



Notice is hereby given that an Ordinary Meeting of Southland District Council will be held on:

**Date:** Thursday, 23 November 2017  
**Time:** 1pm  
**Meeting Room:** Council Chambers  
**Venue:** 15 Forth Street, Invercargill

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## **Council Agenda OPEN**

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### **MEMBERSHIP**

<b>Mayor</b>	Mayor Gary Tong
<b>Deputy Mayor</b>	Paul Duffy
<b>Councillors</b>	Stuart Baird
	Brian Dillon
	John Douglas
	Bruce Ford
	Darren Frazer
	George Harpur
	Julie Keast
	Ebel Kremer
	Gavin Macpherson
	Neil Paterson
	Nick Perham

### **IN ATTENDANCE**

<b>Chief Executive</b>	Steve Ruru
<b>Committee Advisor</b>	Alyson Hamilton

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**1 Apologies**

At the close of the agenda no apologies had been received.

**2 Leave of absence**

At the close of the agenda no requests for leave of absence had been received.

**3 Conflict of Interest**

Councillors are reminded of the need to be vigilant to stand aside from decision-making when a conflict arises between their role as a councillor and any private or other external interest they might have.

**4 Public Forum**

Notification to speak is required by 5pm at least two days before the meeting. Further information is available on [www.southlanddc.govt.nz](http://www.southlanddc.govt.nz) or phoning 0800 732 732.

**5 Extraordinary/Urgent Items**

To consider, and if thought fit, to pass a resolution to permit the Council to consider any further items which do not appear on the Agenda of this meeting and/or the meeting to be held with the public excluded.

Such resolution is required to be made pursuant to Section 46A(7) of the Local Government Official Information and Meetings Act 1987, and the Chairperson must advise:

- (i) The reason why the item was not on the Agenda, and
- (ii) The reason why the discussion of this item cannot be delayed until a subsequent meeting.

Section 46A(7A) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

"Where an item is not on the agenda for a meeting,-

- (a) that item may be discussed at that meeting if-
  - (i) that item is a minor matter relating to the general business of the local authority; and
  - (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but
- (b) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion."

**6 Confirmation of Council Minutes**

- 6.1 Meeting minutes of Council, 18 October 2017



## Freedom Camping Bylaw for Lumsden

**Record No:** R/17/11/26654  
**Author:** Robyn Rout, Policy Analyst  
**Approved by:** Bruce Halligan, Group Manager Environmental Services

Decision  Recommendation  Information

### Purpose

- 1 The purpose of this report is to obtain a decision from Council on how it would like to proceed regarding the Freedom Camping Bylaw 2015 (the Bylaw) for Lumsden.

### Executive Summary

- 2 In June 2017, a statement of proposal to amend the Bylaw for Lumsden was endorsed and put out for consultation (see Attachment A). In September 2017, Councillors received copies of the written submissions, and heard the submitters who wished to speak. In October, Council deliberated on the proposed amendment, and identified a preferred option on how to proceed.
- 3 The preferred option was that Council would only allow self-contained freedom camping in the Lumsden Township for up to three nights in a 30 day period. Council outlined that it would like to have specific areas where camping would be prohibited around the railway station precinct, and that the prohibited area for the playground, would be expanded (see Attachment B). Council also decided it would like to get advice on the legality of proceeding with this preferred option, before making a final decision.
- 4 Council staff have obtained legal advice that states that there would be an appreciable risk if Council's next steps were to proceed and adopt the preferred option. This risk is primarily due to the fact that the Council did not specifically consult the community on an option more restrictive than the current Bylaw provisions.
- 5 On this basis, staff are presenting two options to Council on how it could proceed, and staff are recommending the Council proceed with one of the options. The options are:
  - progress with putting the new proposal out for consultation; or
  - continue with the current Bylaw and review the Bylaw at a later date.
- 6 Due to the legal risks associated with progressing any other option, staff are recommending that Council does not deviate from either of these two options.

## Recommendation

That the Council:

- a) **Receives the report titled "Freedom Camping Bylaw for Lumsden" dated 17 November 2017.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Decides to proceed with one of the following two options, either:**

**Option 1 - Not proceed with the statement of proposal, and instruct staff to begin preparing a new draft bylaw and statement of proposal (based on Council's preferred option); or**

**Option 2 - Not proceed with the statement of proposal, continue with the current Freedom Camping Bylaw, and review the Bylaw for Lumsden at a later date individually or as part of a larger overall review of the Freedom Camping Bylaw 2015.**

## **Background**

### **The current Bylaw**

- 7 In Lumsden, the current Bylaw allows self-contained camping anywhere within the town boundary (on Council controlled land), for a maximum of 3 days in any 30 day period. In the Bylaw, a vehicle is classified as being ‘self-contained’ if it has the capability of meeting the ablutionary and sanitary needs of its occupants. The current Bylaw also allows both self-contained and non-self-contained camping in two designated areas around the railway station precinct for 7 nights in any 30 day period. There is currently no differentiation between vehicles and tents. A map with the current Bylaw for Lumsden is in Attachment A.

### **The statement of proposal**

- 8 On 29 June 2017, staff presented an amendment to the Bylaw to the Regulatory and Consents Committee, which was endorsed and released for consultation using the special consultative procedure (see Attachment A).
- 9 The proposal was to:
- allow self-contained camping in the pink shaded areas on the map in the statement of proposal (excluding the prohibited areas, and only on Council controlled land), for a maximum of 3 days in any 30 day period.
  - create a new defined area for tents (for up to 7 nights) to the east of the railway station precinct, and prohibit tents from other designated freedom camping areas.
  - allow self-contained and non-self-contained freedom camping vehicles in the areas marked in green around the railway station precinct for up to 7 nights.
  - designate the playground and particular car parks near the main street, as camping ‘prohibited’.
- 10 Councillors received the written submissions and heard the submitters who wanted to speak in September this year. In the submissions, there was not a consensus on the approach that should be taken with freedom camping in Lumsden. As has been outlined in previous reports, generally submitters are quite divided on whether or not they support having a designated tent site, and whether or not to have more areas where self-contained and non-self-contained vehicles would be permitted to stay for up to 7 nights around the railway station. There is more of a consensus from submitters regarding the proposed prohibited areas. Submitters are generally supportive of the prohibited areas that were outlined in the statement of proposal.
- 11 Council deliberated on the proposed amendment to the Bylaw for Lumsden at a Council meeting held on 18 October. At that meeting Council had a lengthy discussion, and then indicated that it supported a more restrictive approach to freedom camping in Lumsden. Council resolved that, subject to obtaining legal advice, that it supported a new preferred option. Council also decided that further management and enforcement may be required at the site, and Council requested that staff report back (with input from the Lumsden Community Development Area Subcommittee (the CDA) on how enforcement at the site might be best achieved and funded.

**The preferred option**

- 12 The preferred option is to only allow self-contained freedom camping in the Lumsden Township for up to three nights in a 30 day period. In relation to the statement of proposal, Council decided it would like to have one additional area where camping would be prohibited, which would essentially expand the prohibited area around the playground (see Attachment B).

**Issues**

- 13 The issue before Council is what the next steps should be regarding the Bylaw for Lumsden.
- 14 Council staff requested legal advice on whether Council could proceed to adopt its preferred option. Legal advice has indicated that there would be an appreciable risk if Council's next steps were to proceed and adopt the preferred option without further consultation. Council did not indicate in the statement of proposal that a more restrictive bylaw could be the outcome of the consultation process, and Council has not directly sought community views on the new preferred option.
- 15 On this basis, in this report staff are presenting two options to Council on how it can proceed - both are risk-adverse. Staff are recommending that Council proceed by selecting one of the following two options.

**Option 1 – Progress with putting the new preferred option out for consultation**

- 16 As Council have identified a preferred new option regarding freedom camping in Lumsden, Council could decide to progress an amendment to the Bylaw now, and instruct staff to prepare a new draft bylaw and statement of proposal based on Council's preferred option. This could then be presented to Council to be endorsed and put out for consultation.
- 17 This would allow Council to progress its preferred option, and it would eliminate the risks associated with now taking a more restrictive position than what was outlined in the original statement of proposal.
- 18 As Council now has a good understanding of community views on the matter, Council would be in a well-informed position to proceed.

**Option 2 – Continue with the current Bylaw and review the Bylaw at a later date**

- 19 Council could also decide to not proceed with the statement of proposal, to continue with the current Bylaw, and to consider reviewing the Bylaw at a later date. This review could be undertaken to try and have an amended Bylaw in place by the next summer season.
- 20 There is merit to this option as any amendment to the Bylaw is now not going to be completed in time to manage the campers that will be coming to Lumsden this summer. As a result, the existing Bylaw would continue to apply.
- 21 There is currently quite a lot of work being undertaken, which could result in additional amendments being proposed to the Bylaw. Waiting for the outcomes of these pieces of work may prevent the Bylaw having to be reviewed on two occasions.
- 22 The Council has recently arranged for the preparation of an Open Spaces Strategy via an external consultant, and is also intending to develop more of a strategic Council position on freedom

camping in 2018. Work in this area is intended to be progressed in 2018 and appropriate consultation will occur when matters progress to that stage. It is possible this work stream may result in changes being proposed to the Bylaw.

23 On the 7th of November, staff have also received a Sector Brief from Local Government New Zealand (LGNZ), outlining that it has recently convened a small group of people to consider how to best progress the issue of improving regulations governing freedom camping in New Zealand. The group is made up of elected members, local government representatives, and representatives from the New Zealand Motor Caravan Association. This group aims to progress work relating to freedom camping by:

- developing a legally robust model bylaw which would promote consistency across New Zealand
- developing best practice process to educate campers and improve enforcement levels
- commence preparation for a review of the statute as signalled by ministers prior to the election.

24 LGNZ has identified that freedom camping is a major issue for many Councils, and they are also looking at holding a symposium on freedom camping and possible solutions, in the first quarter of 2018.

25 Staff believe there may be spin-offs from the work being undertaken by LGNZ, such as the development of a model bylaw, which may result in Council wanting to amend its Bylaw to be consistent with other districts.

26 There were also statements made prior to the parliamentary elections, that there might be legislative changes relating to freedom camping, in the future. With the change in government, it is unclear what these changes might be, and when they might be made.

### **Enforcement**

27 Council staff have held discussions with the Lumsden CDA, since this matter was last considered by Council, on enforcement options for the 2017/18 tourist season.

28 It is unclear at this stage as to the extent to which the liaison officer who undertook these duties in the 2016/17 season (and received considerable positive social media feedback in doing so) is available for the 2017/18 season.

29 Staff consider it would be desirable from a health and safety and continuity perspective, that there be more than one person who is warranted to provide freedom camping enforcement in this locality. CDA members have also expressed some concerns that they have been undertaking de facto enforcement of a Council Bylaw, and staff agree with this concern. The Bylaw is a Council Bylaw and it is up to the Council to have appropriate enforcement mechanisms in place, and not rely on CDA members to enforce elements of it.

30 Options are generally:

- Engaging an external contractor to undertake enforcement, similar to what Council currently does with after-hours noise. The problem with this could be that there are currently no known locally based suitable contractors, and that if the only contractors

available were based in either Invercargill or Gore, it could be expensive and also involve delayed response times; or

- Warrant the current liaison officer and/or other locals (preferably 2) to undertake this enforcement work, following suitable training.

31 Either of these options will involve additional costs over and above the 2016/17 season, as enforcement/education was largely undertaken on a voluntary basis in 2016/17.

32 Indicative costs may be in the order of:

- 2 patrols x 2 hours per day x \$20 per hour x 180 days = \$14,400 plus \$3000 training and equipment costs = \$17,400.

33 Some component of this cost may be recoverable from infringement notices issued for breaches of the Bylaw, although that is not possible to quantify accurately.

34 If the warranting of locals option was favoured, advertising could occur for expressions of interest from suitable parties; although obviously this would need to occur promptly with the tourist season well underway.

35 There is no current budget for this, so some consideration would need to be given to how to fund this. By way of example, the Te Anau freedom camping warden is co-funded between the Te Anau Community Board, at a District Level, and via DOC.

36 Noting the timing of this matter, Council staff have sought to be proactive pending the Council decision by organising additional 'No Camping' signage for areas outside of the current Bylaw area, where non-self-contained camping is prohibited. This should be ready in approximately 10 days. There have been some further concerns expressed about camping in this area, which is clearly not authorised by the current Bylaw.

## **Factors to Consider**

### **Legal and Statutory Requirements**

37 Council should be mindful of the legal advice that has been received, that proceeding to adopt an amendment to the Bylaw in accordance with the preferred option, without undertaking direct consultation on that option, would increase the risk of there being a successful legal challenge to Council's decision making. The freedom camping issue has come under considerable scrutiny both locally and nationally and has been the subject of litigation elsewhere, and staff hence consider that this risk is real and not fanciful.

38 Council should also be mindful that staff are recommending Council proceed only with one of the two options identified, due to the risks associated with other options.

### **Community Views**

39 Through undertaking a thorough consultation process on the statement of proposal, Council has collected information on the wide range of community views that are held on freedom camping in Lumsden. These views were outlined in the report that went to Council on 27 September 2017.

- 40 In relation to the decision staff are asking Council to make in this report, the community is likely to support being consulted on any new approach Council is proposing. Council is aware that Lumsden residents are very interested in this issue, and some submitters have indicated they would have liked to have had more input when the current Bylaw was developed.
- 41 As the Lumsden community has just been through a thorough consultation process on this issue, and as the Christmas period is not a particularly suitable time to seek feedback from the community, the upcoming months may not be a suitable time to try and obtain community views from local residents.
- 42 Local residents are also more likely to engage with Council on this issue, and to retain confidence in Council as a decision maker, if there is only one further round of community consultation on the Bylaw in the near future. So if further changes to the Bylaw are likely (as a consequence of the Open Spaces work, national best-practice etc), in relation to achieving good community engagement and the public maintaining confidence in Council, it may be better to delay revising the Bylaw. It should be anticipated, however, that if the current Bylaw remains in place, then the costs and resources required to achieve compliance with this and to ensure in particular that camping does not occur outside designated areas, are likely to need to increase.

### **Costs and Funding**

- 43 As both of the options are likely to involve revising the Bylaw, there would be costs associated with staff time and advertising. There may also be associated legal costs.

### **Policy Implications**

- 44 The implications of both options would be that Council would not proceed with the statement of proposal that was released for consultation, and the current Bylaw would be in force in Lumsden, until any amendment was adopted.
- 45 The implications of proceeding to adopt the preferred option would be that it would prevent non-self-contained freedom campers from camping around the railway precinct, and it would mean that in certain areas around the railway station precinct, self-contained vehicles would only be able to stay for three nights, not for seven. There would also be four new prohibited areas, where freedom camping would not be allowed, in addition to the playground area (which has always been a prohibited area). The prohibited area for the playground would also be expanded.
- 46 As has been outlined previously, there is a relationship between the Bylaw and the work being undertaken by staff on the Open Spaces Strategy. The work that LGNZ has initiated may also have implications regarding the Bylaw.

### **Analysis**

#### **Options Considered**

- 47 The following options have been considered regarding how Council could proceed:
- **Option 1 – Progress with putting the new preferred option out for consultation** – this involves not proceeding with the statement of proposal, and progressing an amendment to the Bylaw now by instructing staff to prepare a new draft bylaw and statement of proposal, based on Council's preferred option.

- **Option 2 - Continue with the current Bylaw and review it at a later date** – this involves not proceeding with the statement of proposal, continuing to have the current bylaw in force and revisiting amending the Freedom Camping Bylaw for Lumsden at a future date.

**Analysis of Options**

**Option 1 – Progress with putting a new proposal out for consultation**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• This option is more risk adverse than other potential options.</li> <li>• Members of the public are very interested in this issue and are likely to want to have input.</li> <li>• Council has signalled it would like to review the Bylaw, so would be a consistent approach, to continue progressing through an amendment.</li> </ul>	<ul style="list-style-type: none"> <li>• There are costs associated with undertaking another round of consultation.</li> <li>• The next few months are probably not the best time to re-engage with the community on this issue.</li> <li>• The Bylaw may need to be reviewed again in the future (as a consequence of the Open Spaces work, and work being completed by LGNZ), so if Council reviews the Bylaw now it may need to review it again in 2018 or 2019.</li> <li>• If Council proceeds with this option and adopts an amendment to the Bylaw, community confidence in Council may be negatively impacted if Council then has to re-consult.</li> <li>• If Council proceeds with this option and adopts an amendment to the Bylaw, the community may be reluctant to engage again if Council has to amend the Bylaw again.</li> </ul>

**Option 2 – Continue with the current Bylaw and review it at a later date**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• This approach is more risk adverse than other potential options.</li> <li>• May help prevent having to undertake more than one proposed amendment to the Bylaw in the next couple of years (by waiting to see if any other changes to the Bylaw emerge in 2018).</li> <li>• Would avoid consulting with the community at a less than optimal time (over the summer holiday period).</li> </ul>	<ul style="list-style-type: none"> <li>• Delays making a decision on this matter (there has been feedback that freedom camping in Lumsden needs to be better controlled/managed, so this will delay the contribution an amendment to the Bylaw can make to that).</li> <li>• Community members, particularly those opposed to freedom camping, may be frustrated that no progress has been made.</li> <li>• Additional resources and costs to effectively enforce current Bylaw</li> </ul>

<ul style="list-style-type: none"><li>• The community might be more receptive to another round of consultation if one has not just been undertaken.</li></ul>	provisions.
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### **Assessment of Significance**

- 48 In regards to Council's Significance and Engagement Policy, the decision being made by Council has been assessed by staff as not being significant.
- 49 Council has already made a decision on its preferred option (on how it would like to amend the Bylaw for Lumsden), and this report is seeking a decision from Council about how it would like to go about progressing that option. The likely impact on and consequences for both the wellbeing of the district, and people who are interested in or affected by this decision, are relatively low.

### **Recommended Option**

- 50 Staff are not recommending a specific option, and are seeking a decision from Council as to the best way forward.

### **Next Steps**

- 51 The next steps will depend on what option in this report Council endorses. If Council endorses Option 1, Council will prepare a draft bylaw and corresponding statement of proposal, and present them to Council for endorsement.
- 52 If Council endorses Option 2, staff will keep Council informed on the Open Spaces work, and any relevant legislative changes and any work completed by LGNZ, that relate to freedom camping. Under Option 2, staff would also seek guidance from Council next year, about whether it felt the time was right to propose an amendment to the Bylaw for the 2018/19 summer season.

### **Attachments**

- A Statement of Proposal endorsed in June 2017 - Proposed amendment to the Freedom Camping Bylaw for Lumsden [↓](#)
- B Freedom Camping Bylaw - preferred option for Lumsden, identified on 18 October 2017 [↓](#)

## STATEMENT OF PROPOSAL – Amending the Freedom Camping Bylaw for Lumsden

### The Current Freedom Camping Rules in Lumsden

The current Freedom Camping rules in Lumsden permit self-contained camping anywhere within the town boundary (on Council controlled land), for a maximum of three days in any 30 day period. The rules also permit both self-contained and non-self-contained camping in two designated areas around the Railway Station, and they do not differentiate between vehicles and tents.

### Proposed Amendments

The proposed amendment to the Bylaw will continue to legally allow self-contained camping anywhere within the town boundary (on Council controlled land), for a maximum of three days in any 30 day period. Self-contained and non-self-contained freedom camping will also be lawful in the areas around the Railway Station that are marked in green on the proposed amendment. It is proposed that this area will be larger to enable more vehicles to stay there. The Lumsden Community Development Area Subcommittee (CDA) plans to encourage self-contained freedom campers to park in designated areas further away from the Railway Station, by guiding campers there through the use of on-site signage. Self-contained campers are going to be encouraged to move to different areas to allow more capacity (around the immediate railway station area) for non-self-contained campers in the areas around the toilet and wash facilities.

The proposed amendment would also create a defined new area solely for tents, and prohibit tents from other designated freedom camping areas.

### Reasons for the Proposal

The Lumsden CDA has requested that Council make this amendment to the Bylaw. The amendment would mean the site could legally accommodate the number of campers who currently use the site, and it would restrict where they camp.

### Making a Submission

Submissions are invited on the draft amendment to the Freedom Camping Bylaw from 8 July 2017, and submissions must be received by 8.00 pm on 8 August 2017. Submissions can be made:

- through the Council's website (<https://consult.southlanddc.govt.nz>)
- via post (Southland District Council, Submissions, PO Box 903, Invercargill 9840)
- in writing at your local Southland District Council office.

Written submissions must state that the submission relates to the freedom camping rules in Lumsden, and give the submitter's name and contact details.

Submitters who make a written submission can also elect to make an oral submission to the Regulatory and Consents Committee. This can be indicated through the online submission process, or by the submitter raising that they would like to make an oral submission, in their written submission. Oral submissions are likely to be heard on the morning of the 28<sup>th</sup> of September. Council staff will be in touch to confirm a time.

All submissions received by Southland District Council will be made available to the public.

**Options**

For this decision, Council has identified all reasonably practicable options regarding Freedom Camping in Lumsden. The options and analysis are presented below.

**Option 1 – Not endorsing the draft Bylaw and continuing with the current freedom camping rules in Lumsden.**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>Avoids the minor costs associated with amending the Bylaw (staff time, advertising etc).</li> </ul>	<ul style="list-style-type: none"> <li>This would not be in accordance with the wishes of the Lumsden CDA.</li> <li>The current rules do not reflect current usage.</li> <li>This would not take into account that tourism and freedom camping is expected to increase.</li> <li>People may continue to freedom camp in areas where they are not legally permitted to do so.</li> <li>If there is an increasing number of freedom campers visiting the site, they may park vehicles or put tents in undesirable locations, rather than the suitable places proposed in the amendment.</li> </ul>

**Option 2 – Not endorsing the draft Bylaw, and instead endorsing a bylaw discontinuing or, or placing restrictions on, non-self-contained freedom camping in Lumsden.**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>This would decrease or largely eliminate the challenges associated with freedom camping.</li> <li>Some support from locals.</li> </ul>	<ul style="list-style-type: none"> <li>This may decrease or largely eliminate the benefits associated with non-self-contained freedom campers.</li> <li>Some locals would oppose this option.</li> <li>Contrary to the direction decided upon by the Subcommittee during the making of the Freedom Camping Bylaw 2015, and lawfully made by Council with little opposition from locals at that time.</li> <li>May be hard to administer.</li> </ul>

**Option 3 – Endorsing the proposed amendment to the bylaw and releasing the draft bylaw for public consultation**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>Consistent with the wishes of the Lumsden CDA.</li> <li>This amount of freedom camping may result in an optimal level of benefit for Lumsden.</li> <li>Support from locals.</li> <li>Takes into account the projected growth of the tourism sector and freedom campers.</li> <li>This option is more in accordance with current usage.</li> </ul>	<ul style="list-style-type: none"> <li>Some locals would oppose this option.</li> <li>An increase in the number of campers may increase problems from freedom campers, unless effective mitigation measures are put in place.</li> </ul>

**Relevant Determinations**

Council has determined that the amendment to the Bylaw is necessary to protect the area, and to protect the health and safety of the people who may visit the area, and to protect access to the area. For example, Council believes the amendment will protect the health and safety of people who may visit the area, as the location of the freedom camping sites will help ensure that proper toilets are used, and that rubbish is placed in nearby receptacles.

Under Section 155 of the Local Government Act, Council has determined that the proposed Bylaw is the most appropriate way to address the perceived problem and the most appropriate form of Bylaw. Bylaws have become the typical method of addressing issues associated with freedom camping, and the Freedom Camping Act allows bylaws of this nature.

