP MANAGER
RESOURCE MANAGEMENT



Ian Macdonald
GROUP MANAGER, HB CIVIL DEFENCE
EMERGENCY MANAGEMENT



Andrew Newman
CHIEF EXECUTIVE

Attachment/s

- 1 Impact of Adjustments on General Funded Deficits in Draft LTP

Summary of Financial Impact of Internal Submission Recommendations

Set out below is a summary of the amounts recommended to be carried forward from 2011/2012 to 2012/2013 together with any additional expenditure or income proposed for the final 2012/22 Long Term Plan.

A. Adjustments Affecting Public Good Funding:

Significant Activity	NAV Code	Year 0 Re-Forecast 2011/2012		Year 1 LTP 2012/2013		Year 2 LTP 2013/14	
		C / Fwd	Adj	B / Fwd	Adj	B / Fwd	Adj
1.0. Strategic Planning							
- Unwanted agricultural collection project	151-001-2380	(12,000)		12,000			
- Massey University research & development projects	179-001-2380	(50,000)		50,000			
- Strategy and Planning consultancy costs	192-001-2380	(70,000)		70,000			
2.0. Regional Resources							
- Heretaunga groundwater investigations consultancy costs	310-001-2380	(100,000)		100,000			
- Cycleways projects contractors' costs	385-051-2385	(750,000)		750,000			
- Cycleways projects contractors' costs	385-051-2385		1,550,000				
- Cycleways projects government grant funding	385-050-1226	750,000		(750,000)			
- Cycleways projects government grant funding	385-050-1226		(450,000)				
- Cycleways projects loan funding	385-051-1800	(900,000)		900,000			
- Other Open Space Projects costs	385-051-2650	900,000		(900,000)			
- Other Open Space Projects loan funding	385-051-1800	900,000		(900,000)			
6.0. Emergency Management							
- Tsunami hazard modelling and reporting	711-001-2380	(20,000)		20,000			
- HB civil defence emergency management strategic plan review	713-001-2750	(30,000)		30,000			
- Establishment of new Group Emergency Coordination Centre	713-001-2395	(25,000)		25,000			
7.0. Governance & Community Engagement							
- Hawke's Bay Social & Economic Study project brief	840-001-2380	(20,000)		20,000			
- Hawke's Bay Social & Economic Study project delivery	840-001-2380		60,000				
- Regional Sports Park contribution	893-001-2395	(1,600,000)		800,000		800,000	
- Regional Sports Park loan funding	893-080-1800	1,600,000		(800,000)		(800,000)	
Total Public Good Funding		(327,000)	0	327,000	60,000	0	0

9:46 a.m. 1/06/2012

Submissions Summary 1213

Staff Submission Summary

B. Expenditure Funded from the Special Regional Project Reserve:

Significant Activity	GL Code	Year 0 2011/2012		Year 1 2012/2013		Year 2 2013/14	
		C / Fwd	Adj	B / Fwd	Adj	Adj	Adj
7.0. Governance & Community Engagement - Specific Regional Projects (HB Cultural Trust Earthquake Exhibition in Napier Museum)	877-001-2395	45,000		(45,000)			
Total Special Regional Project Reserve Funding		45,000	0	(45,000)	0	0	0

C. Capital Expenditure Funded from the Asset Replacement Reserve:

Significant Activity	GL Code	Year 0 2011/2012		Year 1 2012/2013		Year 2 2013/14	
		C / Fwd	Adj	B / Fwd	Adj	Adj	Adj
9.0 Capital Expenditure - Capital Expenditure (Guppy Road Building Extensions) - Loan funding		(630,000) 600,000		630,000 (600,000)			
Total Asset Replacement Reserve Funding		(30,000)	0	30,000	0	0	0

D. Expenditure Funded from the Sale of Land Non-Investment Reserve:

Significant Activity	GL Code	Year 0 2011/2012		Year 1 2012/2013		Year 2 2013/14	
		C / Fwd	Adj	B / Fwd	Adj	Adj	Adj
7.0. Governance & Community Engagement - Regional Sports Park contribution	893-001-2395	(900,000)		450,000		450,000	
Total Sale of Land Non-Investment Reserve Funding		(900,000)	0	450,000	0	450,000	0

Hawke's Bay Regional Council - 2012/22 Long Term Plan											
UNDERLYING SURPLUS / (DEFICIT)											
Revision of Draft 2012/22 Long Term Plan following Submissions											
[Revised 31 May 2012]											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	Budget	S Budget	Ann Plan	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Note											
2011/12 Annual Plan / Draft 2012/22 Long Term Plan Underlying Surplus / (Deficit)	(309)	(324)	(161)	34	642	56	(144)	(82)	(37)	(139)	(152)
2011/12 Re-Forecast Adjustment (18 April 2012 Council Paper)	34										
	(275)	(324)	(161)	34	642	56	(144)	(82)	(37)	(139)	(152)
Effect of Staff Internal Submission on Underlying Surplus / (Deficit)											
Carry-forwards (Approved)	327	(327)									
Carry-forwards (Not Approved)	0	0									
Adjustments	0	(60)									
Effect of Staff Internal Submission	327	(387)	0	0	0	0	0	0	0	0	0
Effect of External Submissions on Underlying Surplus / (Deficit) (2012/22)	0	0	0	0	0	0	0	0	0	0	0
Effect of Additional Items on Underlying Surplus / (Deficit)	0	0	0	0	0	0	0	0	0	0	0
Effect of Additional Items	0	0	0	0	0	0	0	0	0	0	0
Long Term Plan 2012/2022 Underlying Surplus / (Deficit)	52	(711)	(161)	34	642	59	(144)	(82)	(37)	(139)	(152)