



HAWKES BAY
REGIONAL COUNCIL
TE KAUNIHERA Ā-ROHE O TE MATAU-A-MĀUI

Extraordinary Meeting of the Hawke's Bay Regional Council

Date: 10 April 2024
Time: 9.00am
Venue: Council Chamber
Hawke's Bay Regional Council
159 Dalton Street
NAPIER

Agenda

Item	Title	Page
1.	Welcome/Karakia/Apologies/Notices	
2.	Conflict of Interest Declarations	
3.	Confirmation of Minutes of the Hawke's Bay Regional Council meeting held on 27 March 2024	
Decision Items		
4.	2024-2027 Three-year Plan	3

Subject: 2024-2027 Three-year Plan

Reason for report

1. This report asks the Regional Council to adopt for consultation the supporting information, draft policies, submission form, and the Consultation Document entitled *Have Your Say Hawke’s Bay on our special Three-Year Plan 2024-2027*.

Officers’ recommendations

2. Staff recommend that council review and adopt the documents to move into the consultation phase for its Three-Year Plan.

Background

3. All councils are required by legislation to have a Long Term Plan (or LTP) at all times and must use the special consultation procedure to adopt it every three years. The LTP ensures Councillors and staff take a long-term view of HBRC’s operations and assets, and the macro-factors influencing its business. The three-yearly planning cycle provides an opportunity to consult with the community on the outcomes it aims to achieve, and the activities it funds to achieve them.
4. In September 2023, an Order in Council under the Severe Weather Emergency Recovery Legislation Act (SWERLA) was made to replace the 10-year 2024 LTP with a three-year unaudited plan and relax some disclosure requirements for eight councils. This temporary change is to enable those councils - Kaipara and Far North District Councils, Gisborne, and all councils within the Hawke’s Bay region - to focus on cyclone recovery. It recognises that the affected councils will find it too hard to forecast beyond three years with enough certainty to meet the standards under normal requirements.
5. As a result, the Hawke’s Bay Regional Council is producing an unaudited Three-Year Plan focused on supporting the community to recover and build resilience for future events. This includes pulling out all the stops to deliver the nearly \$250M Flood Resilience Programme negotiated with the Government to support recovery from Cyclone Gabrielle and bolstering the HBCDEM Group funding by \$1.3M over the three years of the plan on behalf of the region’s five councils.
6. The Consultation Document (CD), draft policies and supporting information is the culmination of many months of work by Councillors, Tāngata Whenua representatives (TWR) of the Regional Planning Committee and the Māori Committee and staff. The Council and TWR have provided iterative feedback on direction, budgets and the content of the CD at eleven dedicated LTP workshops starting with a strategic direction setting session facilitated by Chris Mene in June 2023 as well as other committee meetings during this time.
7. From the outset the Regional Council viewed this plan as a transitional plan or a bridge from recovery to business as usual and recognised the need to slow some work to allow for cyclone recovery and address cost pressures.