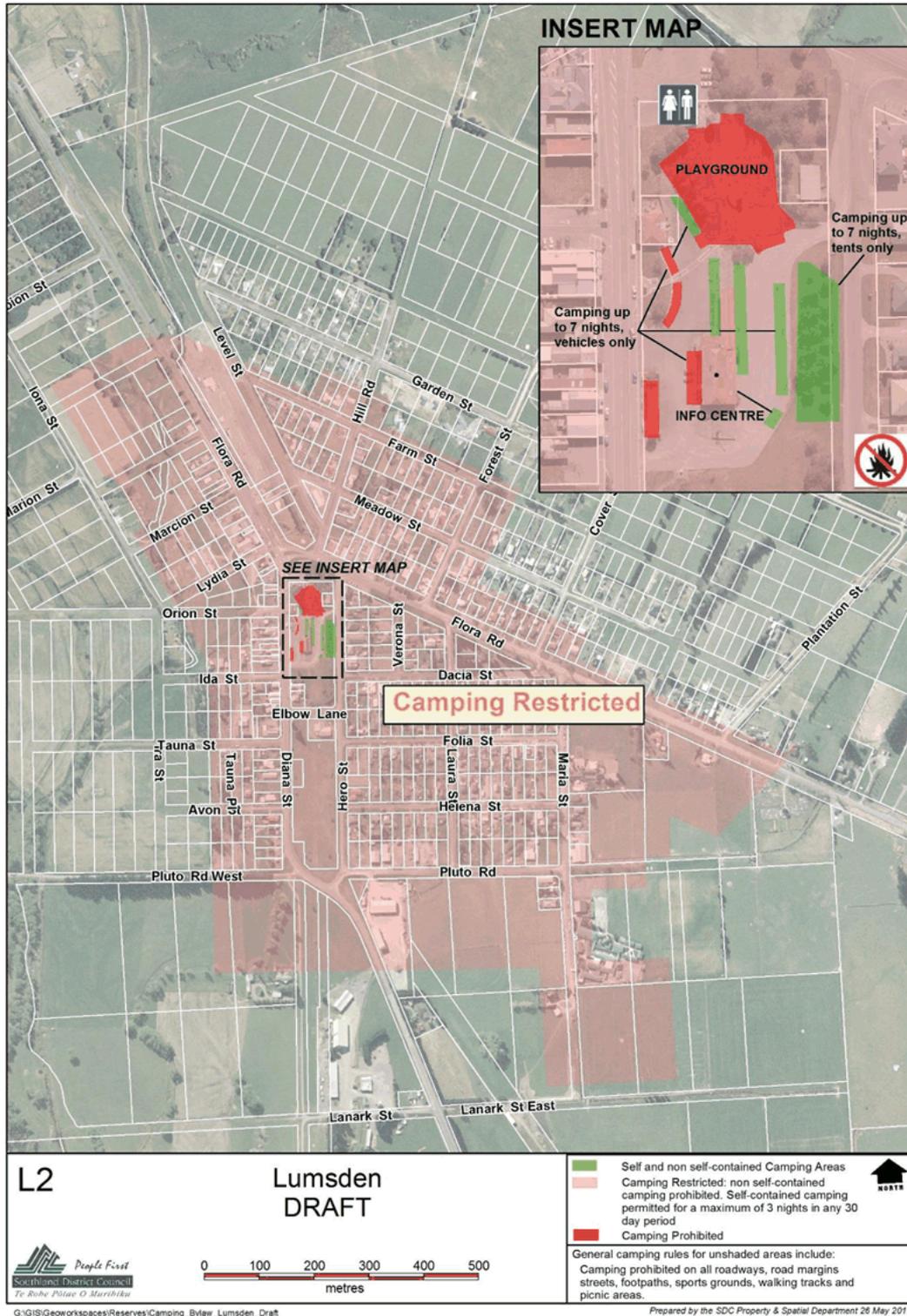
In relation to amending the Bylaw, Council has also considered any implications under the New Zealand Bill of Rights Act 1990. The New Zealand Bill of Rights Act 1990 confers certain civil and political rights to people in New Zealand. Council is satisfied that the proposed Bylaw will not be inconsistent with the Act, that is, it imposes reasonable limits that can be reasonably justified in a free and democratic society. Case law supports that managing the adverse effects of freedom camping is considered a sufficiently important purpose to justify a limitation to peoples' rights.

Appendices

Appendix A – Current freedom camping Bylaw for Lumsden



Appendix B – Proposed amendment to Freedom Camping Bylaw for Lumsden







## Revenue and Financing Policy Review

**Record No:** R/17/10/25526  
**Author:** Sheree Marrah, Finance Manager  
**Approved by:** Anne Robson, Chief Financial Officer

Decision  Recommendation  Information

### Executive Summary

- 1 The 2018 Revenue and Financing Policy will form part of Council's Long Term Plan (LTP) 2018-2028, which will be subject to public consultation before adopting a final version.
- 2 Council is required by legislation to adopt and include a Revenue and Financing Policy in its LTP 2018-2028, to provide predictability and certainty about sources and levels of funding of Council's activities.
- 3 The Revenue and Financing Policy sets the framework for the Funding Impact Statement and in turn the Rates Resolution; the three cascading down to provide legal compliance for setting and assessing the rates each year.
- 4 The Activity Funding Needs Analysis is a separate internal document which supports the Revenue and Financing Policy and addresses Council's consideration of the section 101(3) requirements of the Local Government Act (LGA) 2002.
- 5 In preparation for the LTP 2018-2028, and the associated revenue and financing policy review, staff presented a number of key matters to Council for consideration at workshops held on 26 September and 19 October. These matters are included in this report along with recommendations reflecting the issues discussed at these workshops.
- 6 Staff are comfortable with the current format and the majority of the content of the policy and the Activity Funding Needs Analysis, and thus the proposed documents have not substantially changed from the previous LTP. However, these documents have been amended for the various recommendations of this report and any changes requested by activity managers.
- 7 The draft Revenue and Financing Policy and draft Activity Funding Needs Analysis are attached to this report for your consideration.
- 8 Appendix 2 includes a list of abbreviations frequently used in throughout this report for your reference.

## Recommendation

That the Council:

- a) **Receives the report titled “Revenue and Financing Policy Review” dated 17 November 2017.**
- b) **Determines that this matter or decision be recognised as significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Resolves to include the following proposals in the draft revenue and financing policy and supporting documentation as part of the 2018-2028 Long Term Plan process:**
  - i) **Revise the current Separately Used or Inhabited Part (SUIP) definition to include all property types and assess the Stewart Island Waste Management Rate as a service rate.**
  - ii) **Accept proposed boundary changes for Athol Hall, Browns Hall, Waianiwa Hall, Edendale-Wyndham Hall, Tokanui-Quarry Hills Hall and Te Anau Community Board Rating boundaries as per Attachment D, remove Edendale Pool rate and further investigate funding approach for halls and pools for the 2021-2031 Long Term Plan.**
  - iii) **Set and assess all Community Board/Community Development Area Subcommittee rates as a Uniform Targeted Rate, with differentials as required, noting that Mossburn Community Development Area sub-committee do not support this approach.**
  - iv) **Continue to set and assess the General Rate on Capital Value.**
  - v) **Do not establish an Economic Development Rate, and continue to rate for economic and community development activity as a component of the Uniform Annual General Charge.**
  - vi) **Confirm that no differential be applied to the General Rate.**
  - vii) **Continue to set and assess the Uniform Annual General Charge per rating unit.**
  - viii) **Fund 100% of all library services across the district from the Uniform Annual General Charge.**
  - ix) **Continue to rate for wastewater using the current approach, being:**
    - a) **A full charge per Separately Used or Inhabited Part for any residence that is connected or able to be connected but not connected,**
    - b) **A half charge for any non-contiguous vacant land within the boundary which are able to be connected but are not connected, and**

- c) **A full charge per pan/urinal for all other property that is connected or able to be connected but not connected.**
- x) **Continue to rate for water structure activities from the relevant local rates (Community Board/Community Development Area/Ward).**
- xi) **Increase the Resource Management hourly fee to \$150.00 (GST exclusive) per hour to reduce rates funding of the Resource Consent Processing activity.**
- xii) **Increase rates funding for Health Licensing activity to 10% of total costs.**
- xiii) **That the Uniform Annual General Charge include the repayment of the loan for the funding of the Around the Mountains Cycle Trail as resolved by Council separately on the 23 November 2017.**
- xiv) **Clarify eligibility for metered water supply in the Funding Impact Statement (Rates) and increase fees from 1 July 2018 to \$170.43 (GST exclusive) for the fixed water meter charge and \$0.96 (GST exclusive) for the cubic metre water rate.**
- xv) **Confirm that no differential be applied to the general rate for Meridian Energy.**
- xvi) **Accept the proposed Roding Rate Model, where the uniform targeted rate is fixed at \$80.00 (GST exclusive) per rating unit, heavy use rate is \$1.05 (GST exclusive) per tonne, minimum tonnage applied to each relevant sector is 230,000 tonnes and other use factors are 1.15 (dairy), 1.2 (forestry) and 1.15 (farming non-dairy).**
- xvii) **Confirm the activities to which the General rate and Uniform Annual General Charge are applied as per the table below:**

Activities	General Rate	UAGC
Building Control	100%	
Civil Defence & Emergency Management	100%	
Community Housing	85%	15%
Council Facilities	85%	15%
District Development	25%	75%
District Support	85%	15%
Animal Control		100%
Environmental Health		100%
Grants & Donations		100%
Library Services		100%
Parks & Reserves	85%	15%
Public Toilets		100%
Representation & Advocacy	25%	75%
Resource Management	90%	10%

Strategy & Communications	90%	10%
Work Schemes		100%
Roads & Footpaths (Around The Mountains Cycle Trail loan repayments only)		100%

**xviii) Delegate authority to the Chief Executive to approve any necessary changes to the draft revenue and financing policy, draft activity funding needs assessment and draft budgets in relation to this report.**

**Background**

- 9 As part of the Long Term Plan (LTP) for 2018-2028 Council has to review its Revenue and Financing Policy.
- 10 The statutory provisions relating to the review of a Revenue and Financing Policy are detailed in Part 6 of the Local Government Act (LGA) 2002. The Act requires local authorities to follow a three step process in developing a Revenue and Financing Policy:
  - (a) Identification of activities;
  - (b) Application of considerations relevant to each activity, refer Section 101(3)(a), leading to a proposed selection of funding mechanisms and quantum to be funded from each tool for each activity; and
  - (c) Consideration of the overall impact of the proposed selection of funding mechanisms for all activities on the social, economic, environmental and cultural well-being of the community, and, if necessary, modification.
- 11 The following diagram demonstrates these three steps:

Identify Activities	Funding sources for each Activity	Funding system for Council
Activities identified and grouped.	Consideration of: <ul style="list-style-type: none"> <li>• community outcomes</li> <li>• distribution of benefits</li> <li>• period of benefits</li> <li>• exacerbator principles</li> <li>• costs/benefits of separate funding.</li> </ul>	Aggregation of funding for each activity and modification to take account of community well-being.

- 12 Council is required to give equal weight to each of the five factors identified in section 101(3). An assessment of each activity relative to each of the above factors is included in the “Activity Funding Needs Analysis” document, which will be retained for this LTP.
- 13 It is important to recognise that the analysis must apply to the funding of both operating and capital expenditure.
- 14 In addition, Section 101(3)b requires that consideration also be given to “the overall impact of any allocation of liability for revenue needs on the community”. This includes considering the overall affordability on different sections of the community.

- 15 In the issues section of this report staff have included the various matters discussed at the LTP 2018-2028 Council workshops on 26 September and 19 October 2017 to inform the Revenue and Financing Policy and associated documents. Each matter includes options for consideration and a recommendation based on the guidance provided by Council at the workshops.
- 16 In addition, management have indicated a preference to rename the Community Development activity to Community Futures to better reflect the range of services and functions being undertaken. This activity has traditionally included economic development, destination marketing and community development, and will now also include the Community and Futures General Manager and the Community Partnership functions (BU10111). This change shifts the costs and funding of this function from the Corporate Support activity to the renamed Community Futures activity, and will impact the general rate allocation between UAGC and rate in the dollar. The draft Activity Funding Needs Analysis and draft Revenue and Financing Policy have been amended to incorporate this change, however the various matters covered in this report have not been updated to reflect this change. This will be discussed further at the meeting.
- 17 The draft Revenue and Financing Policy and draft Activity Funding Needs Analysis are attached to this report for your consideration and include the necessary amendments as a result of the recommendations of this report.

## **Issues**

### **Definition of Separately Used or Inhabited Part (SUIP)**

- 18 Currently, the SUIP definition is based on only properties with a “residence” getting charged. This compares to the definition pre 2014/2015 when all buildings that were inhabited (residences, commercial, industrial) were charged.
- 19 The current definition is:  
*SUIP - this means any part of a rating unit used or inhabited for residential purposes by the owner or any other person who has the right to use or inhabit that part for residential purposes by virtue of a tenancy, lease, licence or other agreement. Examples of a SUIP are any building or part of it which is separately used or inhabited for residential purposes. For the purposes of this definition, vacant land which is not used or inhabited for residential purposes is not a SUIP. The following are additional examples of rating units with more than one separately used or inhabited part:*
- *Single dwelling with flat attached*
  - *Two or more houses, flats or apartments on one Certificate of Title (rating unit)*
  - *Business premise with flat above*
  - *Farm property with more than one dwelling.*
- For the purposes of the discussion below the number of properties this would apply to are referred to as “Residential Only”.
- 20 The previous definition was:  
*SUIP - this includes any part of a rating unit separately occupied by the owner or any other person who has the right to occupy that part by virtue of a tenancy, lease, licence or other agreement. Examples of a SUIP are any residential building or part thereof, which is separately inhabited, parts of a rating unit used for different reasons including, but not limited to, commercial premises, industrial premises, a concession granted by the Department of Conservation for private or commercial purposes which has a footprint on the land.*
- For the purposes of the discussion below, the number of properties this would apply to is referred to as “Original SUIP”.

- 21 As part of a legal review undertaken by Simpson Grierson of the 2014/2015 Annual Plan, the following wording was suggested:  
*SUIP - “A separately used or inhabited part of a rating unit includes any portion inhabited or used by [the owner/ a person other than the owner], and who has the right to use or inhabit that portion by virtue of a tenancy, lease, licence, or other agreement”.*  
*(Optional) For the purpose of this definition, vacant land and vacant premises offered or intended for use or habitation by a person other than the owner and usually used as such are defined as 'used'.*
- 22 This definition includes separately used parts, whether or not actually occupied at any particular time, which are provided by the owner for rental (or other form of occupation) on an occasional or long term basis by someone other than the owner.
- 23 For the avoidance of doubt, a rating unit that has a single use or occupation is treated as having one separately used or inhabited part.
- 24 In summary, Council’s original SUIP definition was applied to any assessment that had a building (ie, shop, hotel, shed), the current definition only charges buildings that are used for residential purposes (ie dwellings, crib, batch, flat, cottage and studios).
- 25 As Council can only have a single SUIP definition, it is appropriate that Council considers each of the rates currently collected by way of SUIP and ensure that the rating approach is appropriate giving consideration to the section 101(3) requirements noted earlier in this report.
- 26 Below is a discussion on each rate currently collected by SUIP and the implication of the applying the various definitions.
- 27 **Hall and Pool Rates:** Council rates for seven pools and 58 halls, which are all defined by their own rating boundary. Council needs to consider the section 101(3) requirements, specifically who causes the need and who benefits from the facilities, in contemplating the two SUIP definitions. If the residential only definition was applied it is implying that domestic residences are the only ones who cause the need or benefit from having such facilities in their community. However, consideration should be given to other categories such as commercial, industrial etc and if they add to the need or benefit from such facilities.
- 28 Current Pool rates and the implications of change in SUIP definition are outline below. Please note hall rate impacts will be similar.

Rate	Original SUIPS	18/19 Rate (Incl GST)	18/19 Rates Required	Residential Only	Revised Rate (Incl GST)
<b>Fiordland</b>	2,093	\$17.22	\$36,041	2,023	\$17.81
<b>Otautau</b>	587	\$23.33	\$13,683	571	\$23.96
<b>Riverton</b>	1,605	\$23.62	\$37,898	1,572	\$24.10
<b>Takitimu</b>	589	\$24.13	\$14,200	574	\$24.74
<b>Tuatapere</b>	749	\$15.56	\$11,654	724	\$16.09
<b>Winton</b>	1,335	\$13.50	\$18,029	1,331	\$13.54

- 29 **Regional Heritage Rate:** Is a joint rate with Invercargill City Council (ICC) and Gore District Council (GDC). GDC collect this rate via SUIP but their definition is not limited to residential dwellings. ICC collect this rate via rating unit.

30 Current rate and the implications of change in SUIP definition are as follows:

Rate	Original SUIPS	18/19 Rate (Incl GST)	18/19 Rates Required	Residential Only	Revised Rate (Incl GST)
<b>Regional Heritage</b>	15,506	\$41.28	\$640,077	14,456	\$44.28

31 Property categories the Regional Heritage Rate is currently being applied to:

Valuation Description	Residential SUIPS only	Valuation Description	Non Residential SUIPS
<b>Dwelling</b>	13,610	Hotel/Motel	63
<b>Bach</b>	75	Shop	139
<b>Crib</b>	374	Building (Commercial/Industrial)	640
<b>Town House</b>	37	Other (Halls/Church	91
<b>Flat</b>	331	Farming/Forestry	118
<b>Units/Studio</b>	14		
<b>Single Quarter</b>	3		
<b>Cottage</b>	11		
<b>Total</b>	<b>14,455</b>	<b>Total</b>	<b>1,051</b>

32 **Water and Sewerage Rates:** For sewerage and water rates, the SUIP only applies to residential properties so the definition has minimal implications to these rates.

33 **Stewart Island Waste Management Rate:** This rate is only charged on Stewart Island and it allows ratepayers to get a token each year to redeem for 52 rubbish bags for the year. As this rate is very similar to the wheelie bin rate, staff believe that rating based on SUIP is not appropriate, and therefore are recommending it be based on a unit of service as opposed to a SUIP. In doing so, all rating units currently receiving the service would be charged one unit of service, and if desired could opt to receive additional units of service.

34 It is also important to note that this rate is currently included in Council's 30% cap on rates collected by targeted rates. If Council converts this to a service rate it will be removed from this calculation, therefore lowering the percentage by approximately 0.3% to approximately 25.32% (based on 2017/18 rates).

### Analysis of Options

#### Option 1 - Revise the current SUIP definition to include all property types and assess the Stewart Island Waste Management Rate as a service rate (recommended)

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>Consistency with other councils regarding the SUIP definition.</li> <li>A broader rate base to apply rates to.</li> </ul>	<ul style="list-style-type: none"> <li>Potential increase in rates for non-residential properties as a result of change in SUIP definition</li> </ul>

<ul style="list-style-type: none"> <li>Stewart Island Waste Management Rate applied consistent with receiving a physical service.</li> <li>Rates database will be subject to a thorough review to ensure the application of the SUIP definition is consistent.</li> </ul>	
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**Option 2 - Revise the current SUIP definition to include all property types and continue to assess the Stewart Island Waste Management Rate per SUIP**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>Consistency with other councils regarding the SUIP definition.</li> <li>A broader rate base to apply rates to.</li> <li>Rates database will be subject to a thorough review to ensure the application of the SUIP definition is consistent.</li> </ul>	<ul style="list-style-type: none"> <li>Stewart Island Waste Management rate is not being collected consistent with remainder of the district for property waste services.</li> </ul>

**Option 3 – Retain the current SUIP definition and continue to assess the Stewart Island Waste Management Rate per SUIP**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>No change required to definition.</li> </ul>	<ul style="list-style-type: none"> <li>Rates database needs a thorough review to ensure the application of a SUIP definition is appropriate.</li> <li>Stewart Island Waste Management rate is not being collected consistent with remainder of the district for property waste services.</li> </ul>

**Review of Rating Boundaries**

- 35 Council currently set 58 hall/community centre rates and 7 pool rates. Of these 27 halls/community centres are non-Council owned as well as all 7 pools.
- 36 Every year Council receives communications from various halls and pool committees in relation to rates funding, often requesting changes, however typically Council only makes rating boundary changes as part of an LTP.
- 37 It is important to note that our current rating approach for halls and pools is inconsistent across the district and also to recognise that the future of community facilities in our small communities is uncertain, as rising costs and diminishing populations result in increased rates. As part of the community centres' asset management plan, a review will be undertaken of community centres and facilities surrounding these in 2018-2019.
- 38 **Te Anau Community Board:** The Council received a request from the Milford Community Trust to review the Board's rating boundary. The Trust believes that the concession Milford ratepayers pay to the Trust and Milford Sound Tourism Limited (MSTL) are for similar services to those paid to the Te Anau Community board (CB). As such they believe they are paying

twice. A report went to the Te Anau CB on the 11 October and the CB supports the removal of the Milford area from their rating boundary. Below is a summary of the financial impact, which was presented to the CB.

	Actual 2017/2018 (Including GST)	Current Units	Total Rates Collected 2017/2018 (Including GST)	Proposed Units to Remove	Revised 2017/2018 (Including GST)
Te Anau CB Rate – Commercial	\$671.49	181	\$121,540	4	\$686.66
Te Anau CB Rate - Residential	\$335.75	1,772	\$595,116	8	\$337.28
Te Anau CB Rate - Rural	\$83.94	527	\$442,235	2	\$84.26

- 39 **Halls:** 2017/18 hall rates range from \$10.49/SUIP to \$135.00/SUIP across the 58 halls. These rates are driven by the costs of operating the hall and the number of SUIPs within the boundary. A detailed listing of the hall rates for 2018/2019 year and a map showing location is in Attachment A and B.
- 40 Currently, if a hall closes, staff recommend it merge boundaries with a neighbouring facility, but this is not enforced. As such there are some ratepayers within the district that do not contribute to a hall rate.
- 41 Over the past three years since the 2015-25 LTP was adopted, Council has received a number of letters in relation to rating of halls/community centres. A summary of these matters are as follows:
- 42 *Garston Hall* Committee requested in 2014/2015 that their rates go on hold. Recently, staff have made contact with the Athol and Garston CDA subcommittees and they have agreed that both rates should be 'put on hold'.
- 43 *Hokonui Hall* Committee advised their hall is closing and that they no longer want to rate. They also requested that their boundary be amalgamated with the Browns Hall.
- 44 *Edendale-Wyndham* Community Board have recommended to merge the Edendale and Wyndham hall boundaries.
- 45 *Spar Bush Hall* closed down three years ago and remaining reserves were gifted to the Waianiwa hall, in exchange for three years rates relief prior to their boundaries being amalgamated. Council has received notification from the Waianiwa hall committee to start rating in 2018/2019.
- 46 *Tokanui-Quarry Hills Hall* – After the September workshop, Councillors requested that the Tokanui-Quarry Hills Hall boundary be extended to include the Haldane area, this was presented at the Tokanui CDA meeting and supported.
- 47 *Makarewa Hall* has closed down. The ratepayers paying this rate have not been amalgamated into any other hall boundaries.
- 48 In addition, Council are also aware that Matura Island, Menzies Ferry Halls and Dunearn/Avondale are closed / closing. Staff are currently working with the committees on how they wish proceed.

- 49 **Pools:** The only issue staff have with community pools for the 2018-2028 LTP is the inconsistency of approach to rating for them and is there an opportunity to rectify this. Currently Council has 32 pools in the district, of which nine are currently rated for with separate pool boundaries, and two are rated for within their local CDA rate.
- 50 Gorge Road CDA give a grant to their pool every year from their local rate. Manapouri rate for their pool as a business unit within their local CDA rate. The remaining pool rates are set based on Separately Used or Inhabited Parts (SUIPS). Remember CDA/CB rates are based on Land Value (LV) or Uniform Targeted Rates (UTR).
- 51 For this LTP, Edendale-Wyndham are proposing to fund the pools in their boundary via a grant from their local CB rate, which will result in the Edendale Pool rate no longer being assessed.
- 52 This leaves Fiordland, Riverton, Otautau, Tuatapere, Winton and Takitimu as separate pool rates.
- 53 Council could consider removing the 6 remaining pool rates and applying a consistent rating approach by paying grants to the pools as part of the local rates. This would potentially be a simple transition with minimal financial impact to individual ratepayers. We do however note that the Takitimu pool rate boundary is consistent with the hall boundary and as a result, there would be an increase of approximately \$30 per assessment to the Ohai and Nightcaps CDA rates.
- 54 To address this issue, alternatively Council could consider ward rating for pools. However, at this stage only 11 pools in the community are rated out of 32. For Waiau/Aparima, 6 of the 9 pools in their area are rated including the Takitimu Pool. A map is attached for more details in Attachment C.

**The future direction**

- 55 As noted above, Council has a significant number of targeted rates specifically for halls (58) and pools (7). Community facilities are important for our district, however there are a significant number in Southland and consideration needs to be given to how they are funded and if it is practical to fund them all. Venture Southland are currently undertaking a review of the utilisation of facilities in our district and staff believe a policy/guidance needs to be developed on the long term operation and rating of such facilities.
- 56 We set rates for 27 non-Council owned halls. Council owned facilities are required to comply with the legislation that governs local government including preparing financial forecasts and Asset Management Plans (AMP's) to assist with the rates setting process. However, non-Council owned facilities have no formal accountability to Council for their future costs and asset management or the associated impact on rates.
- 57 With growing concerns regarding rates affordability both from the public and Council, it is an appropriate time for Council to start considering the facilities Council rates for and how we rate for them.
- 58 A summary of 2018/2019 rates collected for halls across the wards in our district is as follows:

Ward	Budgeted Rates 18/19 (GST Excl)	Hall SUIP 18/19	Halls rated in Ward	Reserves at 30 June 2017
Mararoa Waimea	\$175,853	4,249	12	\$100,353
Waiau Aparima	\$77,073	1,547	13	\$108,438
Waihopai Toetoes	\$63,279	1,937	16	\$196,093

Winton Wallacetown	\$96,865	3,078	15	\$68,030
Stewart Island/Rakiura	\$23,399	376	1	-
<b>District Total</b>	<b>\$436,469</b>	<b>11,187</b>	<b>57</b>	<b>\$472,913</b>

59 A summary of 2018/2019 rates collected for pools across the district is as follows:

Pool	Budgeted Rates 18/19 (GST Excl)	Pool SUIP 18/19	Rate for 17/18 (GST excl)
Fiordland	\$36,041	2,093	\$17.81
Otautau	\$13,683	587	\$23.96
Riverton	\$37,898	1,605	\$24.10
Takitimu	\$14,200	589	\$24.74
Tuatapere	\$11,654	749	\$16.09
Winton	\$18,029	1,335	\$13.54
<b>Total</b>	<b>\$131,505</b>	<b>6,958</b>	

### Analysis of Options

**Option 1 - Accept proposed boundary changes for Athol Hall, Browns Hall, Waianiwa Hall, Edendale-Wyndham Hall, Tokanui-Quarry Hills Hall and Te Anau Community Board Rating boundaries as per Attachment D, remove Edendale Pool rate and further investigate funding approach for halls and pools for the 2021-2031 LTP (Recommended)**

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Community Board/Community Development Area sub-committee are in support of boundary changes.</li> <li>Greater rating base sharing costs.</li> <li>Combining communities of interests.</li> <li>Consistency to everyone paying a hall rate.</li> </ul>	<ul style="list-style-type: none"> <li>Increase in rates for those not currently contributing to a hall/pool.</li> </ul>

**Option 2 - Reject/Adjust proposed boundary changes as required**

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Status quo.</li> </ul>	<ul style="list-style-type: none"> <li>Greater burden on current ratepayers paying for facilities that require increased maintenance, which in some instances are being used by neighbouring ratepayers.</li> </ul>

### Review of Local rating approach

60 Local rating can be undertaken by way of targeted rates that are set either as a uniform or differential rate on property value and/or a Uniform Targeted Rate (UTR) per rating unit or Separately Used or Inhabited Part (SUIP).

- 61 Currently, Council applies a rate in the dollar (RID) on land value for some local rates and others are set as a UTR as a fixed amount per rating unit. In some instances there are also differentials applied, whereby the rate is applied differently depending on land use (ie residential, commercial or rural).
- 62 Under Section 101(3) of the LGA 2002, funding needs must be met from those sources that Council determines to be appropriate, following consideration of who benefits, who contributes to the need for the activity/service as well as the overall impact of the rates allocation on the community (affordability).
- 63 Council reviewed its local rates in 2013 when a report was provided to all CB's and CDA Subcommittees to review their local rates.
- 64 During this review, of the 19 CDA Subcommittees 17 opted to stay/change to a UTR basis leaving 2 remaining on land value.
- 65 Of the eight CB's five opted to stay/change to a UTR and three remained on RID calculated on land value.
- 66 The current local rating approach as per the 2018/2019 Annual Plan is summarised in the table below.

Community	Rate in the Dollar	Targeted rate per rating unit	18/19 total targeted local rate (GST excl)
<b>Community Board</b>			
<b>Edendale-Wyndham</b>		Y	\$125,661
<b>Otautau</b>	Y (with differential)		\$152,959
<b>Riverton/Aparima</b>	Y (with differential)		\$390,900
<b>Stewart Island/Rakiura</b>	Y		\$79,518
<b>Te Anau</b>		Y (with differential)	\$573,549
<b>Tuatapere</b>		Y (with differential)	\$73,948
<b>Wallacetown</b>		Y	\$57,072
<b>Winton</b>		Y	\$316,325
<b>Community Development Area</b>			
<b>Athol</b>		Y	\$4,818
<b>Balfour</b>		Y	\$18,092
<b>Browns</b>		Y	\$4,938
<b>Colac Bay</b>		Y	\$10,084
<b>Dipton</b>		Y	\$15,682
<b>Garston</b>		Y	\$1,913
<b>Gorge Road</b>		Y	\$6,193
<b>Limehills</b>		Y	\$9,974

Community	Rate in the Dollar	Targeted rate per rating unit	18/19 total targeted local rate (GST excl)
Lumsden		Y	\$92,616
Manapouri		Y	\$67,923
Mossburn	Y		\$40,547
Nightcaps		Y	\$29,899
Ohai		Y	\$37,696
Orepuki		Y	\$8,196
Riversdale		Y	\$35,372
Thornbury		Y	\$4,084
Tokanui		Y	\$11,470
Waikaia	Y		\$24,604
Woodlands		Y	\$12,227
Drummond Village		Y	\$2,408

- 67 As shown in the table above, currently there is no consistent approach to local rating. Each CB/CDA provide similar activities/services in their community that the local rate is funding, however their approach to rating is different raising questions about whether there is an inconsistency between Council's revenue and financing policy and its rating tools.
- 68 **UTR vs RID:** Where a UTR is applied, it implies that the residents are all equally contributing to the need and also benefiting from the activity/service, and thus they all pay equally.
- 69 Where a RID on land value is applied, it implies that the benefits delivered have a higher level of 'public good' and therefore should be paid for via a tax rather than an equal charge. This results in higher valued properties paying more in the local rate, however they may not necessarily be contributing or benefiting from the activity/service more than other residents, however they typically do have a better ability to pay the higher rate.
- 70 We note that RID on land value is difficult to quantify the impact of rating changes to an individual property, unlike a UTR, where the impact on every property is the same (unless there is a differential applied).
- 71 An additional factor that must be considered is if more local rates move to rating by UTR, this will increase Council percentage of revenue allowed to be collected by targeted rates, which is capped by legislation at 30%.
- 72 Proposed for 18/19 rates, Council plans to collect \$12,353,303 million by way of uniform targeted rates, which represents 27.04% of the total rates. If all the five local rates mentioned above changed to UTR, this would increase the total by \$688,528 to 28.35%.
- 73 **Application of Differentials:** Of Council's larger communities governed by Community Boards, four currently use differentials when collecting their local rate. A summary of these differentials are outlined in the table below in the shaded boxes.
- 74 This table also outlines the number of assessments included in each of these differential categories.

- 75 It is important to note that the commercial category includes all property that is used for commercial or industrial purposes. The rural category includes all property that is used for dairy, farming, forestry, lifestyle, mining, and all other categories. These classifications are included in the Funding Impact Statement (Rates) and are based on the Quotable Value land use.

Community	17/18 total targeted local rate (GST excl)	Residential		Commercial		Rural	
		Diff	Assess	Diff	Assess	Diff	Assess
<b>CB's with differential</b>							
Otautau	\$152,959	1	396	2	60	0.0001	242
Riverton/ Aparima	\$390,900	1	1,334		-	0.10	167
Te Anau	\$573,549	1	1,800	2	182	0.25	552
Tuatapere	\$73,948	1	355		-	0.20	432
<b>CB's with no differentials</b>							
Edendale- Wyndham	\$125,661		500		61		533
Stewart Island/ Rakiura	\$79,518		423		35		74
Wallacetown	\$57,072		276		14		128
Winton	\$316,325		1,128		116		411

- 76 Additionally, it is also important to note that the boundary for the rate also significantly impacts on the differential. This is evident in the likes of Otautau where the boundary is very broad and includes predominantly rural properties with a significant land value (as they are currently set as a RID), which has resulted in a very low rural differential.
- 77 For consistency in application, it would be ideal to set differentials for all the CB rates on a consistent approach across the district (ie 2.0 x for commercial and 0.25 x for rural), however staff recognise that many of these towns are small and that the commercial operations are not causing significant impact or receiving significant benefit from the services/activities being provided. By including a standard differential of say 2.0 x for commercial in all communities, it may also discourage commercial operation from establishing businesses in these towns.
- 78 This is a significant issue which needs further discussion and consideration in relation to the impact on the individual communities, and we are not in a position to finalise such analysis in time for the CB 2018-28 LTP budget confirmation meetings.
- 79 However, staff would like to address Riverton/Aparima and Tuatapere as currently they have two of the three categories and it is unclear if you are a commercial land type which rate you pay. Staff are proposing that a Commercial category is added and the discussion will be about which differential to use.
- 80 Staff have presented a report on these proposed changes at the various CB/CDA meetings during October. Riverton, Stewart Island, Otautau and Waikaia have resolved to move to a UTR. Tuatapere resolved to move to a UTR however opted to retain a differential of 1.0 for residential/commercial and 0.2 for rural. Mossburn CDA resolved to retain the current RID approach for their local rate, on the basis that they felt it was unfair and also that they needed more information and an opportunity to consult with the community before making the decision.

### Analysis of Options

**Option 1 - Set and assess all Community Board/Community Development Area sub-committee rates as a Uniform Targeted Rates, with differentials as required, noting that**

**Mossburn Community Development Area sub-committee do not support this approach (Recommended)**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• Everyone within each community pays the same amount.</li> <li>• Rating methodology across the district for local rates is consistent.</li> <li>• The impact on individual ratepayers of changes is easier to calculate and explain.</li> <li>• Minimises risk to Council in setting and assessing rates.</li> <li>• Simpler to administer.</li> </ul>	<ul style="list-style-type: none"> <li>• Changes to the amount most ratepayers in these five communities will pay for their local rate in 2018/19.</li> <li>• Council will over-rule recommendation from Mossburn CDA in setting their local rate for 2018/19 and beyond.</li> </ul>

**Option 2 - Retain current approach to individual**

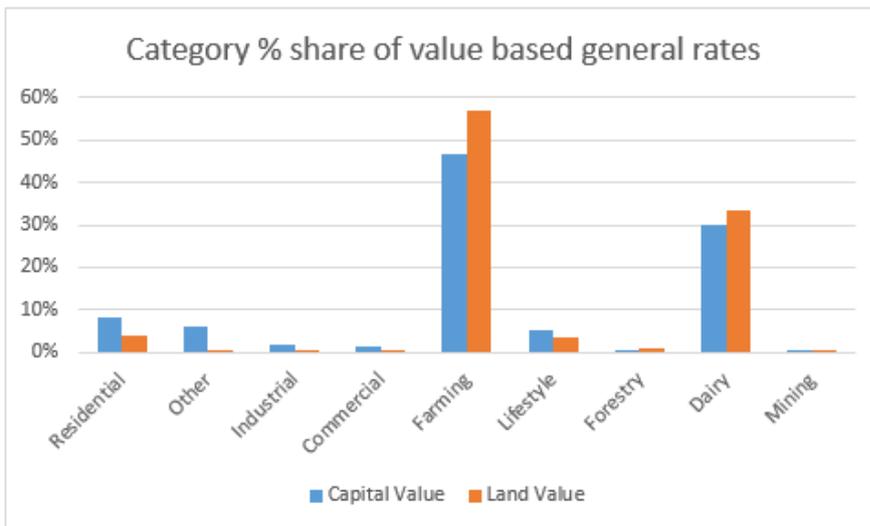
<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• No substantial changes in the local rates set on properties.</li> <li>• No changes to the rates database are required.</li> <li>• Properties with lower values pay less rates.</li> </ul>	<ul style="list-style-type: none"> <li>• Rating units paying much more/less than others for no greater benefits in their community.</li> <li>• Properties with higher value pay more rates.</li> </ul>

**Value-based General Rates by Land or Capital Value**

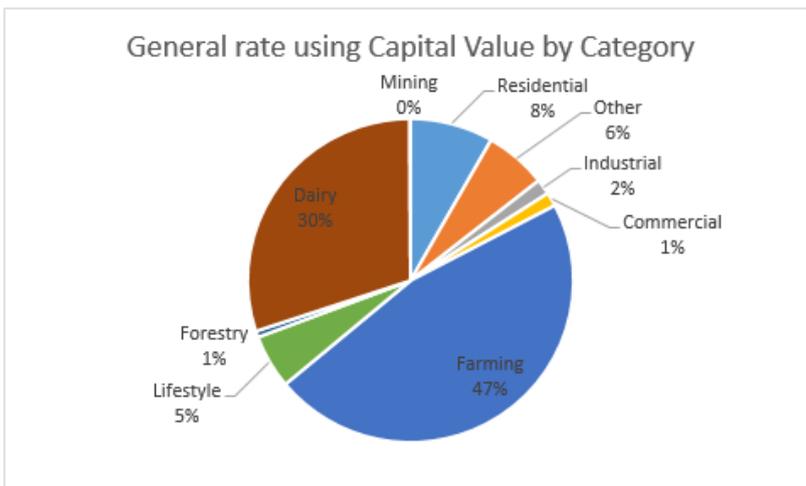
- 81 Value-based general rates are currently set based on capital value. Alternative methods are to set them based on land or annual value. It is suggested that Council not consider annual value as the Southland rental market is small and this value is currently not recorded in Council's rating valuation database. Both neighbouring councils, ICC and GDC, set general rates based on capital value.
- 82 It is important to recognise that rates have both a service use and taxation component to them. As noted above it is appropriate to use the general rate where there are public good benefits to the district as a whole. As such they are more in the nature of a tax and hence will have some relationship to ability to pay. In the case of rates, this is linked to property values.
- 83 The advantages and disadvantages in summary are:
- **Land value** has the advantage of consistency of rates across similar types of land and is well understood, but has the disadvantage of not taking into account the use of services or the ability to pay. Land values also tend to fluctuate more and do not take full account of the ratepayer base by excluding improvements.
  - **Capital value** is easier to calculate given market sales information, is well understood, reflects the total investment in the property and is considered a better proxy for ability to pay but may not take into account the use of services.

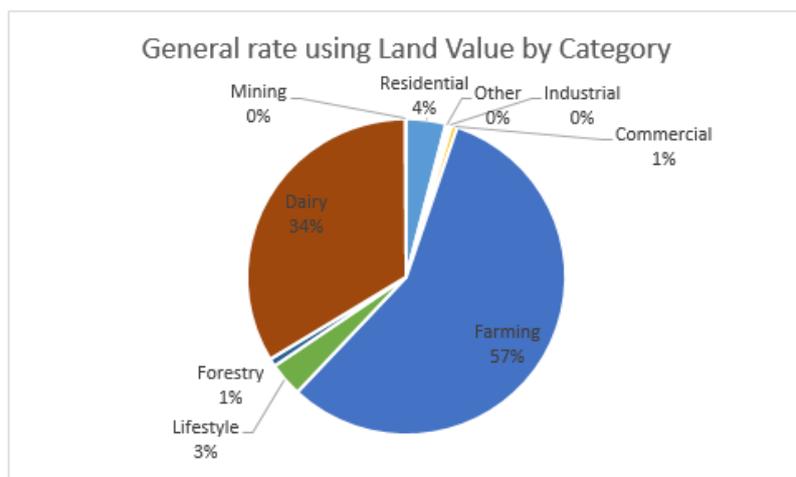
- **Annual value** is closely aligned with capital value but is not well understood. It can only work well where there is an active rental market. The public are also less familiar with the annual value system.

84 The graph below compares the % share by property category for current land value and capital value based general rates.



85 The following pie graphs show the spread of rates with each valuation method by property category.





**Analysis of Options**

**Option 1 - Continue to set and assess the General Rate on Capital Value (Recommended).**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• Status quo.</li> <li>• Ratepayers understand capital value and it fairly charges those with large operations on land.</li> </ul>	<ul style="list-style-type: none"> <li>• None.</li> </ul>

**Option 2 - Change the General Rate to be set and assessed on Land Value.**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• None.</li> </ul>	<ul style="list-style-type: none"> <li>• Explaining the change to ratepayers as rates would shift significantly.</li> </ul>

**Economic Development Rate**

- 86 Council contribute approximately \$1.8 million each year to Venture Southland to fund tourism, economic growth and community development. The four Southland councils have been consulting on options to create a new council controlled organisation to lead regional development activity in the future. There is an argument to suggest that the primary recipients of district development activities are the commercial, industrial and rural sectors of our district.
- 87 In reviewing how other councils across New Zealand rate for similar services across the district, many have an Economic Development rate charged to different land uses, which often excludes residential on the basis that they don't cause or benefit directly from these activities.
- 88 Currently, Council plans to rate \$1,800,000 for 2018/19 for district development activities as part of the UAGC, which equates to approximately \$115.00 per rating unit.
- 89 The following table outlines the potential changes if Council were to establish an Economic Development rate, which was charged to all sectors other than residential:

Rates	18/19 Budget (GST excl)	18 /19 Units	18/19 Proposed Rate (GST excl)
<b>Current UAGC</b>	\$6,325,332	15,652	\$404.12
<b>Revised UAGC</b>	\$4,525,332	15,652	\$289.12
<b>Economic Development</b>	\$1,800,000	5,046	\$356.72

- 90 This would create a rate decrease to all residential rating units of \$115.00 (GST exclusive) and an increase to all other rating units of \$242.72 (GST exclusive). This would have no impact on 30% cap on rates collected from targeted rates as it is still collecting the same value of rates, however from different ratepayers.
- 91 Alternatively, Council could shift the economic development costs (or a portion of these costs) to the general rate (rather than the UAGC) and look to impose a differential (see further discussion in the section below).
- 92 In addition, staff note that over the past few years Council has, from time to time, discussed potential options of funding activities Council provide (ie AMCT, Catlins seal extension project, public toilets etc) via a charge or rate on the visitor industry. The Stewart Island Visitor Levy is an example of such an approach.
- 93 Other than the Stewart Island Visitor Levy, Council currently has no other mechanism for charging visitors to use such facilities, other than to impose fees and charges. It is often uneconomic to impose such fees given the costs associated with monitoring and collection of such income.
- 94 Consideration could be given to whether it would be appropriate for some or all of these costs to be incorporated into an Economic Development rate.

### **Analysis of Options**

#### **Option 1 – Do not establish an Economic Development Rate, and continue to rate for Venture Southland as a component of the Uniform Annual General Charge (Recommended).**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• Status Quo.</li> <li>• No changes required.</li> </ul>	<ul style="list-style-type: none"> <li>• Some sectors are benefiting significantly more from the rate than others, however they are all paying the same.</li> </ul>

#### **Option 2 – Establish a rate for Economic Development.**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• Decrease to residential rates.</li> <li>• Land use sectors that benefit from Economic Development would pay.</li> </ul>	<ul style="list-style-type: none"> <li>• Due to a low commercial/industrial base it would have to go over all other land use categories (including dairy and pastoral farming).</li> </ul>

**Differential on the General Rate**

- 95 A differential is a factor which can be applied to a rate based on the provision or availability of services. Where Council’s propose to assess rates on a differential basis they are limited to the list of matters specified in Schedule Two of the Local Government (Rating) Act (LGRA) 2002. Council is required to state which matters will be used for what purpose, and the category or categories of any differentials. The predominant differential used across NZ is Land Use.
- 96 Council currently do not have a differential on the general rate, and all land uses pay the same rate. In reviewing other councils across the district, some councils apply a differential to their general rate.
- 97 Staff consider that there is no need to introduce a differential on Council’s current rating approach, however as noted above, if it is proposed to move Economic Development/Tourism costs from the UAGC to the General Rate, in addressing the cause and benefit of the services, it may be appropriate to consider applying a differential as one way of funding these services.
- 98 The following table outlines the potential changes if Council were to establish a differential on the general rate to fund Economic Development and tourism activities:

Rates	Differential	18/19 Budget	18/19 Capital Value	18/19 Proposed Rate (GST Excl)
<b>General Rate</b>		\$9,487,999	20,236,554,924	\$0.00046885
<b>The General Rate with Economic Development costs included</b>				
<b>Residential</b>	100%	\$1,077,666	2,765,946,450	\$0.00038962
<b>Other</b>	150%	\$10,210,332	17,470,608,475	\$0.00058443

- 99 Applying a differential to the general rate will result in an increase for those non-residential properties with a higher value.
- 100 It is also important to note that moving economic development and tourism costs to be funded from the General rate rather than the UAGC, would cause a significant decrease in Council’s total targeted rates (which are legislatively capped at 30%) of approximately 3.9%.

**Analysis of Options**

**Option 1 – Confirm that no differential be applied to the General Rate (Recommended).**

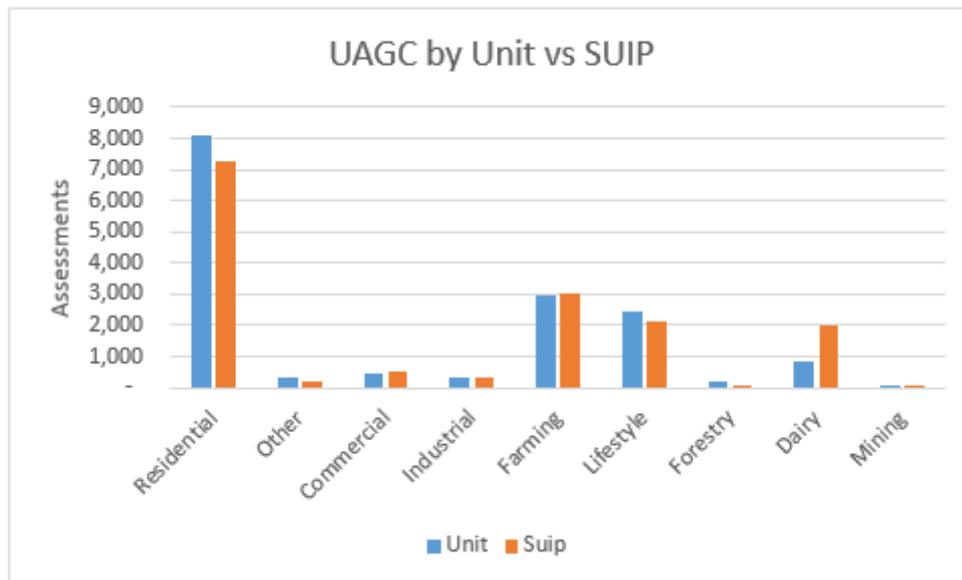
<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• Status Quo.</li> <li>• No changes required.</li> </ul>	<ul style="list-style-type: none"> <li>• None.</li> </ul>

**Option 2 - Establish a differential on the General Rate.**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• Target more costs on to non-residential sectors</li> </ul>	<ul style="list-style-type: none"> <li>• Another layer of complexity for ratepayers.</li> <li>• Assumes non-residential sectors have a better ability to pay.</li> </ul>

### UAGC set by Rating Unit or SUIP

- 101 Council's UAGC is currently charged per rating unit. A rating unit is normally equivalent to a property or valuation assessment. An alternative method is to charge per Separately Used or Inhabited Part of a Rating Unit (SUIP). GDC currently sets their UAGC on SUIP and ICC set their UAGC on a rating unit, which is consistent with Council's current approach.
- 102 Council currently defines a SUIP as follows (Annual Plan 2017/2018):
- SUIP - this means any part of a rating unit used or inhabited for residential purposes by the owner or any other person who has the right to use or inhabit that part for residential purposes by virtue of a tenancy, lease, licence or other agreement. Examples of a SUIP are any building or part of it which is separately used or inhabited for residential purposes. For the purposes of this definition, vacant land which is not used or inhabited for residential purposes is not a SUIP.*
- The following are additional examples of rating units with more than one separately used or inhabited part:*
- *Single dwelling with flat attached*
  - *Two or more houses, flats or apartments on one Certificate of Title (rating unit)*
  - *Business premise with flat above*
  - *Farm property with more than one dwelling.*
- 103 The objective of using SUIP's is to charge rates to each separate residential building, regardless of the legal title structure.
- 104 Staff note that further to the Council workshop on 26 September 2017 and the recommendation earlier in this report, staff are proposing to amend the SUIP definition for the 2018-2028 LTP to exclude all references to residential purposes.
- 105 The advantages and disadvantages of setting the UAGC based on rating unit or SUIP in summary are:
- Using rating units to charge for the UAGC equates to one charge per ratepayer and contiguous properties would not be liable.
  - Using SUIP's to charge for UAGC's equates to one charge per household/separately used part. With a significant rural sector in Southland setting rates on SUIP will impose additional costs on this sector where it is not uncommon for there to be multiple dwellings on a rating unit.
  - In totality, there is very little difference in the district in the number of rating units (15,633) compared to SUIPs (15,485).