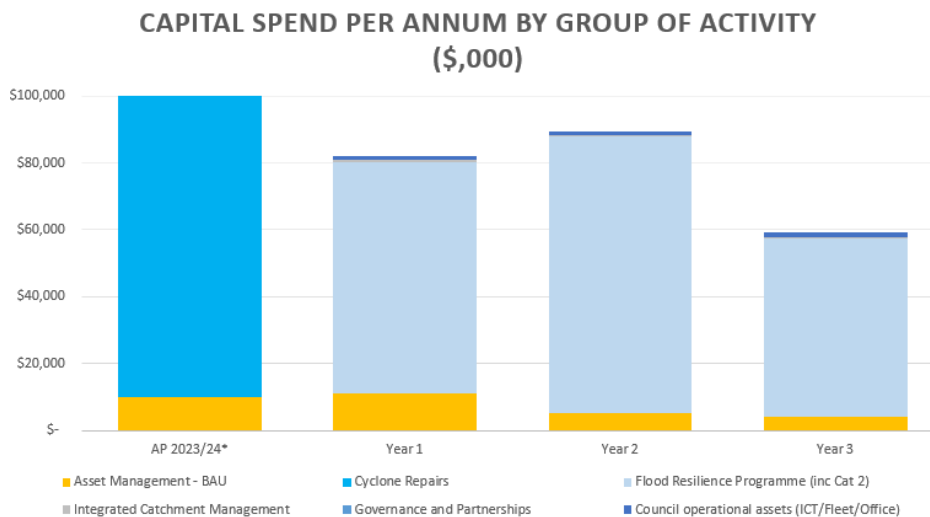
Resulting financial impact

8. As outlined in the CD, the proposed average rate increases for the next three years are:

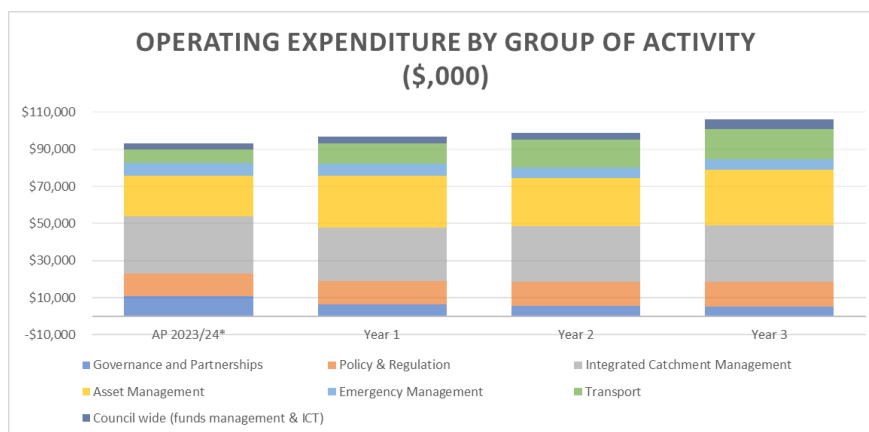
Proposed rates increases		
2024-25	2025-26	2026-27
19.6%	18.1%	9.0%

9. The main drivers pushing rates up are:
 - 9.1. Continuing cyclone recovery costs
 - 9.2. Repaying money we have borrowed in the past for operational matters that, at the time, helped to keep rates lower
 - 9.3. Lower than expected income from our investments
 - 9.4. Insurance premiums and inflation increases
 - 9.5. Increasing costs to provide public transport.

The cost of our work for the next three years



10. Capital expenditure over the term of this Three-Year Plan is dominated by our Flood Resilience Programme, as outlined in Part 3: Focus of our Three-Year Plan. Year 1 in Asset Management – BAU (business as usual) includes the Heretaunga Plains Flood Control Scheme upgrade programme (\$6.4 million) and the Regional Water Security programme (\$3.2 million).



11. The key drivers for increased spend is in Asset Management as we begin the repayment of our borrowing to deliver the Flood Resilience Programme, and in Transport as we implement the Regional Passenger Transport Plan. The Emergency Management group of activities includes increased capability for CDEM as proposed in Part 3: Focus of our Three-Year Plan, offset by reducing expenditure related to the cyclone response.
12. Key decreases in operating spend include the proposed reduction in funding for Hawke’s Bay Tourism in Governance and Partnerships, and the scaling back of activity in biosecurity and biodiversity in Integrated Catchment Management (which then scales back up in Years 2 and 3).