### Analysis of Options

#### Option 1 - Continue to set and assess the UAGC per rating unit (Recommended).

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Status Quo</li> <li>• No changes required to the rating database.</li> <li>• Simple to apply and maintain.</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> </ul>

#### Option 2 – Assess the UAGC per SUIP.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• Number of units the rate is set on is similar in either approach, however a share of the burden if charged on a SUIP, is moved from residential/lifestyle to dairy sector.</li> <li>• No significant benefit for Council or the ratepayer from the change.</li> </ul>

### District Library Funding

- 106 At the Council workshop on 27 April 2017, a paper was discussed around moving funding of all library activities to being district funded by way of the UAGC.
- 107 In summary, this paper proposed to fund all library activities across the district from the district general rate (UAGC). Council indicated at this time that they were comfortable with this approach, however they wanted further information provided on the rating impacts.
- 108 Currently, libraries are funded by a mix of district and local rates. The district portion is currently funded entirely from the General Rate (specifically the Uniform Annual General Charge (UAGC)), which means everyone paying the rate pays the same amount, opposed to being collected by rate in the dollar on capital value.

- 109 Based on the 2018/19 budgets this approach will result in an additional \$302,083 being added to the UAGC. Allocated across 15,652 assessments, this will result in an approximate increase of \$19.30 per assessment. Lumsden, Otautau, Riverton, Te Anau, Winton and Wyndham local rates will all reduce by the associated value noted below. The estimated impact on individual properties within each of the communities is also indicated below.
- 110 This proposed approach will result in every assessment across the district paying approximately \$86.81 (GST excl) towards the district library service, up from \$67.51 which they are currently paying.

Library	District Funded	Local Funded	District Funded	Local Funded	Local # assessments	Indicative decrease in local rate per assessment (GST excl)
Lumsden	40%	60%	\$9,593	\$14,389	341	\$42.20
Otautau	60%	40%	\$17,552	\$11,702	685	\$17.08
Riverton	33%	67%	\$19,422	\$39,433	1,457	\$27.06
Stewart Island	100%	-	\$16,877	-		-
Te Anau	18%	82%	\$29,897	\$137,173	2,265	\$60.56
Winton	33%	67%	\$36,327	\$73,756	1,632	\$45.19
Wyndham	38%	62%	\$15,709	\$25,630	1,070	\$23.95
<b>Total</b>	<b>32%</b>	<b>68%</b>	<b>\$145,377</b>	<b>\$302,083</b>		

- 111 Consideration must also be given to the fact that this proposed approach result will increase Council's percentage of revenue collected by targeted rates, which is restricted under legislation to 30% of total rates income. The proposed approach will result in an additional \$127,007 (\$51,135 CB/CDA rates plus \$75,872 ward rates) being collected from a targeted rate.

### Analysis of Options

#### Option 1 – Fund 100% of all library services across the district from the UAGC (Recommended).

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Consistent approach to library funding across the district.</li> <li>Library services are changing and how we use them are, rating adjusting to usage.</li> <li>Reduction in some local rates where there is a currently a contribution to the local library.</li> </ul>	<ul style="list-style-type: none"> <li>Increase in the UAGC applicable to all ratepayers.</li> <li>Additional rates to be collected from targeted rates, and thus subject to the 30% cap.</li> </ul>

**Option 2 – No change to current rating approach for libraries.**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>No changes required.</li> </ul>	<ul style="list-style-type: none"> <li>Inconsistency in library funding and rating across the district.</li> <li>Similar benefit received across the district but some pay more than others.</li> </ul>

**District Wastewater**

- 112 Council staff recognise that wastewater is an area that is funded differently across the country, and thus considered it timely that Council revisit the way it funds district wastewater activities in preparation for the 2018-28 LTP.
- 113 Council’s current funding approach for wastewater is as follows:
- A full charge per SUIP for any residence that is connected or able to be connected but not connected,
  - A half charge for any non-contiguous vacant land within the boundary which are able to be connected but are not connected, and
  - A full charge per pan/urinal for all other property that is connected or able to be connected but not connected.
- 114 In considering the options for residences, a fixed charge per SUIP or rating unit is common practice across NZ. The important point to note in relation to Council’s current rating of residences is that given we have a wide rural base, a number of our rating units have multiple dwellings on them and thus it is more appropriate that we are rating based on SUIP as each of these residences put additional demand on the wastewater assets/services and therefore receive additional benefit.
- 115 In considering the options for non-contiguous vacant land, the majority of Council’s across the country charge 50% of the full rate, however some charge as much as 75%. The higher availability charge can be appropriate where there are significant capital investment/fixed costs, such as those which arise where there has been a significant upgrade of a wastewater system, involved with delivery of the service.
- 116 In considering the options for all other property, there are multiple approaches to wastewater rating, as the majority of the properties in this category are commercial operations and typically have multiple pans. Commercial and industrial properties can also create additional load which impacts on the costs of treating wastewater generated by these properties. Hence, there is both a load and volume aspect to the treatment of wastewater from commercial and industrial properties.
- 117 In reviewing 24 other Council’s mechanism’s for rating wastewater (see attachment E) we note that many are currently rating on a per pan/urinal basis for other property which is an approach legally allowed in accordance with section 16 of the LGRA 2002. However, it is noted that a number of Council’s rate for wastewater by charging a minimum number of full charges and then apply a % of the full rate for each pan/urinal thereafter.

- 118 In considering the cause and benefit aspects of this activity and the users, consideration should be given to both the volume and load aspects as these have an impact on the assets/services and also the benefit received and hence what is paid. Council staff suggest if Council was to consider amending how it collects wastewater rates for other property that it consider the option of applying 1 full charge for the first 2 pans/urinals and a 50% charge per pan/urinal thereafter.
- 119 Council's current approach is summarised as follows:

	18/19 Units Charged	Differential	18 /19 Proposed Rate	18/19 Proposed Rates (GST Incl)
<b>Full Charge</b>	9,222	1.00	\$452.12	\$4,169,338
<b>Half Charge</b>	939	0.50	\$226.06	\$212,270
<b>Totals</b>	<b>10,099</b>			<b>\$4,405,106</b>

- 120 The impact of the above proposed option is summarised as follows:

	18/19 Units Charged	Differential	18/19 Proposed Rate	18/19 Proposed Rates (GST Incl)
<b>Full Charge (residences*)</b>	6,473	1.00	\$512.58	\$3,317,925
<b>Half Charge (Vacant Land)</b>	939	0.50	\$256.29	\$240,656
<b>For all other units^:</b>				
<b>Fixed amount per rating unit</b>	825	1.00	\$512.58	\$422,878
<b>Charge per pan after the second pan</b>	1,653	0.50	\$256.29	\$423,647
<b>Totals</b>	<b>9,890</b>			<b>\$4,405,106</b>

\*Residential includes land use categories of residence, lifestyle, dairy and farming

^Other includes commercial, industrial and other.

- 121 The impact of the proposed change in rating approach, would shift a proportion of the liability from commercial, industrial and other ratepayers to the residential and vacant land owners, equivalent to an additional \$60.46 per SUIP and \$30.23 per vacant section.

## **Analysis of Options**

### **Option 1 - Continue to rate for wastewater using the current approach, being:**

- i) A full charge per Separately Used or Inhabited Part for any residence that is connected or able to be connected but not connected,**
- ii) A half charge for any non-contiguous vacant land within the boundary which are able to be connected but are not connected, and**
- iii) A full charge per pan/urinal for all other property that is connected or able to be connected but not connected (Recommended).**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>No changes to current rating approach or database required.</li> <li>Easy to understand/administer, one unit = one charge.</li> <li>Recognises that commercial/industrial properties can also create additional load which increases wastewater treatment costs.</li> </ul>	<ul style="list-style-type: none"> <li>Commercial/industrial/other do not generate consistent load/volume of wastewater. Approach may not recognise properties that do not generate a significant load and volume that is inconsistent with a pan measurement approach.</li> <li>May discourage commercial/industrial/other development in the district.</li> </ul>

**Option 2 – Amend the current approach to rating other property (commercial/industrial/other) category for wastewater, to set 1 full charge for the first 2 pans/urinals and a 50% charge per pan/urinal thereafter. No change from current approach to wastewater rating for residences and non-contiguous vacant land.**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>Reduction in rates to commercial/industrial/other sectors.</li> <li>Differential applied to 3<sup>rd</sup> and additional pans recognises that these pans/urinals are typically not utilised to full capacity.</li> </ul>	<ul style="list-style-type: none"> <li>Rates increase to residential and vacant land owners.</li> <li>Increased risk associated with more complex rating approach.</li> <li>Significant changes required to the rating database.</li> </ul>

### **Water Structures**

- 122 Council has a number of water structure assets located including harbours, jetties, boat ramps, retaining walls, Riverton Focal point etc. Currently, these are all funded from the local rate in which they are situated (ie via CB, CDA Subcommittee or ward rates). In some instances they also receive other funding by way of rental income, fees and grants. This additional income is used to fund both operational and capital expenditure where appropriate.
- 123 Based on the discussion held with Council at the AMP meeting on 10 August 2017, the intention for the 2018-2028 LTP is that the funding of these activities continues on the same basis, primarily being from local rating (CB/CDA/Ward) and local reserves where available. An alternative approach is that these assets be funded district wide.

### **Analysis of Options**

**Option 1 – Continue to rate for water structure activities from the relevant local rates (CB/CDA/Ward) (Recommended).**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>No changes required.</li> <li>Local users pay for local assets.</li> </ul>	<ul style="list-style-type: none"> <li>Increasing costs are burdening communities.</li> </ul>

**Option 2 – Rate for water structures activities from the UAGC.**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>Costs spread over a bigger rating base, therefore reducing the impact on individuals within the impacted communities.</li> </ul>	<ul style="list-style-type: none"> <li>Ratepayers paying for assets specific areas which they may never use or benefit from.</li> <li>Will further increase the costs collected from targeted rates, and may result in a breach of the 30% cap.</li> </ul>

**Rates funding of Resource Management activity**

- 124 Council’s resource management activity ensures our environments are managed in a way that ensures land use is appropriate and there is sound planning around development. This is done through the provisions outlined in the District Plan and resource consent processing.
- 125 Within Council there are three separate BU’s that contribute to this activity, of which the level of rates funding is high as outlined in the table below.

	<b>Proposed Income 18/19</b>	<b>Proposed Rates 18/19</b>	<b>Rates % of Total Income</b>
<b>10275 Resource consent processing</b>	\$918,423	\$614,600	67%
<b>10280 Resource Planning/Policy</b>	\$292,376	\$292,376	100%
<b>11943 Allocations-Resource Planning</b>	\$267,862	\$267,862	100%
<b>TOTAL</b>	<b>\$1,478,661</b>	<b>\$1,174,838</b>	<b>79%</b>

126 **Resource Consent Processing**

- the resource consent processing activity primarily is providing a service to those in the community who are undertaking development in the district and in the end it is the developers who are causing the need for this service to be provided and who are also benefiting from this service.
- there is a public good aspect to having a consent processing activity, however the benefit to the wider community is less than to those who directly use the service. It is therefore important that the customers pay an appropriate share of the costs for provision of this service by way of fees and charges.
- additionally, staff in the team provide advice and support to a number of agencies and working groups across the District which adds to the wider public benefit as well as undertaking a significant amount of work which is not recoverable on an hourly rate (such as LIMs, customer enquiries, building consents etc).
- cost Recovery in the Resource Consent Processing area is a challenging matter for a number of reasons:
  - staff have no control over the number of resource consent applications received and their nature. Larger scale development activity in the District has been subdued in recent times, and it is these larger scale developments which generate significant departmental income.

- recent changes to the Resource Management Act and the Southland District Plan have reduced the complexity of the resource consent process, and the number of times when applications need to be publicly notified. While this is good for the customer and the ease of doing business, it impacts on the ability of the Department to recover revenue.
- the main costs in this department are staff costs. Council's Section 17A Service Delivery Review identified the staffing levels in this department as relatively high in comparison to some other councils. Essentially, the only way to significantly reduce costs in the department would be to reduce staffing numbers. This would create challenges with ensuring that Council can maintain an appropriate level of capability within the team.
- under the RMA, and most of the other regulatory statutes which Council administers, there are rights of appeal. A party exercising their democratic and statutory right to appeal can expose Council to significant additional legal and consultant costs- typically \$30,000 minimum in the case of an Environment Court appeal which proceeds to a hearing and often six figures. Even if Council is successful in defending an appeal and successfully seeks costs, cost awards are typically only 0-40% of the costs sought by councils across NZ in such situations. It is extremely rare to see decisions where councils recover the full costs of the process from appellants.
- reducing the rates funding of this activity to 50% would require an additional \$153,017 to be collected from fees and charges. In calculating this based on all staff being 75% chargeable for 44 weeks of the year, it would require an increase in the hourly rate of approximately \$25. However, this is not an achievable target on the basis that current consent information and economic conditions indicate that Council only processes around 300 consents per annum, which on average take 6 hours per consent.
- a more realistic short term target would be to fund this activity 60% by rates and 40% from other revenue sources. In order to achieve this, hourly charge out rates would need to increase by \$30 per hour. This is on the basis of 300 consents per annum at 6 hours per consent. This would increase an average consent cost from \$720 (\$120/hour) to \$900 (\$150/hour). Staff note that the currently hourly charge of \$120 has been in existence since 1 July 2012 and therefore it is overdue for review.
- please note, the budgets for this activity need to be further reviewed and amended to reduce the rates funding to approximately 60%.
- staff recognise that this is an area where it would be desirable to achieve more user fees, but recognise in order for this to occur they need to further consider and undertake analysis of costs and revenue streams. Staff consider it would be beneficial to undertake this work in preparation for the 2021-2031 LTP.

#### 127 Resource Planning/Policy

- The resource planning/policy activity is where the costs are captured surrounding the development of the District Plan. As this is a legislative requirement to have such policy and the benefit is received by the district as a whole, it is appropriate that this BU is 100% funded from rates.

128 Allocations

- The allocations for resource planning are the internal costs from within Council that support this function (such as customer support, finance, IT) who are primarily providing a service to those in the community.

**Analysis of Options**

**Option 1 - increase the Resource Management hourly fee to \$150.00 (GST excl) per hour to reduce rates funding of the Resource Consent Processing activity (Recommended).**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>Those causing the need for the services and directly benefiting, pay for such services.</li> </ul>	<ul style="list-style-type: none"> <li>Increase in costs, may deter development.</li> </ul>

**Option 2 - Retain the current level of rates and user fees for Resource Management activity.**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>No changes required.</li> </ul>	<ul style="list-style-type: none"> <li>Ratepayers pay a high share for an activity that predominantly benefits specific ratepayers.</li> </ul>

**Environmental Health Rates Funding**

- 129 Council's environmental health activity manages issues that may affect human health including alcohol licensing, food safety, noise control, regulation of hazardous substances etc.
- 130 Within Council there are three separate BU's that contribute to this activity, of which the level of rates funding is high as outlined in the table below:

	Total Income 18/19	Rates 18/19	Rates % of Total Income
<b>10267 Environmental Health</b>	\$155,273	\$103,177	66%
<b>10268 Alcohol Licensing</b>	\$234,771	\$23,927	10%
<b>10269 Health Licencing</b>	\$162,790	\$16,416	10%
<b>TOTAL</b>	\$552,834	\$143,520	26%

- 131 When the Section 17A review was recently undertaken for the Environmental Health group of activities, the recommendations included consideration of a level of funding towards the public good aspect of health licensing
- 132 It is also noted that the extent of cost recovery required will impact significantly on the customers paying for licensing services. For example, Councillors may recall that when significant increases in alcohol licensing fees were proposed to reflect the Sale and Supply of Alcohol Act provisions and default fees structure under the associated regulations, the Council heard strong submissions

from the hospitality sector that these fees would be unaffordable and unsustainable for their businesses,. This resulted in the Council recalibrating these fees based on a 70% private, 30% rates funded ratio.

- 133 In considering the section 101(3) requirements Council must consider each of these business units individually.

Environmental Health

- The environmental health activity is where costs are captured surrounding noise complaints, littering, nuisance complaints, freedom camping etc. Council receives a contribution to this activity from DOC in relation to the costs associated with freedom camping and some additional revenue is received in relation to assistance provided with consents. The only associated fee revenue with this activity is if infringement notices are issued where this is provided for by the relevant statutes, however this is not currently a significant revenue stream. Overall the people who create the need for this activity are often not ratepayers and often not identifiable. In addition these services provide a benefit to the wider community in ensuring Southland is clean, healthy, and hazard-free place. It is therefore appropriate that this activity be funded from rates to the extent that external funding is not available. Currently, this equates to approximately 66%.
- Additional revenue could potentially be generated in this business unit if the Council took a harder regulatory approach in some areas, with Freedom Camping being an obvious example. Southland District has opted to take a largely educational / “please move along” approach to freedom camping enforcement to date, whereas in contrast some councils are issuing several hundred thousand dollars per year of infringement notices. While a firmer approach may generate additional revenue, it could also generate negative backlash from customers/ recipients of such actions.

Alcohol Licensing

- The alcohol licensing activity is where the costs are captured surrounding the sale and supply of alcohol in the community. Although it is the licenced premises selling the alcohol that cause the need for this activity and also benefit from it, there is a public good benefit from ensuring it is done in a responsible manner and is appropriately monitored.

Health Licensing

- The health licensing activity is where the costs are captured surrounding the licences and monitoring/inspections for hairdressing, Food Act 2014 compliance, camping grounds etc in the community. Although it is the businesses providing goods and services in these industries that cause the need for this activity and also benefit from it, there is a public good benefit from ensuring it is done in a responsible manner and is appropriately monitored. Staff therefore consider that it is appropriate that Council consider funding the public good aspect of this activity from rates, and propose 10%. This equates to approximately \$16,279 additional rates per annum.

**Analysis of Options**

**Option 1 – Increase rates funding for Health Licensing to 10% of total costs (Recommended).**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• Fees and charges can remain the same, no increase required.</li> </ul>	<ul style="list-style-type: none"> <li>• Minor increase in rates</li> </ul>

<ul style="list-style-type: none"> <li>• Ratepayers contributing to the public good share of this activity.</li> </ul>	
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**Option 2 – Retain 0% rates funding for Health Licensing.**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• Direct users pay for 100% of the costs of this activity.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in Fees and charges for health licensing.</li> <li>• No contribution from the ratepayer for the public good aspect of this activity.</li> </ul>

**AMCT Funding**

- 134 At the Finance and Audit Committee meeting on 6 September 2017, the Committee discussed options for funding the cost of the project to date. Currently the costs have all been accumulated in a negative reserve.
- 135 At this meeting the Finance and Audit Committee recommended to Council the following:
- (d) *Recommends to Council that the decision on how to fund the net cost to date of \$4.6 million incurred to develop the Around the Mountains Cycle Trail be made as part of the 2018-2028 Long Term Plan.*
  - (e) *Recommends to Council that options to be consulted on for funding include:*
    - i) *The preferred option is funding by way of loan over 30 years, with loan repayments collected by way of the Uniform Annual General Charge.*
    - ii) *Funded by the Strategic Asset Reserve, with no repayments of the reserve.*
    - iii) *Funded 50% by way of a loan over 30 years, with repayments collected by way of the Uniform Annual General Charge and 50% funded by the Strategic Assets reserve, with no repayments of the reserve.*
  - (f) *Recommends to Council that the decision on how to fund the \$4.6million of the Around the Mountains Cycle Trail costs be included as a separate issue in the 2018/2028 Long Term Plan consultation document as prescribed in terms of Section 93C of the Local Government Act 2002.*
  - (g) *Recommends to Council that it amends the Revenue and Financing Policy to include funding of the loan repayments for the Around the Mountains Cycle Trail from the Uniform Annual General Rate.*
- 136 It is important to note that these are recommendations only and the funding of the project costs to date is still to be discussed by the AMCT Subcommittee and the final decision is at the discretion of Council. Council is considering this matter at its meeting on 23 November 2017.
- 137 At 30 June 2017, the balance of costs for this project was \$4.6 million. Annual repayments on a loan over 30 years at an interest rate of 4.65% per annum (current rate per 18/19), equates to \$285,214 per annum. This amount spread over the units eligible for the General Rate UAGC (15,652) equates to \$18.22 (GST excl) per rating unit. Currently, the UAGC is \$400.80 (GST exclusive), so this would increase it by 4.5% to \$419.02 (GST exclusive) per rating unit.

## Analysis of Options

**Option 1 - That the Uniform Annual General Charge include the repayment of the loan for the funding of the Around the Mountains Cycle Trail as resolved by Council separately on the 23 November 2017 (Recommended).**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>Spreads the burden of the capital costs across the life of the asset.</li> <li>Shares the cost across a wide rating base, therefore reducing the impact on individual ratepayers.</li> </ul>	<ul style="list-style-type: none"> <li>Rates increase to all ratepayers across the district.</li> <li>Increases the rates collected by targeted rate and therefore may result in a breach of the 30% cap.</li> </ul>

**Option 2 - Fund the Around the Mountains Costs via Strategic Asset Reserve with no repayments to the reserve**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>No direct impact on rates</li> </ul>	<ul style="list-style-type: none"> <li>Reserve funds are diminished and no longer available for future projects.</li> <li>Interest on reserve is no longer available to offset rates.</li> </ul>

**Option 3 – Fund 50% of costs to date by way of a 30 loan with repayments via UAGC and 50% via Strategic asset reserve with no repayments to the reserve.**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>Limited rates increase.</li> <li>Spreads the burden of the capital costs across the life of the asset.</li> <li>Shares the cost across a wide rating base, therefore reducing the impact on individual ratepayers.</li> </ul>	<ul style="list-style-type: none"> <li>Reserve funds are partially diminished and no longer available for future projects.</li> <li>Partial interest on reserves is no longer available to offset rates.</li> <li>Increases the rates collected by targeted rate and therefore may result in a breach of the 30% cap.</li> </ul>

## Development and Financial Contributions

- 138 At the Council meeting on 18 October 2017, Council approved the draft Development and Financial Contributions Policy for consultation as part of the 2018-2028 LTP.
- 139 The development contribution part of the policy is in remission. However, Council are continuing to use development contributions collected historically, to fund capital works.
- 140 Financial contributions are continuing to be collected in accordance with the requirements of the Resource Management Act 1991, however we note that from 2022 changes to the legislation may mean that these can no longer be collected.
- 141 This draft policy is consistent with the status quo in regards to Development and Financial contributions and therefore no changes are required in the Revenue and Financing Policy.

### Metered Waters

- 142 Council staff from the Water and Wastewater Services (WWS) department have advised that some non-residential properties within the district are rated for metered water. These properties are typically identified and notified to the WWS department during building or resource consent process, however where staff become aware of non-residential properties whose consumption is significant, this is also basis for changing the ratepayer to a metred supply.
- 143 Currently, Council’s Funding Impact Statement (Rates) does not explicitly include which properties are eligible for water meters. Staff believe this needs to be corrected for the 2018-2028 LTP. The proposed content to include in the Funding Impact Statement (Rates) is currently being reviewed and will be finalised prior to the LTP supporting information being approved.
- 144 Being eligible for metered water results in the ratepayer paying a fixed meter charge of \$147.83 (GST excl) per meter per annum, plus a rate per cubic metre consumed (currently \$0.93 GST excl), instead of the district water rate of \$396.32 (GST excl) per annum (for 2017/2018 year).
- 145 Staff note that the fixed meter charge has been consistent since approximately 2009, and the cubic metre rate also consistent across the district since 2014/2015. Staff have undertaken a review of the meter water charges and are proposing that these be increased to \$170.43 (GST excl) for the fixed meter charge and \$0.96 (GST excl) for the cubic meter rate from 1 July 2018.

### Analysis of Options

#### Option 1 – Clarify eligibility for metered water supply in the Funding Impact Statement (Rates) and increase fees from 1 July 2018 to \$170.43 (GST exclusive) for the fixed water meter charge and \$0.96 (GST exclusive) for the cubic metre water rate (Recommended).

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>Increased fees to offset costs and reduce rates funding</li> <li>Transparency to ratepayers around eligibility for metered water</li> </ul>	<ul style="list-style-type: none"> <li>Risk associated with ensuring the metred water eligibility is adhered to</li> </ul>

#### Option 2 – No changes to Funding Impact Statement (Rates) or water metre charges.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>No changes required</li> <li>Fees held constant</li> </ul>	<ul style="list-style-type: none"> <li>More funding from rates required</li> <li>Uncertainty for ratepayers if they are eligible for metred water or not</li> </ul>

### Differential Rating (Meridian)

- 146 The rating of ECNZ/Meridian properties has a long history. There are three properties within the district with hydro-electric assets all owned by Meridian. A historical agreement was initially reached between Council and Meridian from 1990 to 1995, when Council agreed a base rate of \$150,000 plus the district rate increase per annum. In 1998 Council changed this approach to apply a differential rate to the 3 properties, which achieved a similar outcome to previous years and this approach remained until 2012.

147 In 2012, Council undertook a review of the differential being applied to Meridian, and after much discussion with the corporation and their legal representatives, Council opted to remove the differential. The key points in the consideration were as follows:

- in 1995 Meridian's rating liability was 0.99% of total rates, in 2012 it was 0.66%, removing the differential would see it revert to 0.99%
- Council was satisfied that its targeted rating structure and uniform targeted rates mitigate the exposure to over rating of Meridian.
- the LGRA 2002 does not provide for individual agreements with ratepayers.
- the LGRA 2002 allows differentials to be based on land use, permitted or controlled activities, land area, provision of service, where the land is situated and values specified by the Valuer General. If a differential was to be based on the ratepayer of Meridian and it being a power station, they believed this could be challenged by those not receiving the heavily discounted differential on general rates.
- Council believed the removal of the differential would generate a level of reasonableness between, service, benefit and cost and balancing the inequity faced by ratepayers other than Meridian.

148 These comments were further supported in the response to Meridian by Council on its submission on the 2012-2022 LTP. In summary the points included in the response supporting the removal of the differential were:

- there was no direct cost-benefit relationship in rates to Council services available due to the element of public benefit.
- Meridian receives the benefit of a differential within the land use classification of "Other" in regards to the Roding rate, which without it, would see its contribution increase significantly.
- examples received of other lower South Island hydro-electric generation sites indicate Council's level of rating in comparison to capital value without a differential was not unreasonable.

149 As a general note, since its development, the windfarm at White Hill has always been rated on its full capital value.

150 Meridian submitted on the 2015-2025 LTP, proposing that a rating differential in favour of them be reintroduced. Their rationale for this proposal was based on section 101(3) of the LGRA 2002, being that Meridian received significantly disproportionate services compared to the rates it pays based on the fact that its capital value is high but its operational footprint has minimal impact on the District. They considered that Council should use s13(2)(b) of the LGRA 2002 for them which states:

*"A general rate may be set at differential rates in the dollar of rateable value for different categories of rateable land under section 14"*

151 In considering Meridian's submission on the 2015-2025 LTP Council considered the following factors:

- Council needs to establish that Meridian is different in some way that means the application of a differential is appropriate
- Meridian contends that its operational footprint is such that they receive services disproportionately to other ratepayers, however they did not state how they established this compared to other ratepayers

- re-establishment of a differential would require significant consideration as to the methodology behind how it was applied and calculated.

Additionally, staff noted the following points for Council’s consideration in relation to this matter, all of which are still relevant factors to support a consistent approach to rating Meridian in the future

- Council must comply with the LGA 2002 and the LGRA 2002 in regards to its financial management. Section 101(1) of the LGA requires a local authority to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community
- Under section 102 Council is required to adopt a range of funding and financial policies, including a Revenue and Financing Policy and Liability Management Policy. Under section 103, a Revenue and Financing Policy must detail how a local authority plans to fund its operating and capital expenditure from the range of sources listed section 103(2). The policy must also show how Council has had regard to the factors in section 101(3) in making these decisions.
- Case law has made it clear that each of the five factors identified in section 101(3) must be given equal consideration. In this regard Potter J<sup>1</sup> referred to section 101(3) as a “critical filter” when noting that:  
*“...the consideration required in respect of each activity to be funded must extend to and include each of the five factors in s 101(3)(a) in each case. The factors are clearly stated to be cumulative, not alternatives or options for consideration and determination by a council... the statutory processes required by the Act do not permit the Council to single out and adopt a causation or exacerbator-pays approach at a policy level... While I accept that s 101(3) does not direct councils to any particular outcome, all the critical factors in s 101(3) must be weighed and factored in, in respect of “each activity”. ... All the factors must be considered, weighed and evaluated, in reaching funding determinations in respect of each activity.”*
- Council can demonstrate the application of Section 101(3) of the LGA through its Revenue and Financing Policy (and supporting Activity Analysis) and through the wide use of rate types it has and the tools it uses to collect these rates. Section 101(3), states, the funding needs of the local authority must be met from those sources that the local authority deems appropriate after consideration of the identified factors. Council’s Revenue and Financing Policy outlines these funding sources and the policy overall explains that in deciding who should pay for an activity, asset or service it is more complex than simply allocating costs to primary users. Some activities result in benefits for the wider community as well as individuals who use them. For example, recreational facilities contribute to vibrant thriving communities and have impacts on community health, well-being and sustainability. It further adds that Council also considers people should not be excluded from using a service or engaging in an activity because of affordability. For these reasons, Council has decided to fund several activities using a general rate or a combination of targeted and general rates. Meridian gains a not insignificant level of benefit from these activities particularly given the scale and importance of their activities within the district.

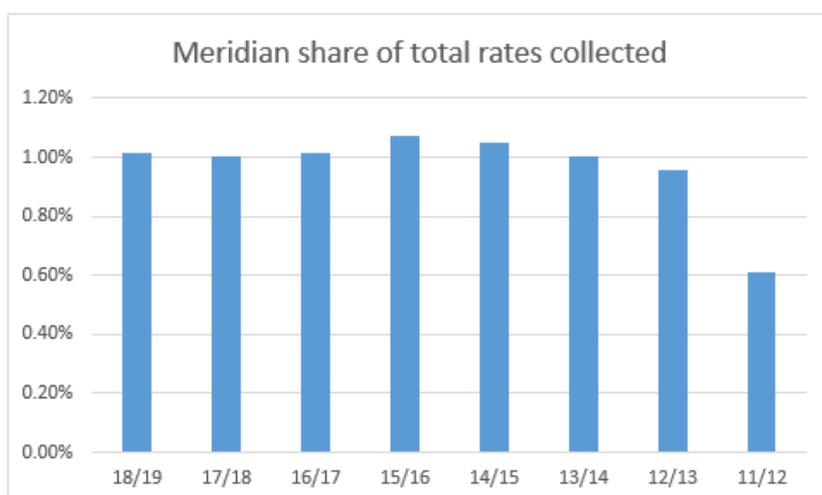
152 Currently Council has over 150 rate types. The rate types it uses and the percentage collected from these rating tools is outlined as follows:

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<sup>1</sup> Neil Construction and Others v North Shore City Council (CIV 2005-404-4690)

	Share of total 17/18 rates	Share of total 18/19 rates
<b>Roading Rate (model based on exacerbator, then based on Capital Value, excludes UTR component of Roothing rate)</b>	30.9%	27.1 %
<b>Fixed charges (maximum of 30%)</b>	23.8%	27.0%
<b>Service rates (Fixed charge for water, sewerage, rubbish, recycling, waste management, water/sewerage loans etc)</b>	22.8%	23.0%
<b>RID on Capital value (General rate and 35% of waste management rate)</b>	19.8%	22.0%
<b>RID on Land value (Local rates)</b>	2.7%	0.9%

- The impact of rates on the community is also a major consideration of Council. The Rates Inquiry Panel noted that rates are a hybrid tax, a mixture of user pays and a tax on property as the “public good” element of services provided to the general public that are available for use but may or may not be used by a specific ratepayer. As such there will be no direct relationship between services and rates paid. In considering who should pay Council considers the over-arching concept of affordability, it does this in looking at its costs and also in the way it allocates these costs, such as via the rates that it sets. The report of the Local Government Rates Inquiry noted that councils are failing to adequately consider the affordability of rates increases for some residents, and noted that councils need to undertake more analysis of affordability issues when deciding on total expenditures to be financed from rates and on the rating mechanisms to be used to spread the burden. In fact the Rates Inquiry Panel went as far as to recommend that the differential rates and UAGC’s be removed as they tended to be set arbitrarily without explicit justification in terms of the services to be funded. They favoured the capital value system because of the close relationship between capital values and household incomes. They noted that Council should, in fixing overall rating policies, have regard both to services consumed and to ability to pay and noted that in considering who benefits has two parts which need to be considered (ie the benefits received and the ability to pay).
- To apply a differential, Meridian noted in its 2015-2025 LTP submission that Council needed to demonstrate that there is a different level of service or the cost of providing the service to one group is different than the cost of providing the service to others. Meridian justified the application of a differential for them on the basis that the service it gets compared to the rate it pays is disproportionate compared to other ratepayers given its high capital value. Meridian does not attempt, however, to provide a financial and/or economic analysis to support its position.
- For context, Meridian’s rate represents 1.02% of the total rates proposed to be collected for 2018/2019.
- The capital value of Meridan’s properties currently represents 3.72% of the total capital value of the district.
- Below is a table of the rates (GST inclusive) that Meridian pays compared to the next top 10 ratepayers, sorted by capital.



Ratepayer	Total Capital Value	Roading rate	Waste Mgmt rate	Service/Loan rates	General rate	Other rates	Total rates
<b>Meridian Energy</b>	722,300,000	\$106,169	\$26,698	-	\$364,001	\$331	\$497,199
<b>Industrial</b>	150,000,000	\$207,293	\$5,614	\$43,976	\$75,997	\$424	\$333,305
<b>Other Utilities</b>	131,000,000	-	\$4,914	-	\$66,436		\$71,350
<b>Pastoral Farming</b>	70,000,000	\$39,067	\$2,579	-	\$35,227	\$4,164	\$81,037
<b>Industrial</b>	48,000,000	\$66,396	\$1,857	-	\$24,667	\$622	\$93,542
<b>Commercial Accommodation</b>	17,300,000	\$25,723	\$726	\$69,114	\$9,217	\$793	\$105,574
<b>Commercial Accommodation</b>	11,700,000	\$17,426	\$519	\$43,199	\$6,399	\$827	\$68,371
<b>Dairy Farming</b>	9,760,000	\$9,112	\$448	\$39,883	\$5,423	\$852	\$55,318
<b>Commercial Accommodation</b>	7,450,000	\$11,130	\$363	\$45,408	\$4,260	\$776	\$61,937
<b>Mining</b>	6,000,000	\$113,070	\$309	\$811	\$3,531	\$323	\$118,044
<b>Commercial Accommodation</b>	2,000,000	\$3,055	\$162	\$50,493	\$1,518	\$758	\$55,985

- The total rates shown are those that Meridian is paying is on all properties under the name of Meridian Energy Limited and excludes White Hill as that is owned by MEL White Hill Limited. “Other Rates” represents local rates and the regional heritage rate.
- From the table you can see that Meridian is paying a reduced roading rate, based on the modelling system Council uses for distribution of that rate. They are also not liable for any service rates that are targeted to various ratepayers and the element of Other Rates is minimal generally due to these being local rates that are generally a fixed amount.

- 153 The majority of the rate is the general rate which is collected based on capital value. While there are variations between the different rates applying to different properties the above table does not suggest that the overall rates being paid by Meridian are significantly disproportionate to those being paid by others with high capital values.
- 154 Based on these considerations, Council opted to rate Meridian without applying a rating differential from 2015. There was no indication to Meridian that this matter would be further investigated or considered in the future.
- 155 In undertaking this review, officer's also contacted other Council's with power stations to understand their current rating approaches:

	Power station CV	% of total CV	2017/18 Rates (GST excl)	% of total Rates	Differential
<b>Southland District Council</b>	\$722,300,000	3.84%	\$414,852	1.17%	No differential, other than 0.3 on RID component of roading rate
<b>Clutha District Council</b>	\$39,200,000	0.53%	\$21,874	0.09%	No differential rate for power stations
<b>Waitaki District Council</b>	\$736,438,000	10%	\$772,980	2.56%	A differential on Civil Defence/Roading and Lakes Camping rates of (53% and 741.25% respectively)
<b>Central Otago District Council (4 properties)</b>	\$787,520,000	8.62%	\$825,746	3.13%	Apply an individually calculated differential to ensure annual rates increase is exactly the same as the overall district increase in rates.

- 156 The question of whether a level of rating is appropriate, is a decision for Council to make having regard to the relevant statutory process and factors that it is required to consider. Provided it follows an appropriate process it is for the Council to make the subjective judgements inherent in this process.
- 157 Meridian, like all ratepayers, has an obligation to contribute towards the costs of the Council. The Council can demonstrate through its Revenue and Financing Policy and the rate types and tools it uses that it has carefully considered its obligations under the LGA 2002 and LGRA 2002.

**Analysis of Options**

**Option 1 – Confirm that no differential be applied to the general rate for Meridian Energy (Recommended).**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>No changes required.</li> <li>All ratepayers pay the same.</li> <li>No increase to others due to a differential.</li> </ul>	<ul style="list-style-type: none"> <li>Meridian pays a high share of the general rate.</li> </ul>

**Option 2 – Include a differential on the general rate for Meridian Energy.**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>Meridian pays a lesser general rate.</li> </ul>	<ul style="list-style-type: none"> <li>All other ratepayers’ general rate will increase.</li> <li>In contradiction to the legislation which requires differentials to be set on land use, permitted or controlled activities, land area, or provision of service, not individual ratepayers.</li> <li>Could be subject to challenge as legislation does not allow for agreements with individual ratepayers.</li> </ul>

**Roading Rate Model**

- 158 As part of the 2015-2025 LTP Council implemented a revised roading rate model which endeavours to collect the roading rate at a level which is representative of the impact their use has on the networks maintenance and repair.
- 159 As this model has been utilised for nearly three years it was appropriate that it be reviewed in preparation for the 2018-28 LTP. Anthony Byett presented a review of the roading rate model at the Council LTP workshop on 10 August 2017. In this presentation he discussed the following key points:
  - level of rates being collected from the heavy vehicle portion of the model
  - tonnage data per sector
  - rate per tonne for the heavy vehicle charge
  - minimum tonnage levels
  - appropriate level of uniform annual charge (access fee).
- 160 In response to these discussions and feedback, he has provided Council with his recommend model for 2018-2028 LTP as follows:

	Current 17/18	Proposed 17/18	Variance
<b>Heavy vehicle</b>	\$1.20 per tonne	\$1.05 per tonne	\$0.15 per tonne
	\$4,472,000	\$4,183,000	(\$289,000)
<b>UAC</b>	\$60.28 per rating unit	\$80.02 per rating unit	\$19.74
	\$938,000	\$1,245,000	\$307,000
<b>General RID</b>	0.439/\$1,000 CV	0.438/\$1,000 CV	0.001/\$1,000 CV
	\$8,441,000	\$8,423,000	(\$18,000)
<b>TOTAL</b>	\$13,851,000	\$13,851,000	-

Other Use Factor	Current 17/18	Proposed 18/19	Variance
<b>Dairy</b>	1.1	1.15*	0.05
<b>Forestry</b>	1.1	1.2	0.1
<b>Farming (non-dairy)</b>	1.0	1.15	0.15
<b>All others</b>	1.0	1.0	-

\* Please note that subsequent to the workshop on 19 October, Mr Byett has amended his recommendation to increase dairy other use factor to 1.15, from 1.10 on the basis that distance travelled should not form part of the Roding Rate Model. His reasons for distance travelled not being included were:

- any distance used would not be well measured/evidence-based,
- the impact of the shorter trip length for dairy was a small effect anyway, and
- this sort of differentiation was not used anywhere else in the rating system.

Minimum tonnage	Current 17/18	Proposed 18/19	Variance
<b>Industrial</b>	200,000 tonnes	230,000 tonnes	30,000 tonnes
<b>Commercial</b>	200,000 tonnes	230,000 tonnes	30,000 tonnes
<b>Mining</b>	212,602 tonnes (actual)	230,000 tonnes	17,398 tonnes

- 161 Consistent with the current model, the differential factor of 0.3 has been applied to the other industry sector for general RID component of the roading rate model.
- 162 The impact of the proposed changes on the overall roading rate collected from each industry sector (based on 2018/19 proposed rates) is as follows:

	17/18 Actual		18/19 Proposed		18/19 Proposed	
	Total \$	%	Total \$	%	Change	
Dairy	\$ 5,192	37.5%	\$ 4,956	36.1%	-\$235	-1.4%
Forestry	\$ 778	5.6%	\$ 765	5.6%	-\$14	-0.1%
Farming (r)	\$ 4,865	35.1%	\$ 4,809	35.0%	-\$56	-0.1%
Industrial	\$ 399	2.9%	\$ 401	2.9%	\$1	0.0%
Commercial	\$ 388	2.8%	\$ 397	2.9%	\$9	0.1%
Residential	\$ 1,213	8.8%	\$ 1,361	9.9%	\$148	1.2%
Lifestyle	\$ 617	4.5%	\$ 657	4.8%	\$39	0.3%
Other	\$ 136	1.0%	\$ 138	1.0%	\$2	0.0%
Mining	\$ 263	1.9%	\$ 249	1.8%	-\$13	-0.1%
	\$ 13,851	100%	\$ 13,732	100%	-\$ 119	0%

Alternatively, Council have provided three alternative options which are as follows:

1. Leave the model consistent with 2017/2018 (ie make no changes)
2. Use Mr Byett's model proposed at the workshop on 19 October, whereby dairy other use factor remained at 1.10
3. Use the recommended model, however increase the heavy use charge to \$1.10 per tonne (from \$1.05)

The impact of these options on the various sectors are included in Appendix 1 for your information.

Staff note that a fixed uniform charge has been incorporated into all revised model of \$80.00 (GST exclusive) per rating unit. Historically this component of the model was calculated as 10% of the total roading rate excluding the heavy use factor, however it is considered an access charge to the network and therefore more appropriate to be set at a fixed rate.

Modelling on the impact for different value properties will be available in the Council meeting.

### **Analysis of Options**

**Option 1 – Accept the proposed Roading Rate Model, where the uniform targeted rate is fixed at \$80.00 (GST exclusive) per rating unit, heavy use rate is \$1.05 (GST exclusive) per tonne, minimum tonnage applied to each relevant sector is 230,000 tonnes and other use factors are 1.15 (dairy), 1.2 (forestry) and 1.15 (farming non-dairy) (Recommended).**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• Clarification to all ratepayers how we calculate rates.</li> <li>• Evidence to support each component of the model.</li> </ul>	<ul style="list-style-type: none"> <li>• Residential sector gets an increase in rates.</li> </ul>

<ul style="list-style-type: none"> <li>• Model endorsed by independent expert.</li> <li>• No unjustified manipulation of the model</li> </ul>	
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**Option 2 – Adjust the Roding Rate Model with variations**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• Council can adjust the model as appropriate.</li> </ul>	<ul style="list-style-type: none"> <li>• Rationale for adjustments may be unsupported.</li> </ul>

**Option 3 – Make no changes to the Roding Rate Model**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• No changes to the model required.</li> </ul>	<ul style="list-style-type: none"> <li>• Model is potentially outdated based on more recent information.</li> </ul>

**Setting the General Rate**

- 163 General rates are appropriate for funding activities or providing services where there is a significant public good element or where a private good generates positive externalities or benefits for the district community. General rates can also be appropriate in situations where funding a capital project, where imposing the cost on those who would benefit from the project, would otherwise place too great a burden on them.
- 164 The General rate is currently split into two rating mechanisms
- rate in the dollar on capital value and
  - Uniform Annual General Charge (UAGC).
- 165 How Council collects the rate is outlined in the Revenue and Financing Policy, and driven by the activity, typically where there is a high public good aspect of the service and widespread benefit. In assessing which component of the rate funds each activity consideration is given to section 101(3) requirements, specifically who gives rise to the need for the service and who benefits from the service as well as consideration of ability to pay.
- 166 Currently the general rate is derived on the following basis:

Categories	General Rate	Uniform Annual General Charge	18/19 Budget General Rate	18/19 Budget UAGC
<b>Building Regulation</b>	100%		\$334,537	
<b>Civil Defence and Rural Fire</b>	100%		\$419,261	
<b>Council Offices and District Support</b>	85%	15%	\$3,993,994	\$704,823
<b>Development and Promotions</b>		100%		\$2,381,088

District Heritage		100%		\$62,604
Library Services		100%		\$1,248,103
Public Health Service		100%		\$211,486
Regional Initiative		100%		-
Representation		100%		\$1,707,812
Strategy Policy and Planning	90%	10%	\$4,017,969	\$446,441
Roads and Footpaths		100%		\$285,214
<b>Total</b>			<b>\$8,765,761</b>	<b>\$7,047,571</b>

- 167 Council no longer uses the categories noted above and it is appropriate that these be revised to align with the groups of activities in the LTP, however as there are only four groups of activities that effect the general rate, this would have an overwhelming effect on the allocation. It is recommended to use the sub-activities under the groups of activities for deriving the general rate.