Consultation topics

13. All aspects of the Three-Year Plan can be submitted on, however there are three major consultation topics on which we are seeking community feedback. These are:
 - 13.1. How to rate for the Council's share of the nearly \$250 million Flood Resilience Programme for Category 2 flood schemes and general works.
 - 13.2. What community services to stop or temporarily slow to save costs, and reduce rates while we focus on must-dos.
 - 13.3. Policy amendments that we are consulting on concurrently:
 - 13.3.1. *Fees and User Charges Policy* including the fee schedule
 - 13.3.2. *Revenue and Financing Policy* related to how to rate for the Flood Resilience Programme
 - 13.3.3. *Rates Remission and Postponement Policies* for a new remission policy for stand-out ratepayers on the utilities rolls as a consequence of the recent decision to change the valuation system for the general rate from land value to capital value.
14. The options (including Council's preferred option) to address each of these topics and the implications in terms of impacts on rates and debt are set out in detail in the Consultation Document.

Supporting information

15. Before adopting the consultation document, the Council is asked to adopt the supporting information on which the content of the CD relies and on which the plan is prepared. These documents will be available to the public during the consultation process and can be submitted on. Following consultation these documents become the content of the final Three-Year Plan.
16. It is proposed that the council adopts the following documents as supporting information:
 - 16.1. Community Outcomes
 - 16.2. Groups of Activities – levels of service and funding impact statements
 - 16.3. Statement on fostering contributions to decision-making by Māori
 - 16.4. Financial Strategy
 - 16.5. Infrastructure Strategy
 - 16.6. Financial Statements 2024-27
 - 16.7. Accounting Policies
 - 16.8. Significance and Engagement Policy
 - 16.9. Treasury, Liability Management and Investment Policies
 - 16.10. Statement on Council-Controlled Organisations
 - 16.11. Significant Forecasting Assumptions

Consultation and engagement plan

17. The Local Government Act 2002 (LGA) recognises the importance of the Long Term Plan and therefore requires that the Special Consultative Procedure, as set out in section 83 and 93A, must be used.
18. As part of the special consultative procedure, a council must prepare a consultation document to facilitate public consultation on its plan. The CD must provide a fair representation of the matters proposed for inclusion in the plan and present these in a way that explains the overall objectives of the proposals, and how rates and debt might be affected; and can be readily

understood. It must identify and explain significant and other important issues and choices facing the council and region, and the consequences of those choices. In other words, the Consultation Document must engage the community in the right debate.

19. Usually the Consultation Document must contain a report from the Auditor-General on whether it gives effect to its purpose (i.e. is legally compliant); and the quality of the information and assumptions underlying the information provided in the consultation document. As noted above this audit requirement was removed by Order in Council under SWERLA.
20. To meet LGA requirements and good consultation practice, we will make the 30+-page Consultation Document, 4-page summary including submission form, draft policies and supporting information available to the public online and at Regional Council offices on or before 15 April 2024, and promote the consultation via:
 - 20.1. Postcard mailed to all ratepayers from 15 April.
 - 20.2. Councillor drop-in sessions across the region at a range of venues and times spread over the 4-weeks of consultation.
 - 20.3. Full advertising schedule incorporating media releases, print and digital media. This will be run in three stages – pre-engagement (heads up the plan is coming), engagement (have your say), and final (closing soon – have your say).
 - 20.4. Councillor videos.
 - 20.5. Facebook Live session on 23 April.
21. As part of the consultation page on the website, ratepayers will be able to look up their estimated rates for the coming year on a rates calculator. Actual rates are not known until the Council’s Rating Information Database is finalised for 2024-25, which relies on information provided by our TAs on the number of SUIPs etc, however the rates calculator will still provide a good indication of the impact by rateable property.
22. Given the changes made to the Revenue and Financing Policy in February, ratepayers won’t be able to see like-for-like on their invoices for 2023-2024 and 2024-2025 but information will be provided to explain this.
23. Key dates include:

Date	Milestone
10 April 2024 (today)	Council adopts for consultation
15 April to 15 May 2024	Public consultation
29-30 May 2024	Hearings
17 June 2024	Deliberations
26 June 2024	Council adopt Three-Year Plan

Significance and Engagement Policy assessment

24. Adopting the Three-Year Plan and amending the policies is deemed significant under our Significance and Engagement Policy therefore consultation to seek community views is required.