Category	Activities	General Rate	UAGC	18/19 Budget General Rate	18/19 Budget UAGC
<b>Building Regulation</b>	Building Control	100%		\$334,537	
<b>Civil Defence and Rural Fire</b>	Civil Defence & Emergency Management	100%		\$419,261	
<b>Council Offices &amp; District Support</b>	Community Housing	85%	15%	\$28,306	\$4,995
	Council Facilities	85%	15%	\$1,163	\$205
	District Support	85%	15%	\$3,633,611	\$641,226
	Parks and Reserves	85%	15%	\$319,189	\$56,327
	Work Schemes	85%	15%	\$11,726	\$2,069
<b>Development and Promotions</b>	District Development		100%		\$1,800,000
	Grants and Donations		100%		-\$114,165
	Public Toilets & Dump Stations		100%		\$695,253
<b>District Heritage</b>	Grants and Donations		100%		\$62,604
<b>Library Services</b>	Library Services		100%		\$1,248,103
<b>Public Health Services</b>	Dog and Animal Control		100%		\$33,983
	Environment Health		100%		\$177,503

<b>Regional Initiative</b>	Grants and Donations		100%		-
<b>Representation</b>	Representation & Advocacy		100%		\$1,707,812
<b>Strategy &amp; Planning</b>	Representation and Advocacy	90%	10%	\$303,524	\$33,725
	Resource Management	90%	10%	\$1,057,450	\$117,494
	Strategy and Communications	90%	10%	\$2,656,995	\$295,222
<b>Roads and Footpaths</b>	Roads and Footpaths		100%		\$285,214
				<b>\$8,765,761</b>	<b>\$7,047,570</b>

As shown above, all of the activities have a one to one relationship with the old categories except two; Grants and Donations and Representation and Advocacy. At the workshop in October, Council indicated that it was comfortable with the majority of the methodology, however directed staff to consider funding 100% of grants and donations from the UAGC and 25% of both district development and representation and advocacy activities from the general rate. These proposed changes applied to 2018/19 draft rates are indicated in the table below.

Activities	General Rate	UAGC	18/19 Budget General Rate	18/19 Budget UAGC
<b>Building Control</b>	100%		\$334,537	
<b>Civil Defence &amp; Emergency Management</b>	100%		\$419,261	
<b>Community Housing</b>	85%	15%	\$28,306	\$4,995
<b>Council Facilities</b>	85%	15%	\$1,163	\$205
<b>District Development</b>	<b>25%</b>	<b>75%</b>	<b>\$450,000</b>	<b>\$1,350,000</b>
<b>District Support</b>	85%	15%	\$3,633,611	\$641,226
<b>Animal Control</b>		100%		\$33,983
<b>Environmental Health</b>		100%		\$177,503
<b>Grants &amp; Donations</b>		<b>100%</b>	<b>-\$51,561</b>	<b>-\$51,561</b>
<b>Library Services</b>		100%		\$1,248,103
<b>Parks &amp; Reserves</b>	85%	15%	\$319,189	\$56,327
<b>Public Toilets</b>		100%		\$695,253
<b>Representation &amp; Advocacy</b>	<b>25%</b>	<b>75%</b>	<b>\$511,265</b>	<b>\$1,533,796</b>
<b>Resource Management</b>	90%	10%	\$1,057,450	\$117,494
<b>Strategy &amp; Communications</b>	90%	10%	\$2,656,995	\$295,222
<b>Work Schemes</b>		100%		\$13,795

<b>Roads &amp; Footpaths (around the Mountains Cycle Trail loan repayments only)</b>		100%		\$285,214
			<b>\$9,411,777</b>	<b>\$6,401,555</b>

It is also important to note that the UAGC is currently included in Council's 30% cap on rates collected by UAGC/targeted rates. A significant change in the UAGC may result in Council breaching this cap, and consideration needs to be given to this matter in conjunction with the various other proposed targeted rates changes.

Council indicated at the October workshop that total targeted rates increasing to around 27.5%-28.5% for 2018/2019 and beyond was appropriate.

Based on the recommended options included in this report and the draft rates proposed Council's targeted rates are approximately 27.0% of total rates for 2018/19.

### **Analysis of Options**

#### **Option 1 - Revise the categories and share of categories between General rate and UAGC as per the table above (Recommended).**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>Staff have clarification on how to set the general rate.</li> <li>Uses current sub-activities.</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>

#### **Option 2 – Make no changes to current methodology for calculating general rate and UAGC.**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>Categories being used are no longer relevant</li> <li>Based on historical data</li> </ul>

### **Affordability**

- 168 As noted earlier in this report, one of the key matters required by legislation to be considered in assessing how rates are to be set, is ability to pay, ie affordability (s101(3)b). Additionally, this is also a key target in Council's financial strategy.
- 169 In 2007, the Shand Report addressed the issue of affordability of rates in New Zealand and concluded with the recommendation that rates start to become unaffordable if they exceed 5% of total household income.
- 170 Council have undertaken a comparison of the 2016/17 rates and the household income levels across our district as per the 2013 census. Please note the rates are SDC only, ie exclude Environment Southland and the household income has been inflated for two years (1 July 2014 to 30 June 2016) at the Labour Cost Index (LCI) rate (being 1.6% and 1.5%) to get to an indicative level for 2016/17. Additionally, it is important to note that this data is for owned residential households only.

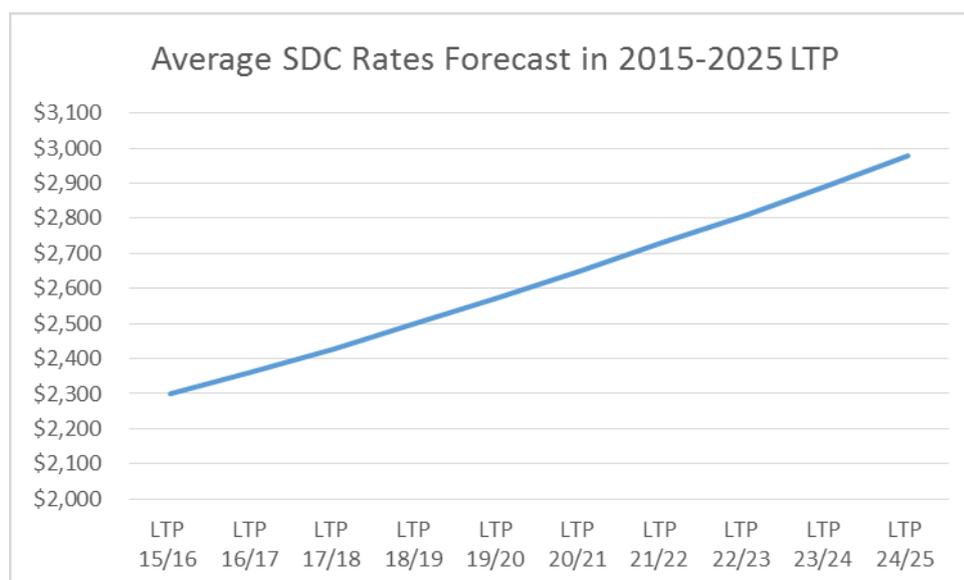
171 A summary of this comparison is included below:

Community	16/17 SDC Rates (GST incl)	Indicative 16/17 Household Income	Rates as a % of Household Income
Ohai	\$2,119	\$40,012	5.30%
Wyndham	\$2,637	\$60,637	4.35%
Tuatapere	\$2,365	\$55,274	4.28%
Manapouri	\$2,443	\$58,265	4.19%
Nightcaps	\$2,100	\$50,737	4.14%
Riverton	\$2,485	\$63,215	3.93%
Te Anau	\$2,596	\$68,990	3.76%
Otautau	\$2,281	\$63,731	3.58%
Balfour	\$2,057	\$58,471	3.52%
Lumsden	\$2,280	\$68,681	3.32%
Winton	\$2,297	\$70,124	3.28%
Edendale	\$2,559	\$81,571	3.14%
Athol	\$1,255	\$42,693	2.94%
Stewart Island	\$1,904	\$67,134	2.84%
Waikaia Town	\$1,206	\$45,375	2.66%
Mossburn	\$1,803	\$72,599	2.48%
Riversdale	\$1,748	\$74,249	2.35%
Wallacetown	\$1,890	\$82,293	2.30%
Woodlands	\$1,171	\$75,384	1.55%
Gorge Road	\$1,344	\$90,646	1.48%
Garston	\$1,580	\$119,830	1.32%

172 The data illustrates that across our District for the 2016/17 year, Council's rates are within the 5% threshold across all communities other than Ohai, however staff do note that an additional 4 of the 21 communities are above 4.0%.

173 It is also important to recognise that there is no benefit for the community in analysing historical data when considering affordability. Council needs to be undertaking such an analysis as part of its annual and long term planning processes. In this way it can form a subjective view as to the overall affordability of the rates that it is forecasting will need to be set in the future.

174 The graph below illustrates the average rates for Council over the 10 years from the 2015-2025 LTP based on the forecast rating units as published in the 2015-2025 LTP (page 151). This graph illustrates a total of 32.7% increase over the 10 year period (average of 3.27% per annum).



- 175 Additional information will be tabled at the meeting to give you further analysis of affordability across the district. Staff will endeavour to show the impact of such changes on the average rate, however it is important that Council recognise that given the complexity and vast range of rates set for various services, that this is only an indication and actual results will vary depending on the property location, value and services being received (ie water, sewerage, wheelie bins etc).
- 176 As noted earlier, rates include a taxation component. The larger share of rates which are charged on a uniform basis the higher the burden of rates on urban ratepayers and in many of the smaller communities within our district, this is where there are areas of concern regarding ability to pay. Alternatively, setting rates via a RID on property value, Council can assume a correlation to ability to pay (ie those with higher value properties, typically have a better ability to pay).

### Factors to Consider

#### Legal and Statutory Requirements

- 177 Per Schedule 10 of the Local Government Act 2002 the Revenue and Financing Policy is required to be included in the Long Term Plan.
- 178 Council must consider the requirements of Section 101(3) of the Local Government Act 2002 when determining how each activity is to be funded:

#### Community Views

- 179 Once the draft Revenue and Financing Policy and Activity Funding Needs Analysis document have been revised and approved by Council, it will be available for public consultation in February/March 2018 as part of the 2018-2028 LTP process.

#### Costs and Funding

- 180 The final policy will affect how Council is financed and may require changes to levels of funding from the various funding sources available to Council.

**Policy Implications**

- 181 In developing its Revenue and Financing Policy, Council should have regard to its Financial Strategy and how it might want to give effect to that strategy.
- 182 The Revenue and Financing Policy and Activity Funding Needs Analysis has been updated to incorporate the recommended options included in this report and any other known inconsistencies.

**Assessment of Significance**

- 183 The revenue and financing policy is a critical Council policy as it outlines the way in which Council collects its \$70-\$80 million in total revenue each year to fund the services it provides to the community. It is a requirement of legislation that this policy be reviewed and publicly consulted on every three years. Changes to this policy effect the entire community in regard to how much they are required to pay in rates and other fees and charges, and thus this matter is considered significant.

**Recommended Option**

- 184 The recommended option (Option 1) in relation to each matter is identified in the issues section of this report.

**Next Steps**

- 185 Following approval of the recommendations at this meeting staff will finalise the draft Revenue and Financing Policy and Activity Funding Needs Analysis.
- 186 A statement of proposal will be prepared for adoption at Council on 13 December 2017.
- 187 The draft Revenue and Financing Policy will be consulted on simultaneously with the Long Term Plan Consultation Document in February/March 2018.
- 188 The Revenue and Financing Policy and Funding Impact Statement (Rates) will be independently reviewed by Simpson Grierson lawyers during the consultation period and any necessary changes incorporated into a staff submission.

APPENDIX 1

Sector impact analysis for Roothing Rate Model

	18/19	18/19	17/18 Actual		18/19 Current		18/19 Oct model		18/19 Proposed		18/19 Alternative	
	# properties	Sector CV \$M	Total \$	%	Total \$	%	Total \$	%	Total \$	%	Total \$	%
Dairy	817	6,086	\$ 5,192	37.5%	\$ 5,181	37.7%	\$ 4,888	35.6%	\$ 4,956	36.1%	\$ 5,001	36.4%
Forestry	176	126	\$ 778	5.6%	\$ 795	5.8%	\$ 765	5.6%	\$ 765	5.6%	\$ 796	5.8%
Farming (non-dairy)	2,943	9,424	\$ 4,865	35.1%	\$ 4,786	34.9%	\$ 4,858	35.4%	\$ 4,809	35.0%	\$ 4,736	34.5%
Industrial	336	311	\$ 399	2.9%	\$ 396	2.9%	\$ 403	2.9%	\$ 401	2.9%	\$ 409	3.0%
Commercial	455	280	\$ 388	2.8%	\$ 387	2.8%	\$ 399	2.9%	\$ 397	2.9%	\$ 406	3.0%
Residential	8,122	1,670	\$ 1,213	8.8%	\$ 1,197	8.7%	\$ 1,369	10.0%	\$ 1,361	9.9%	\$ 1,343	9.8%
Lifestyle	2,478	1,077	\$ 617	4.5%	\$ 609	4.4%	\$ 662	4.8%	\$ 657	4.8%	\$ 645	4.7%
Other	294	897	\$ 136	1.0%	\$ 133	1.0%	\$ 140	1.0%	\$ 138	1.0%	\$ 135	1.0%
Mining	18	15	\$ 263	1.9%	\$ 248	1.8%	\$ 249	1.8%	\$ 249	1.8%	\$ 261	1.9%
	15,638	19,887	\$ 13,851	100.0%	\$ 13,732	100.0%	\$ 13,732	100.0%	\$ 13,732	100.0%	\$ 13,732	100.0%

18/19 Current		18/19 Oct model		18/19 Proposed		18/19 Alternative	
Change		Change		Change		Change	
-\$10	0.2%	-\$304	-1.9%	-\$235	-1.4%	-\$190	-1.1%
\$16	0.2%	-\$13	0.0%	-\$14	-0.1%	\$18	0.2%
-\$78	-0.3%	-\$7	0.3%	-\$56	-0.1%	-\$129	-0.6%
-\$3	0.0%	\$3	0.0%	\$1	0.0%	\$10	0.1%
-\$1	0.0%	\$10	0.1%	\$9	0.1%	\$18	0.2%
-\$16	0.0%	\$157	1.2%	\$148	1.2%	\$130	1.0%
-\$8	0.0%	\$45	0.4%	\$39	0.3%	\$28	0.2%
-\$3	0.0%	\$4	0.0%	\$2	0.0%	-\$1	0.0%
-\$15	-0.1%	-\$13	-0.1%	-\$13	-0.1%	-\$2	0.0%
-\$119	\$0	-\$119	-\$0	-\$119	\$0	-\$119	\$0

## APPENDIX 2

### List of frequently used abbreviations

Abbreviation	
<b>AMCT</b>	Around the Mountains Cycle Trail
<b>AMP</b>	Activity/Asset Management Plan
<b>BU</b>	Business Unit
<b>CB</b>	Community Board
<b>CDA</b>	Community Development Area
<b>CV</b>	Capital Value
<b>DOC</b>	Department of Conservation
<b>GDC</b>	Gore District Council
<b>ICC</b>	Invercargill City Council
<b>LGA</b>	Local Government Act
<b>LGRA</b>	Local Government Rating Act
<b>LTP</b>	Long Term Plan
<b>LV</b>	Land Value
<b>RID</b>	Rate in the Dollar
<b>SUIP</b>	Separately Used or Inhabited Part
<b>UAGC</b>	Uniform Annual General Charge
<b>UTR</b>	Uniform Targeted Rate

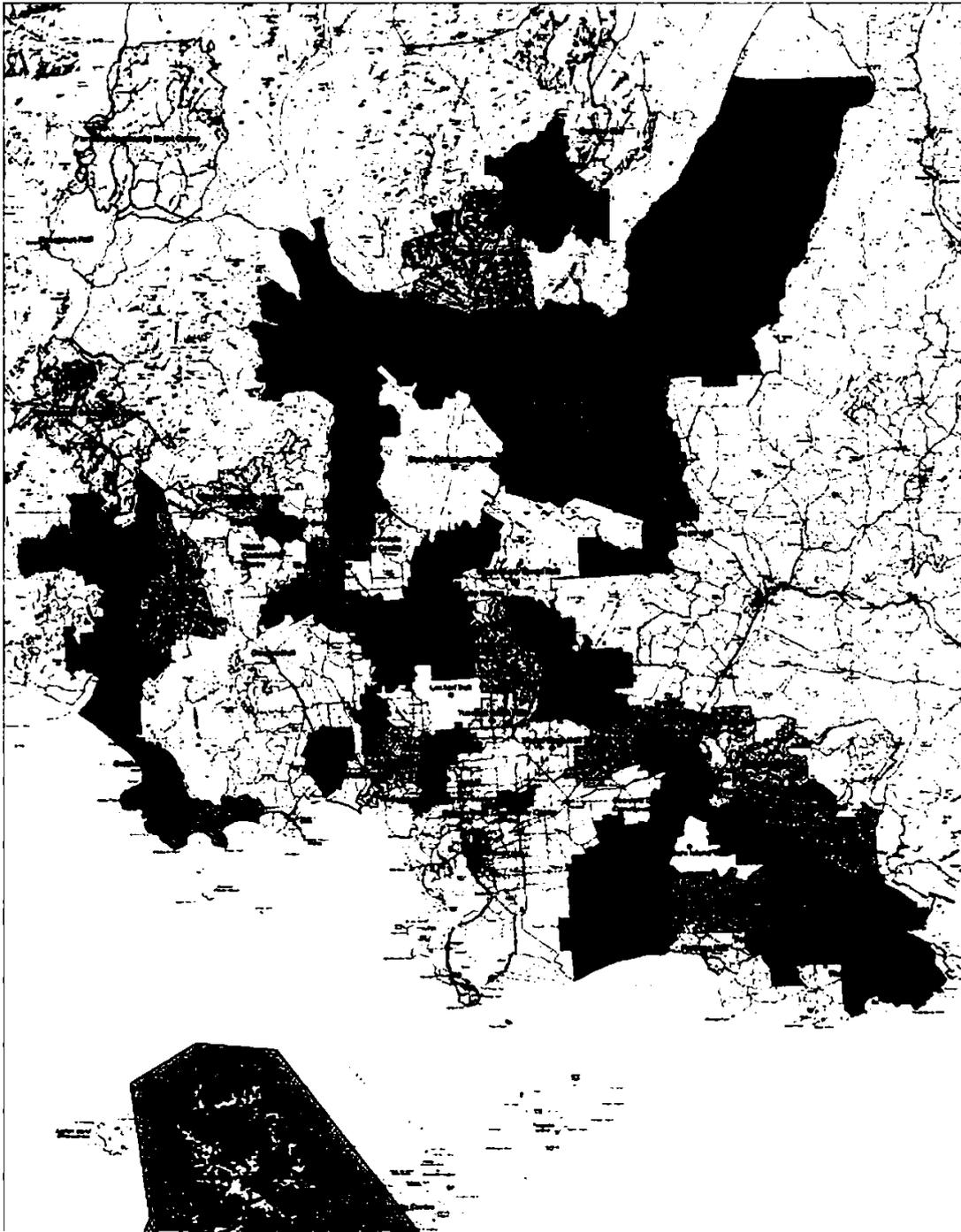
## Attachments

- A Detailed Listing of budgeted hall rates for 2018/2019 [↓](#)
- B Hall Rating Boundaries [↓](#)
- C Southland Pool Sites and Pool Rating Boundaries [↓](#)
- D Proposed rating boundary changes [↓](#)
- E Targeted rate funding of sewerage and treatment and disposal of sewerage - Survey of 24 local authorities [↓](#)
- F Extract Part 6 Local Government Act 2002 [↓](#)
- G DRAFT Activity Funding Needs Analysis LTP 2018-2028 [↓](#)
- H DRAFT Revenue and Financing Policy 2018-2028 LTP (without track changes showing) [↓](#)

## Detailed Listing of budgeted hall rates for 2018/2019

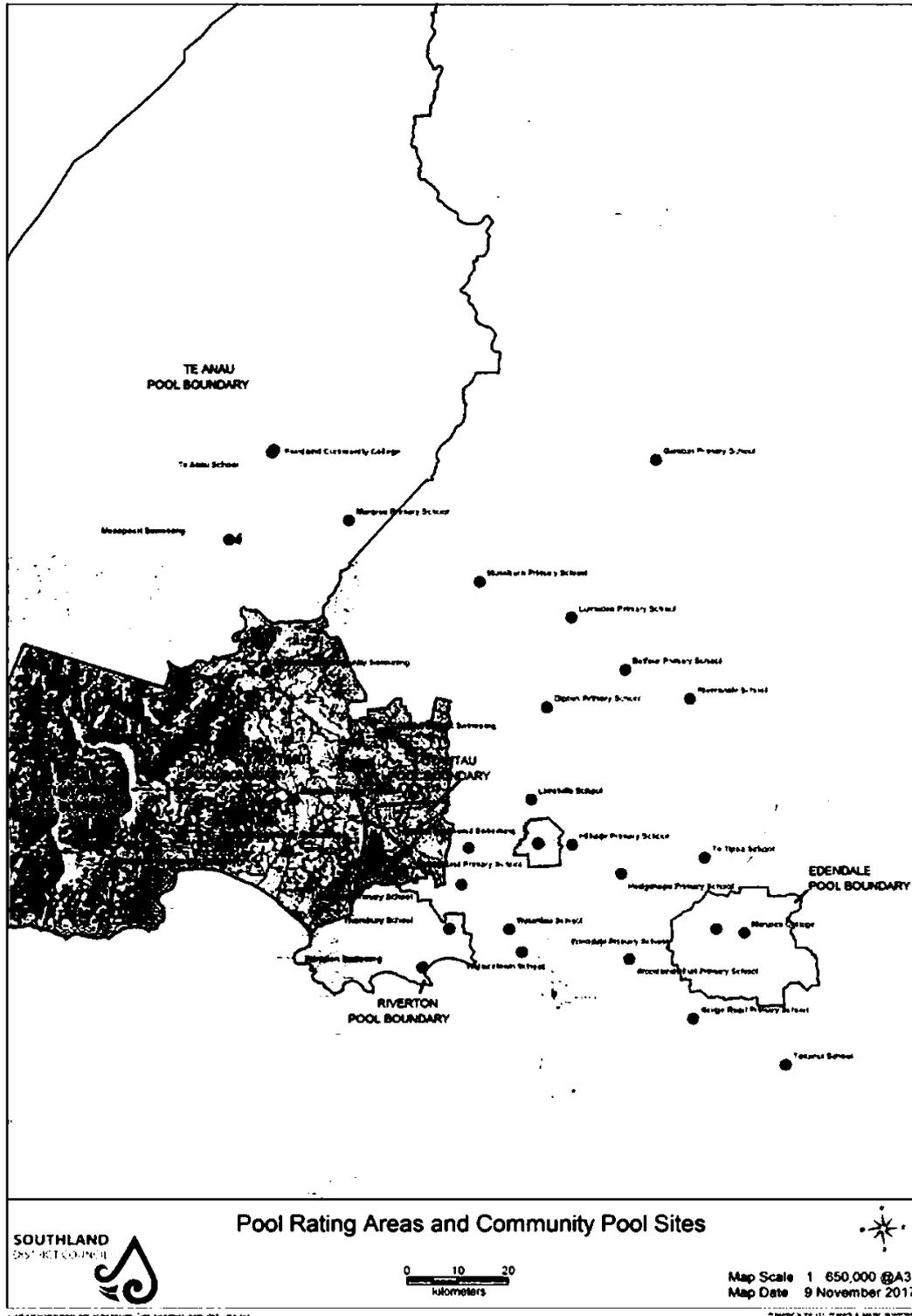
Hall	Ward	Unit Charge (GST Excl)	SUIP	Net Rate Totals (GST Excl)	Reserve at 30 June 17
Aparima Hall	Waiau Aparima	40.97	64	2,622	-
Athol Memorial Hall Rate	Mararoa Waimea	52.17	137	7,148	6,054
Balfour Hall	Mararoa Waimea	34.65	280	9,703	
Blackmount Hall	Waiau Aparima	50.00	48	2,400	
Browns Hall	Winton Wallacetown	19.38	182	3,528	1,540
Brydone Hall	Waihopai Toetoes	44.62	64	2,878	-262
Clifden Hall	Waiau Aparima	43.66	84	3,711	25,886
Colac Bay Hall	Waiau Aparima	48.78	151	7,366	10,420
Dacre Hall	Waihopai Toetoes	37.39	95	3,552	
Dipton Hall	Mararoa Waimea	43.63	196	8,552	22,328
Eastern Bush Hall	Waiau Aparima	68.60	30	2,058	
Edendale-Wyndham Hall	Waihopai Toetoes	14.57	665	9,692	151,539
Fiordland Community Centre	Mararoa Waimea	35.62	1,897	67,584	
Five Rivers Hall	Mararoa Waimea	49.29	81	3,992	13,835
Fortrose Domain	Waihopai Toetoes	25.00	63	1,575	3,508
Glenham Hall	Waihopai Toetoes	41.33	57	2,356	
Gorge Road Hall	Waihopai Toetoes	44.06	255	11,236	
Heddon Bush Hall	Waiau Aparima	60.00	57	3,420	
Hedgehope/Glencoe Hall	Winton Wallacetown	60.00	96	5,760	
Hokonui Hall	Winton Wallacetown				7,319
Limehills Hall	Winton Wallacetown	55.57	184	10,226	10,321
Lochiel Hall	Winton Wallacetown	31.78	148	4,704	
Lumsden Hall	Mararoa Waimea	31.30	337	10,550	8,505
Mabel Bush Hall	Winton Wallacetown	43.60	75	3,270	
Manapouri Hall	Mararoa Waimea	32.37	297	9,615	18,795
Mandeville Hall	Mararoa Waimea	41.23	45	1,855	
Mataura Island Hall	Waihopai Toetoes	23.70	53	1,256	4,616
Menzies Ferry Hall	Waihopai Toetoes	35.00	45	1,575	2,221
Mimihau Hall	Waihopai Toetoes	47.83	51	2,439	
Mokoreta/Redan Hall	Waihopai Toetoes	78.25	72	5,634	10,685
Mossburn Hall	Mararoa Waimea	62.19	246	15,299	
Myross Bush Hall	Waihopai Toetoes	26.69	74	1,975	
Nightcaps Hall	Waiau Aparima	69.80	185	12,913	4,951
Ohai Hall	Waiau Aparima	51.95	201	10,442	10,204
Orawia Hall Rate	Waiau Aparima	52.78	110	5,806	5,559
Orepuki Hall Rate	Waiau Aparima	57.63	139	8,010	5,425
Oreti Plains Hall	Winton Wallacetown	68.45	121	8,283	21,407
Otahuti Hall	Winton Wallacetown	27.44	50	1,372	
Otapiri/Lora Gorge Hall	Mararoa Waimea	135.00	76	10,260	30,835
Otautau Hall	Waiau Aparima				25,405
Riversdale Hall	Mararoa Waimea	47.02	363	17,091	
Ryal Bush Hall	Winton Wallacetown	36.73	122	4,481	5,419

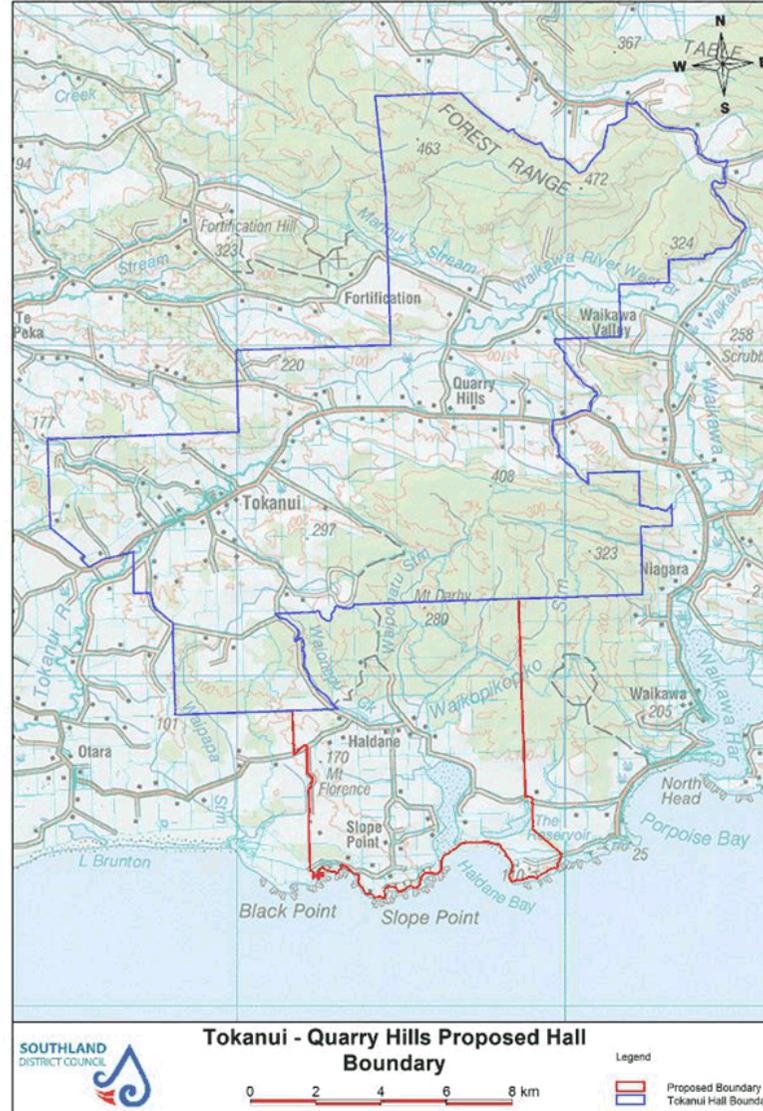
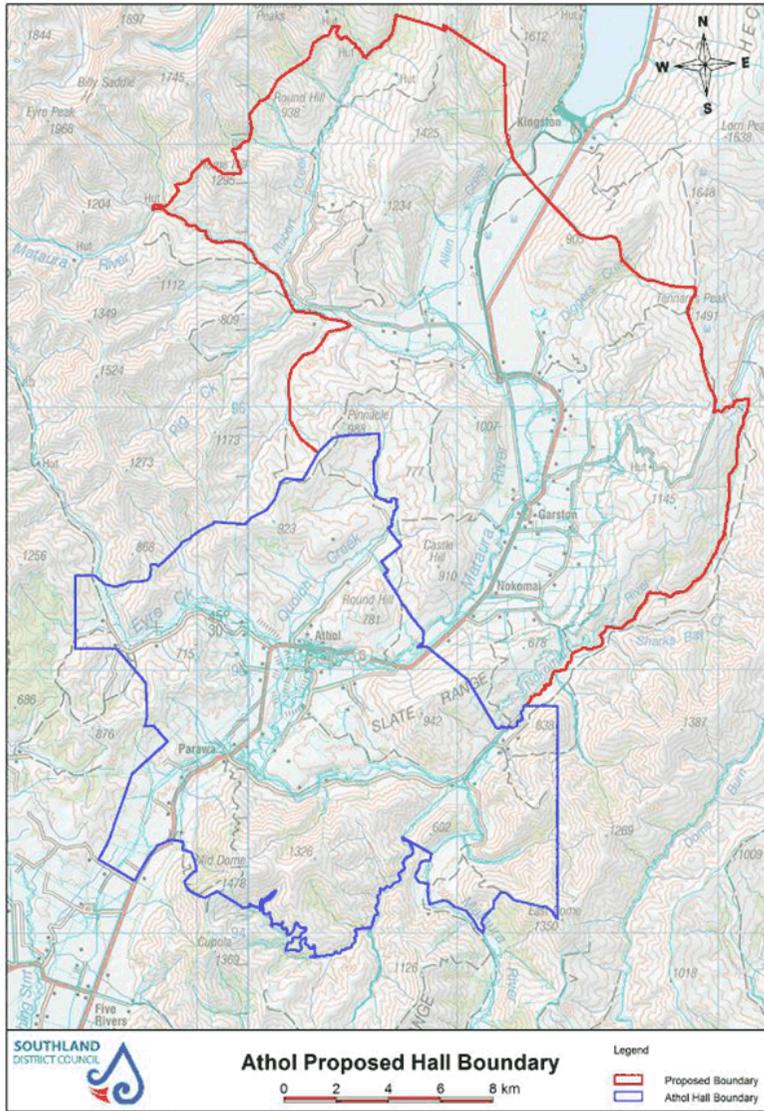
<b>Seaward Downs Hall</b>	Waihopai Toetoes	37.65	60	2,259	
<b>Stewart Island Hall</b>	Stewart Island Rakiura	62.31	376	23,399	
<b>Thornbury Hall</b>	Winton Wallacetown	60.35	94	5,673	7,215
<b>Tokanui/Quarry Hills Hall</b>	Waihopai Toetoes	51.87	122	6,328	7,050
<b>Tuatapere Hall</b>	Waiau Aparima	36.23	367	13,298	20,588
<b>Tussock Creek Hall</b>	Winton Wallacetown	31.32	84	2,631	671
<b>Tuturau Hall</b>	Waihopai Toetoes	41.23	36	1,484	
<b>Waianiwa Hall</b>	Winton Wallacetown	60.00	119	7,140	14,137
<b>Waikaia Recreation</b>	Mararoa Waimea	48.31	294	14,204	
<b>Waikawa Community Centre</b>	Waihopai Toetoes	26.22	132	3,460	16,736
<b>Waimahaka Hall</b>	Waihopai Toetoes	60.00	93	5,580	
<b>Waimatuku Hall</b>	Winton Wallacetown	32.43	52	1,686	
<b>Wairio Community Centre</b>	Waiau Aparima	33.74	84	2,834	
<b>Wallacetown Hall</b>	Winton Wallacetown	43.48	334	14,522	
<b>Winton Hall</b>	Winton Wallacetown	16.17	1,357	21,988	
<b>Wreys Bush Hall</b>	Waiau Aparima	81.23	27	2,193	
<b>Wrights Bush Hall</b>	Winton Wallacetown	26.68	60	1,601	

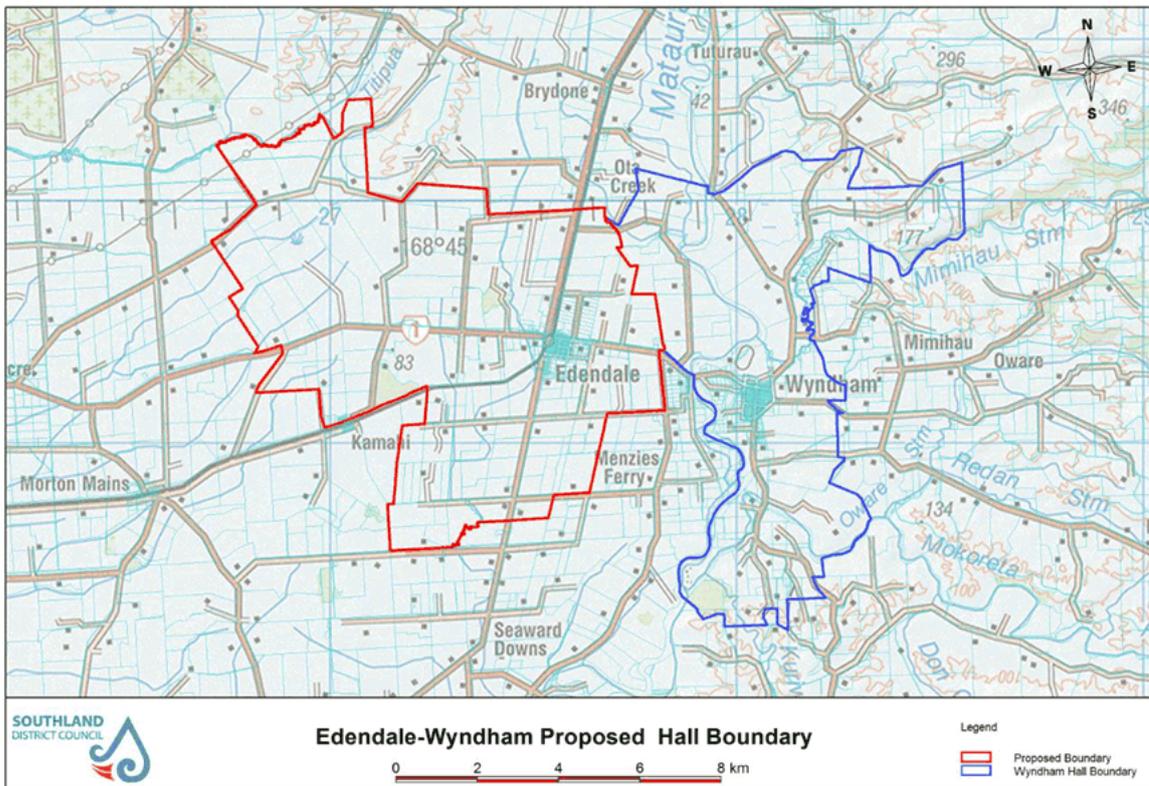
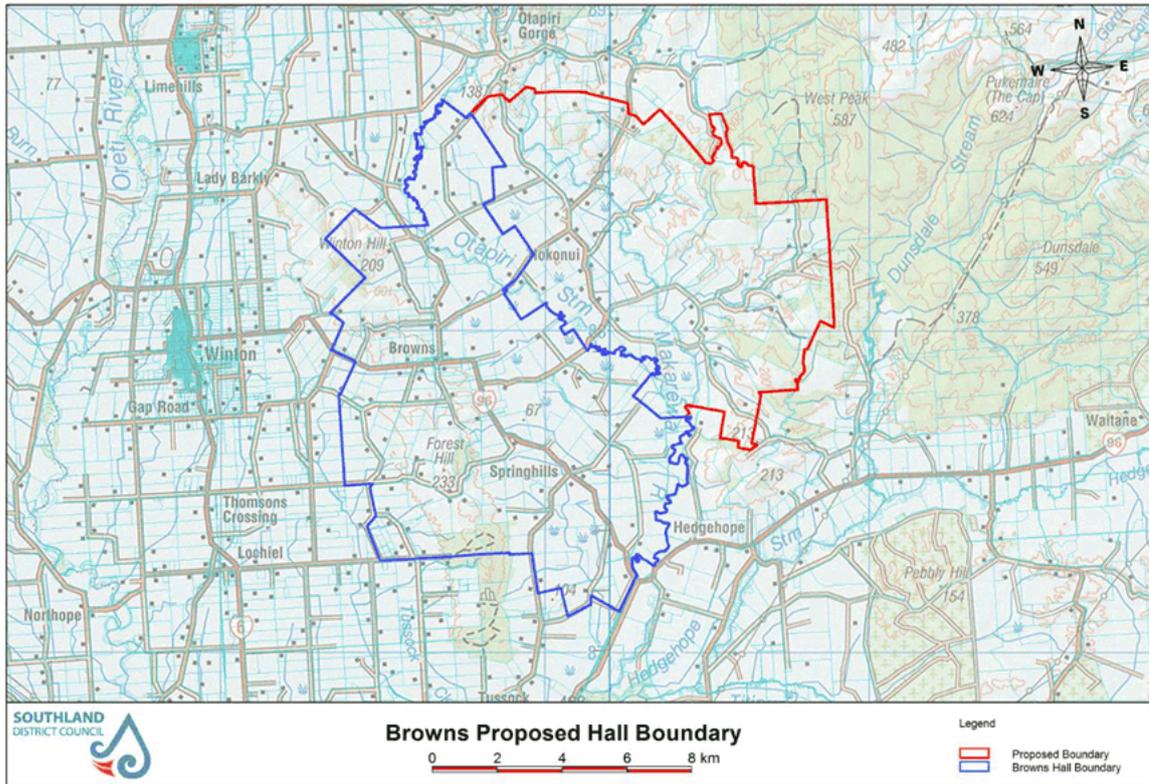


Hall rating areas and hall sites

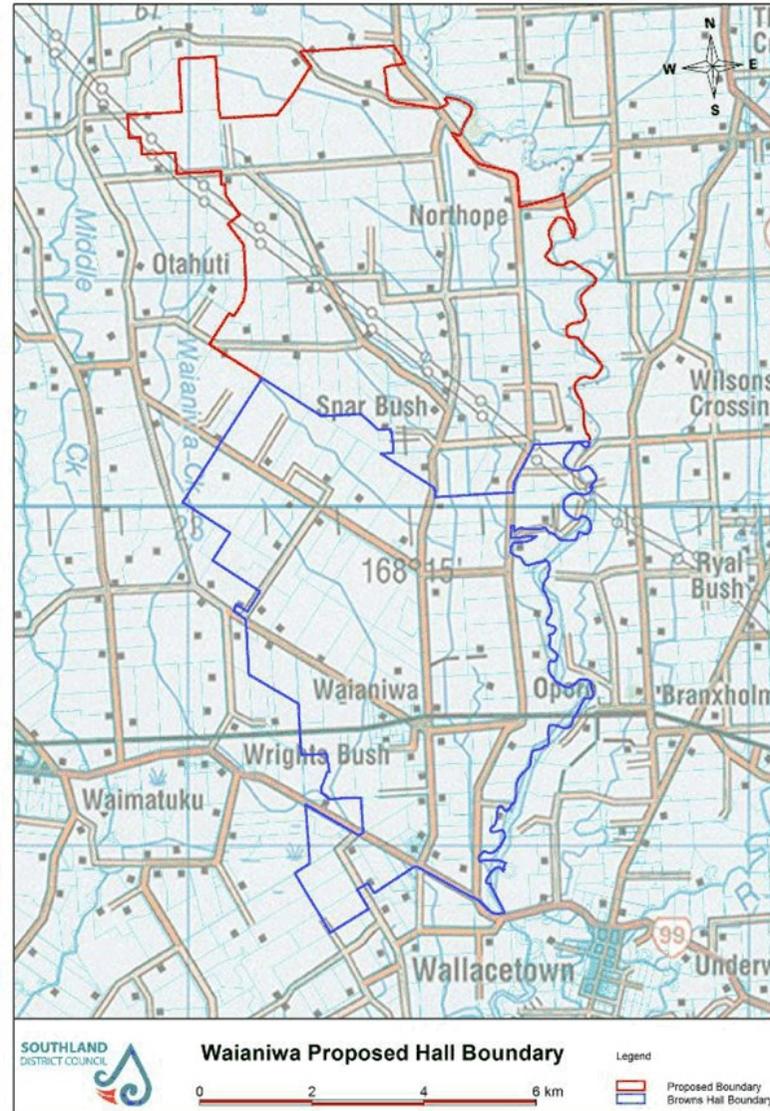
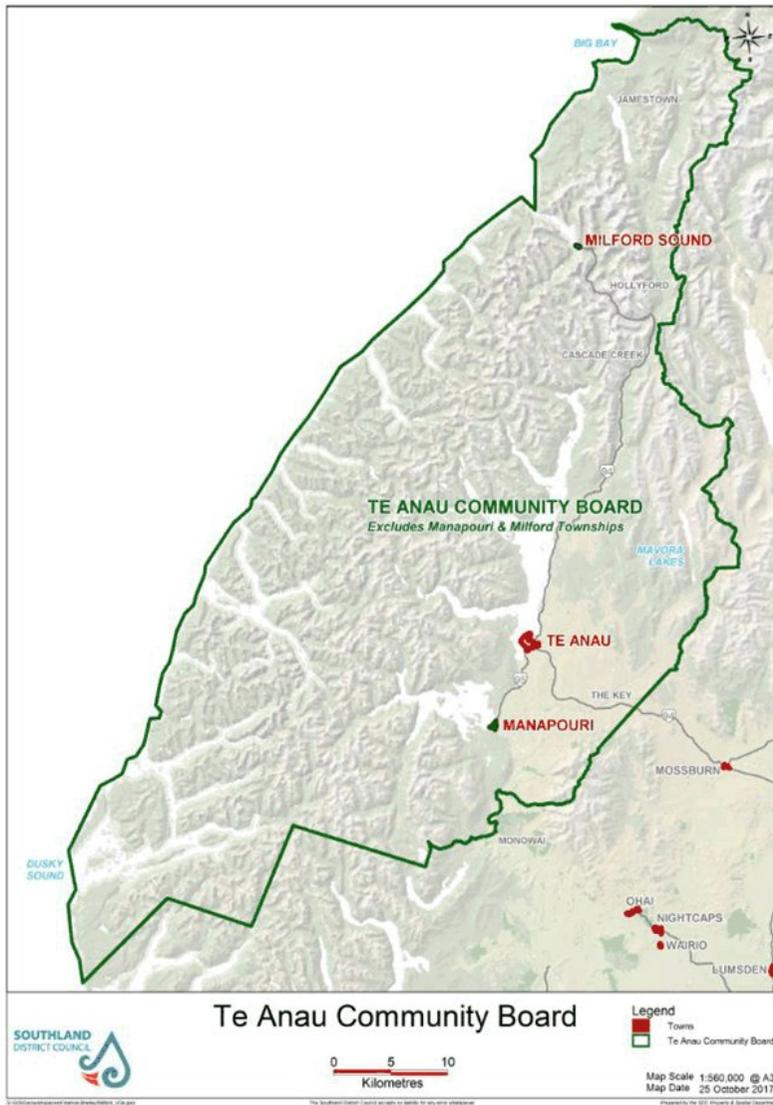








Item 7.2 Attachment D



Targeted rate funding of sewerage and treatment and disposal of sewerage survey of 24 local authorities

Local Authority	Calculation of rate for connected property	Charge for connectable property	Charge for multiple pans(non-residential only)
Ashburton DC	Fixed amount per SUIP	50% of the connected rate	33% of the connected charge beyond the third pan applies to Ashburton, Methven and Rakaia
Auckland CC	Fixed charge per meter (through Watercare Services)	-	-
Carterton DC	Fixed amount per SUIP	50% of the connected rate	Charge for every pan beyond the first
Clutha DC	<ol style="list-style-type: none"> <li>District Upgrade support - used to investigate new and improving schemes</li> <li>Fixed amount per scheme per SUIP</li> <li>Loan Rates - used to fund capital cost of certain schemes</li> </ol>		
Far North DC	<ol style="list-style-type: none"> <li>Fixed amount per SUIP per scheme(capital)</li> <li>Fixed amount per SUIP across all schemes (operating)</li> </ol>	100% of the connected rate	60% of the connected charge beyond the second pan (capital and operating)
Gore DC	Fixed amount per SUIP	50% of the connected rate	100% for each beyond the second pan, except for education institutions and short-term accommodation
Grey DC	Fixed amount per SUIP	50% of the connected rate	25% for each beyond second pan for hotels, motels and schools.
Hauraki DC	Fixed amount per rating unit	50% of the connected rate	80% for each beyond the second pan, except for schools (13%), accommodation (40%) and racing/ showgrounds (25%)
Horowhenua DC	Fixed amount per rating unit based on whether property is connected or capable to connect	50% of the connected rate	Differential based on number of pans after 2
Kaipara DC	Fixed amount per SUIP (residential)/ per rating unit (non-residential)	75% of the connected rate	50% for each beyond second pan.
Manawatu DC	<ol style="list-style-type: none"> <li>Fixed amount per pan</li> <li>Volumetric charge (being 80% of the water consumed)</li> </ol>	50% of the connected rate	
Marlborough DC	<ol style="list-style-type: none"> <li>Land value – differential based on location (capital)</li> <li>Fixed amount per SUIP (operation)</li> </ol>		
Masterton DC	<ol style="list-style-type: none"> <li>Fixed amount per SUIP (connected only)</li> <li>Capital value – differential based on</li> </ol>		

Local Authority	Calculation of rate for connected property	Charge for connectable property	Charge for multiple pans(non-residential only)
	land use (connected/connectable)		
Matamata-Piako DC	Fixed amount per pan (except Waharoa)	50% of the connected rate	70-100% of the connected charge beyond the fourth pan
New Plymouth DC	Fixed amount per SUIP		48-83% of the connected rate beyond the second pan
Southland DC	Fixed amount per SUIP	50% of the connected rate	
Tararua DC	Fixed amount per SUIP		33% of connected between 4 and 12
Tasman DC	Fixed amount per pan (operating)		75% of connected charge beyond the first, 50% beyond the tenth
Thames-Coromandel DC	Fixed amount per SUIP	75% of the connected rate	50% of the connected charge beyond the first pan
Timaru DC	Fixed amount per pan		100% of the connected rate beyond the first pan
Waitaki DC	Fixed amount per pan per scheme	50% of the connected rate where applicable	100% of the connected rate beyond the first pan
Wanganui DC	Fixed amount per SUIP (residential)/ per rating unit (non-residential)	50% of the connected rate (smaller schemes only)	50% of the connected rate beyond the first pan
Whangarei DC	Fixed amount per SUIP		65% of the connected rate beyond the first pan

In all cases, the coverage of targeted rate funding is limited to connected properties and in some cases, connectable properties.