Financial and resource implications

25. The engagement for this process is estimated to cost \$85,000. The biggest cost is the mail out to around 57,000 ratepayers. Noting we have around 73,000 rating units but we have removed duplicates by identifying ratepayers with multiple properties.

Decision-making process

26. Council and its committees are required to make every decision in accordance with the requirements of the Local Government Act 2002 (the Act). Staff have assessed the requirements in relation to this item and have concluded:
 - 26.1. The decision is significant under the criteria contained in Council's adopted Significance and Engagement Policy.
 - 26.2. The decision does not significantly alter the service provision or affect a strategic asset.
 - 26.3. The use of a consultation process is required by legislation under s102(4).
 - 26.4. The decision to consult is not inconsistent with an existing policy or plan. If Council decides to adopt the changes proposed in the draft policy, it will replace the existing policy.
 - 26.5. The persons directly affected by this decision are all communities in Hawke's Bay.

Recommendations

That Hawke's Bay Regional Council:

1. Receives and notes the *Consultation on the 2024-2027 Three-Year Plan* staff report.
2. Adopts the following documents for public consultation for four weeks from 15 April 2024 through to 15 May 2024:
 - 2.1. The suite of supporting information relied on for the content of the Consultation Document and that provides the basis for the preparation of the Three-Year Plan, being:
 - 2.1.1. Community Outcomes
 - 2.1.2. Groups of Activities – levels of service and performance measures
 - 2.1.3. Statement on fostering contributions to decision-making by Māori
 - 2.1.4. Financial Strategy
 - 2.1.5. Infrastructure Strategy
 - 2.1.6. Financial Statements
 - 2.1.7. Accounting Policies
 - 2.1.8. Significance and Engagement Policy
 - 2.1.9. Treasury, Liability Management and Investment Policies
 - 2.1.10. Statement on Council Controlled Organisations
 - 2.1.11. Significant Forecasting Assumptions
 - 2.2. Statement of Proposal on proposed amendments to the Fees & User Charges Policy and Fee Schedule.
 - 2.3. Statement of Proposal on proposed amendments to the Revenue and Financing Policy.
 - 2.4. Statement of Proposal on proposed amendment to the Rates Remission and Postponement Policies.
 - 2.5. Consultation document *Have your say Hawke's Bay on our special Three-Year Plan 2024-2027*, noting this will be designed prior to release for consultation.
 - 2.6. Four-page summary including submission form.
3. Delegates to the Chief Executive final approval of any further minor editorial changes to the supporting information, draft policies and consultation document prior to being made available for public consultation.

Authored by:

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Strategy and Governance Manager

Chris Comber
Chief Financial Officer

Approved by:

Susie Young
Group Manager Corporate Services

Attachment/s

1	Community outcomes 2024-2027	Under Separate Cover
2	Groups of Activities 2024-2027	Under Separate Cover
3	Statement of fostering contributions to decision-making for Maori 2024-2027	Under Separate Cover
4	Financial Strategy 2024-2027	Under Separate Cover
5	Infrastructure Strategy	Under Separate Cover
6	Financial Statements 2024-2027	Under Separate Cover
7	Accounting policies 2024-2027	Under Separate Cover
8	Significance and Engagement Policy 2024-2027	Under Separate Cover
9	Treasury Liability Management and Investment Policies 2024-2027	Under Separate Cover
10	Statement on Council Controlled Organisations 2024-2027	Under Separate Cover
11	Significant Forecasting Assumptions 2024-2027	Under Separate Cover
12	Statement of Proposal to amend the Fees and User Charges Policy	Under Separate Cover
13	Statement of Proposal to amend the Revenue and Financing Policy	Under Separate Cover
14	Statement of Proposal to amend the Rates Remission and Postponement Policies	Under Separate Cover
15	Three-Year Plan 2024-27 Consultation Document	Under Separate Cover
16	2024-2027 Summary and Submission form	Under Separate Cover