Out of the 24 local authorities that set a targeted rate for wastewater, 17 set the rate as either as a fixed amount per SUIP and/or rating unit, two local authorities set the rate as a fixed amount per pan and one sets the rate as a combination of a fixed amount and capital value.

More than half of the local authorities set a rate for connectable properties at 50% of the connected charge. Kaipara and Thames-Coromandel set the rates at 75% of the connected charge and Far North 100% of the connected charge.

In terms of multiple pans, seven local authorities do not charge at all, three local authorities set a charge at 100% of the connected charge. The remaining 12 local authorities set a charge at below 100%, with a number setting a charge between 33 to 83% of the connected amount. Six of the local authorities charge for each pan, whereas eleven local authorities charge for the third and beyond number of pans.

## Extract Part 6 Local Government Act 2002

Part 6 s 102 Local Government Act 2002 Reprinted as at  
1 July 2017

**102 Funding and financial policies**

- (1) A local authority must, in order to provide predictability and certainty about sources and levels of funding, adopt the funding and financial policies listed in subsection (2).
- (2) The policies are—
  - (a) a revenue and financing policy; and
  - (b) a liability management policy; and
  - (c) an investment policy; and
  - (d) a policy on development contributions or financial contributions; and
  - (e) a policy on the remission and postponement of rates on Māori freehold land; and
  - (f) in the case of a unitary authority for a district that includes 1 or more local board areas, a local boards funding policy.
- (3) A local authority may adopt either or both of the following policies:
  - (a) a rates remission policy;
  - (b) a rates postponement policy.
- (4) A local authority—
  - (a) must consult on a draft policy in a manner that gives effect to the requirements of section 82 before adopting a policy under this section;
  - (b) may amend a policy adopted under this section at any time after consulting on the proposed amendments in a manner that gives effect to the requirements of section 82.
- (5) However, subsection (4) does not apply to—
  - (a) a liability management policy;
  - (b) an investment policy.

Section 102: substituted, on 27 November 2010, by section 19 of the Local Government Act 2002 Amendment Act 2010 (2010 No 124).

Section 102(2)(e): amended, on 8 August 2014, by section 37(1) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Section 102(2)(f): inserted, on 8 August 2014, by section 37(2) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Section 102(4): replaced, on 8 August 2014, by section 37(3) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

**103 Revenue and financing policy**

- (1) A policy adopted under section 102(1) must state—
  - (a) the local authority's policies in respect of the funding of operating expenses from the sources listed in subsection (2); and
  - (b) the local authority's policies in respect of the funding of capital expenditure from the sources listed in subsection (2).

108

Reprinted as at  
1 July 2017

Local Government Act 2002

Part 6 s 104

- (2) The sources referred to in subsection (1) are as follows:
- (a) general rates, including—
    - (i) choice of valuation system; and
    - (ii) differential rating; and
    - (iii) uniform annual general charges:
  - (b) targeted rates:
  - (ba) lump sum contributions:
  - (c) fees and charges:
  - (d) interest and dividends from investments:
  - (e) borrowing:
  - (f) proceeds from asset sales:
  - (g) development contributions:
  - (h) financial contributions under the Resource Management Act 1991:
  - (i) grants and subsidies:
  - (j) any other source.
- (3) A policy adopted under section 102(1) must also show how the local authority has, in relation to the sources of funding identified in the policy, complied with section 101(3).
- (4) If a local authority amends its revenue and financing policy under section 93(4), only a significant amendment to the policy is required to be audited in accordance with sections 93D(4) and 94.

Compare: 1974 No 66 s 122O

Section 103(1): amended, on 27 November 2010, by section 20(1) of the Local Government Act 2002 Amendment Act 2010 (2010 No 124).

Section 103(2)(ba): inserted, on 28 June 2006, by section 15(4) of the Local Government (Rating) Amendment Act 2006 (2006 No 28).

Section 103(3): amended, on 27 November 2010, by section 20(2) of the Local Government Act 2002 Amendment Act 2010 (2010 No 124).

Section 103(4): added, on 27 November 2010, by section 20(3) of the Local Government Act 2002 Amendment Act 2010 (2010 No 124).

Section 103(4): amended, on 8 August 2014, by section 75 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).



## ACTIVITY FUNDING NEEDS ANALYSIS

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## INTRODUCTION

In determining how activities are funded the Council is obliged to share the costs of delivering services across different users including across generations. In deciding how to fund each activity, the Council takes into account:

- **Community Outcomes** - Community Outcomes are defined under the Local Government Act 2002 as “*the outcomes that a local authority aims to achieve in meeting the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions*”. The contribution that each activity makes to Outcomes is assessed. This assessment takes into account the relevance of the activity to the Outcomes as a whole, the number and range of Outcomes it contributes to and the strength of its contribution towards the Outcomes overall.
- **The beneficiary pays principles** - the distribution of benefits between the community as a whole, identifiable parts of the community and individuals,
- **The intergenerational equity principle** - the period during which the benefits are expected to occur,
- **The exacerbator pays principle** - the extent to which actions, or inactions, of individuals or groups contribute to the need to undertake the activity, and
- The costs and benefits of **funding the activity distinctly** from other activities.

After making these individual activity considerations, the Council also considers the overall impact of any allocation of liability for revenue needs on the community. The decisions that it has made about revenue liability on an activity-by-activity basis have been reviewed taking into account the wider impacts on the community as a whole. In undertaking this assessment Council have considered the legislative requirements around the maximum rates collected via targeted rates (30%) and the impact increasing the cap has on residential ratepayers in small urban communities. Council have also compared average rates and household income levels across communities to understand affordability in the district. This analysis resulted in Council reviewing the share of the activities funded by the general rate and the Uniform Annual General Charge (UAGC) component of the General Rate. Council have reduced the funding of District Development and Representation and Advocacy activities from 100% UAGC to 75%, with the remainder being funded from the general rate. This has assisted in reducing the level of targeted rates to address affordability and shift a portion of the rates burden to those with a better ability to pay.

For operational expenditure, funding portions contributing to each activity are expressed as ranges, from low to high. These ranges equate to the following percentages:

Low:	0-33 percent
Medium:	34-66 percent
High:	67-100 percent.

Capital expenditure funding contributions are identified. The proportion of capital costs funded from each source will vary depending upon the nature of each capital works project.

## COMMUNITY SERVICES

### 1. Community Assistance

Council provides funding for scholarships, grants and donations so that District residents have access to community based grant funding and to help finance cultural, social and recreational services. The Council runs work schemes, which provide people who have been sentenced to community service with the opportunity to work on a range of 'public good' projects throughout the Southland District. In particular, the scheme provides people who have been sentenced to community service with a way of completing their sentences.

#### Community Outcomes

The Community Assistance activity primarily contributes to the Council outcome **Proud Connected Communities** and **Resilient Communities**. Through providing financial assistance the activity contributes to these outcomes by empowering and providing support for community groups and individuals to undertake their activities.

#### Who Benefits

These benefits are distributed around the community, such as to individuals (sponsorship recipients), and sports, recreational and other groups. There is also benefit to the wider community, as grants generally support activities where there is a broader benefit. Individuals on courses also experience a benefit.

#### Period of Benefit

The period of benefit varies between projects, but is often lengthy, particularly where community facilities are built, or a scholarship is granted. Strengthening communities also has a long-term benefit.

#### Who Creates Need

Individual groups of the community create the need for this activity by seeking assistance.

#### Separate Funding

The majority of this activity is rated for alongside other development and promotion activity, including the community development activity. These activities have similar outcomes. All of the activities have widespread benefits across the District, and there is little additional benefit to be gained from separately rating the activity.

#### **How will the activity be funded in the Long Term Plan 2018-2028?**

**Operating expenditure** will be funded as shown:

	Funding portion
General Rates	High
Targeted Rates	Low
Fees and Charges	
Interest and Dividends from Investments	
Grants and Subsidies	Low
Fines, infringement fees, local authority fuel tax and any other source	Low

Summary of appropriate funding sources for operating expenditure

The District-wide programmes for community assistance development are best funded by the General Rate, which recognises the broader benefits to the District as a whole.

**Capital expenditure** will be funded as shown:

	ILOS and Renewal	Additional Capacity
General and Targeted Rates (including depreciation)	Yes	No
Lump Sum Contributions	No	No
Fees and Charges	No	No
Interest and Dividends from Investments	No	No
Borrowing	Yes	Yes
Proceeds from asset sales	Yes	No
Development Contributions	No	No
Financial Contributions	No	No
Grants and Subsidies	No	No
Reserves	Yes	Yes
Other sources	Yes	Yes

Summary of appropriate funding sources for capital expenditure

Capital expenditure that replaces existing assets or increases the level of service, benefits existing ratepayers. Capital expenditure that provides additional capacity benefits future ratepayers. The Council's funding decision on capital expenditure will therefore reflect this split of benefits between existing and new ratepayers. Funding by borrowing provides intergenerational equity by ensuring that future users pay a share of the cost of assets.

Funding for capital expenditure by the General Rate reflects the intentions of the Council to ensure that everyone in the District benefits from providing Community Assistance.

Some types of special reserves and/or retained earnings will be used to fund capital expenditure as appropriate. These will be used only for the purpose for which they were collected. Use of depreciation reserves reflects the inevitable deterioration of assets over time, and the need to set aside funds for their replacement when required.

**2. Parks and Reserves**

The Parks and Reserves activity involves providing and maintaining areas of beautification and parks and reserves. Beautification includes plantings, garden plots and hanging baskets, mowing of grassed areas and having trees and hedges. Parks and reserves also include areas such as walking tracks, green spaces, playgrounds and sportsfields.

### Community Outcomes

Parks and Reserves primarily contribute to the Council outcome **Proud Connected Communities** and **Resilient Communities**. The activity contributes to these outcomes by enhancing the visual appeal of townships and providing safe well maintained areas for people to relax, socialise or participate in recreation and sporting activities. Parks and Reserves contribute to the social and economic well-being of the community and make the District a more desirable place to live and visit.

### Who Benefits

Local communities where reserves and open spaces are located are the primary beneficiaries as they have the best access. The community as a whole also benefits from having an appropriate reserve network available across the District.

### Period of Benefit

The Council is committed to providing open spaces to its communities and continues to add to its stock of reserves land as appropriate. The life of a park or reserve is extensive, though the gardens and/or playground equipment require regular maintenance. Council will continue to provide parks and reserves for the foreseeable future.

### Who Creates Need

This activity is required under the Reserves Act 1977. There is widespread demand from across the community for the provision of open spaces and reserves. A number of user groups and individuals can be seen as having a particular interest in the activity.

### Separate Funding

The activity is rated for separately via a Targeted Rate as this enhances transparency for local ratepayers. However, a General Rate will be applied to Council facilities which benefit the District as a whole. Furthermore, a user pays system may impede access and is not always practicable.

### **How will the activity be funded in the Long Term Plan 2018-2028?**

**Operating expenditure** will be funded as shown:

	Funding portion
General Rates	Low
Targeted Rates	High
Fees and Charges	Low
Interest and Dividends from Investments	
Grants and Subsidies	
Fines, infringement fees, local authority fuel tax and any other source	

Summary of appropriate funding sources for operating expenditure

This activity is funded mostly by a Local Targeted rate reflecting the availability of Parks and Reserves to everyone in local communities. A General Rate is collected for Parks and Reserves outside local targeted areas and/or that has significance for the District. Fees and charges may apply where groups enjoy exclusive use to Parks and Reserves at certain times. These vary between grounds and over time.

**Capital expenditure** will be funded as shown:

	ILOS and Renewal	Additional Capacity
General and Targeted Rates (including depreciation)	Yes	No
Lump Sum Contributions	No	No
Fees and Charges	No	No
Interest and Dividends from Investments	No	No
Borrowing	Yes	Yes
Proceeds from asset sales	No	No
Development Contributions	No	Yes
Financial Contributions	No	Yes
Grants and Subsidies	Yes	Yes
Reserves	Yes	Yes
Other sources	No	No

Summary of appropriate funding sources for capital expenditure

Capital expenditure that replaces existing assets or increases the level of service benefits existing ratepayers. Capital expenditure that provides additional capacity benefits future ratepayers. The Council's funding decision on capital expenditure will therefore reflect this split of benefits between existing and new ratepayers. Funding by borrowing provides intergenerational equity by ensuring that future users pay a share of the cost of assets.

Funding for capital expenditure by the Targeted rate reflects the intentions of the Council to ensure that everyone in the Local Communities benefit from providing Parks and Reserves. As and when they become available, Grants and Subsidies are used to maintain and replace assets.

Development and financial contributions are used for funding the additional capacity portion of capital projects and effects mitigation associated with new developments. New development may be required to pay development or financial contributions for open spaces.

Capital expenditure for additional capacity can provide benefits for both new development arriving in the Long Term Plan period and future development arriving after that. The Council considers it appropriate to recover the costs associated with this expenditure over the time period in which the growth is occurring.

Some types of special reserves and/or retained earnings will be used to fund capital expenditure as appropriate. These will be used only for the purpose for which they were collected.

Use of depreciation reserves reflects the inevitable deterioration of assets over time, and the need to set aside funds for their replacement when required.

### 3. Cemeteries

The Cemeteries activity involves providing burial and interment facilities for the 21 cemeteries administered by the Council. The activity also involves ensuring interments are carried out to an acceptable standard, cemetery grounds are maintained and accurate records of interments are kept.

#### Community Outcomes

Cemeteries primarily contribute to the Council outcome of **Proud Connected Communities**. The activity contributes to this outcome by ensuring our communities are healthy and by providing appropriate facilities where family and friends can remember others. This activity also has the secondary outcome of contributing to **Resilient Communities**, as it provides a record of a community's history and heritage for people interested in their ancestry.

#### Who Benefits

The estate and family of deceased persons, residents, and the public at large benefit from the provision of cemeteries.

#### Period of Benefit

The historical value of cemeteries is long term, though access to the historical records would deteriorate over time without ongoing activity. The activity must be ongoing to ensure public health benefits.

#### Who Creates Need

People in the District create this need. This activity is a requirement of the Burial and Cremation Act 1964.

#### Separate Funding

There would be no benefit in funding this activity separately from other activities except that the funding would be easier to distinguish from that of other activities. There would, however, be an increased cost in collecting it separately. The actual rating mechanisms used will be amalgamated with other activities to reduce collection costs. Funding is from Targeted Rates in the local areas of service.

#### **How will the activity be funded in the Long Term Plan 2018-2028?**

**Operating expenditure** will be funded as shown:

	Funding portion
General Rates	
Targeted Rates	Med
Fees and Charges	Med
Interest and Dividends from Investments	
Grants and Subsidies	Low
Fines, infringement fees, local authority fuel tax and any other source	

Summary of appropriate funding sources for operating expenditure

This activity is funded mostly by Fees and Charges reflecting that the main benefit is experienced by the user of the service. However, there is benefit to the local area in a well maintained cemetery, both in terms of maintaining its historical value, and amenity values. Therefore the remaining maintenance costs are funded by the local community via a Targeted Rate.

**Capital expenditure** will be funded as shown:

	ILOS and Renewal	Additional Capacity
General and Targeted Rates (including depreciation)	Yes	No
Lump Sum Contributions	No	No
Fees and Charges	No	No
Interest and Dividends from Investments	No	No
Borrowing	Yes	Yes
Proceeds from asset sales	No	No
Development Contributions	No	No
Financial Contributions	No	Yes
Grants and Subsidies	Yes	No
Reserves	Yes	Yes
Other sources	No	No

Summary of appropriate funding sources for capital expenditure

Capital expenditure that replaces existing assets or increases the level of service benefits existing ratepayers. Capital expenditure that provides additional capacity benefits future ratepayers. The Council's funding decision on capital expenditure will therefore reflect this split of benefits between existing and new ratepayers. Funding by borrowing provides intergenerational equity by ensuring that future users pay a share of the cost of assets.

Funding for capital expenditure by the local targeted rate reflects the intentions of the Council to ensure that everyone enjoys some benefit of providing Cemeteries. As and when they become available, Grants and Subsidies are used to maintain and replace assets.

Some types of special reserves and/or retained earnings will be used to fund capital expenditure as appropriate. These will be used only for the purpose for which they were collected.

Use of depreciation reserves reflects the inevitable deterioration of assets over time, and the need to set aside funds for their replacement when required.

#### 4. Community Facilities

The Community Facilities activity covers Council offices, buildings, community centres and water structures. Buildings include depots, offices, libraries and other miscellaneous buildings.

Water structures include Riverton Harbour wharves, boat ramps, navigation aids and five wharves at Stewart Island. The Council provides 32 individual community centres/halls in the District for use by community groups and individuals. The operation of these halls is generally carried out by individual hall sub-committees, Community Boards or Community Development Area Subcommittees. These groups manage bookings and use of the halls and work with SDC Property staff regarding maintenance of the buildings involved.

##### Community Outcomes

Community Facilities primarily contributes to the Council outcome of **Proud Connected Communities**. The activity contributes to this outcome by enabling communities to be more socially connected, and having healthier more active communities. Community facilities has a secondary outcome, contribution to having **Resilient Communities**. This is achieved by enabling communities to have a stronger local identify and connection, and by fostering the social, cultural and economic wellbeing of our communities.

##### Who Benefits

The large number of people who use community centres and water structures directly benefit from these community facilities, and there is also a wider community benefit to providing these facilities, such as making Southland a desirable place to live, and enabling people to be socially connected.

##### Period of Benefit

The benefits of these facilities will continue to occur into the foreseeable future.

##### Who Creates Need

People who use halls and travel by boat create the need for community facilities, although there is a wider community benefit when people have access to these facilities.

##### Separate Funding

The activity is rated for separately via a Targeted Rate as this enhances transparency for local ratepayers. However, a General Rate will be applied to Council facilities which benefit the District as a whole.

##### **How will the activity be funded in the Long Term Plan 2018-2028?**

**Operating expenditure** will be funded as shown:

	Funding portion
General Rates	Low
Targeted Rates	Med
Fees and Charges	Med
Interest and Dividends from Investments	
Grants and Subsidies	Med
Fines, infringement fees, local authority fuel tax and any other source	

Summary of appropriate funding sources for operating expenditure

This activity is funded mostly by Local Targeted rates which reflects that particular Community Facilities are available to people in specific communities. A General Rate is collected for Community Facilities outside local targeted areas and/or that have significance for the District. Fees and charges may apply where groups enjoy exclusive use to Community Facilities at certain times in recognition of the private benefit that they receive. The level of user pays is limited by the demand for the facilities, affordability, and availability of alternative facilities.

**Capital expenditure** will be funded as shown:

	ILOS and Renewal	Additional Capacity
General and Targeted Rates (including depreciation)	Yes	No
Lump Sum Contributions	No	No
Fees and Charges	No	No
Interest and Dividends from Investments	No	No
Borrowing	Yes	Yes
Proceeds from asset sales	No	No
Development Contributions	No	No
Financial Contributions	No	No
Grants and Subsidies	Yes	Yes
Reserves	Yes	Yes
Other sources	No	No

Summary of appropriate funding sources for capital expenditure

Capital expenditure that replaces existing assets or increases the level of service benefits existing ratepayers. Capital expenditure that provides additional capacity benefits future ratepayers. The Council's funding decision on capital expenditure will therefore reflect this split of benefits between existing and new ratepayers. Funding by borrowing provides intergenerational equity by ensuring that future users pay a share of the cost of assets.

Funding for capital expenditure by the local targeted rate reflects the intentions of the Council to ensure that everyone within the local community enjoys some benefit of providing Community Facilities. As and when they become available, Grants and Subsidies are used to maintain and replace assets.

Some types of special reserves and/or retained earnings will be used to fund capital expenditure as appropriate. These will be used only for the purpose for which they were collected.

Use of depreciation reserves reflects the inevitable deterioration of assets over time, and the need to set aside funds for their replacement when required.

## 5. Community Housing

Council has 69 individual housing units available for rental in Edendale, Lumsden, Nightcaps, Ohai, Otautau, Riversdale, Riverton, Tuatapere, Winton and Wyndham. These units are let primarily to those persons who receive national superannuation. The units are inexpensive and the small size suits those that are unable to maintain large properties. Rents from tenants are used to maintain and upgrade the units as required.

### Community Outcomes

Community Housing primarily contributes to the Council outcome of **Proud Connected Communities**. The activity contributes to this outcome by providing good quality affordable housing to a group with specific needs and by allowing people, where possible, to remain socially connected, living in their local community.

Community Housing also has a secondary outcome, contributing to having **Resilient Communities**. This is achieved by contributing to the social wellbeing of communities and by fostering a strong local identity and connection.

### Who Benefits

These benefits are distributed between the tenants, the families of tenants (as the units allow them more freedom) and the community who benefit from having a range of age-groups in their town.

### Period of Benefit

The housing units have a life of approximately 50 years. While Council currently maintains the facilities, decisions on future replacement will be made at the time that the units need to be replaced.

### Who Creates Need

The need is created by the section of the community looking for affordable housing.

### Separate Funding

There would be no benefit in funding the rating portion of this activity separately from other activities except that the funding would be easier to distinguish from that of other activities. There would, however, be an increased cost in collecting the rate separately. The rating mechanisms used to collect these will therefore be amalgamated with other activities to reduce the costs of collection.

Direct user fees and charges are collected from tenants as they are readily identifiable.

### **How will the activity be funded in the Long Term Plan 2018-2028?**

**Operating expenditure** will be funded as shown:

	Funding portion
General Rates	Low
Targeted Rates	
Fees and Charges	High
Interest and Dividends from Investments	
Grants and Subsidies	
Fines, infringement fees, local authority fuel tax and any other source	

Summary of appropriate funding sources for operating expenditure

This activity is funded mostly by Fees and Charges, reflecting that the main benefit is experienced by the user of the service. It is appropriate that some of the costs of this activity are met from the General Rate, rather than rentals, as not all costs relate to individual tenants, for example policy development, responses to central government, and fielding general enquiries.

**Capital expenditure** will be funded as shown:

	ILOS and Renewal	Additional Capacity
General and Targeted Rates (including depreciation)	Yes	No
Lump Sum Contributions	No	No
Fees and Charges	No	No
Interest and Dividends from Investments	No	No
Borrowing	Yes	Yes
Proceeds from asset sales	Yes	No
Development Contributions	No	No
Financial Contributions	No	No
Grants and Subsidies	Yes	No
Reserves	Yes	Yes
Other sources	No	No

Summary of appropriate funding sources for capital expenditure

Capital expenditure that replaces existing assets or increases the level of service benefits existing ratepayers. Capital expenditure that provides additional capacity benefits future ratepayers. The Council's funding decision on capital expenditure will therefore reflect this split of benefits between existing and new ratepayers. Funding by borrowing provides intergenerational equity by ensuring that future users pay a share of the cost of assets.

Some types of special reserves and/or retained earnings will be used to fund capital expenditure as appropriate. These will be used only for the purpose for which they were collected.

Use of depreciation reserves reflects the inevitable deterioration of assets over time, and the need to set aside funds for their replacement when required.

**6. Library Services**

The library service includes 12 local community libraries, spread across the District, a mobile library service, educational programmes and activities and access to a range of library and information resources via the Internet. A reciprocal membership agreement known as the SouthLib consortium gives all residents reciprocal membership to any library in the lower South Island. The provision of library services is considered a core service of local government.

Community Outcomes

The Library Service activity primarily contributes to the Council outcome **Proud Connected Communities**. The activity contributes to this outcome by providing

people with quality places to enjoy reading, listening, viewing and interacting. This enables people to have better access to information, to have better connections to history and local identity, to be more socially connected, and it makes the District a more desirable place to live and visit. Library Services also contributes to a secondary outcome of promoting **Resilient Communities**, by fostering the social and cultural wellbeing of communities, and having better history and heritage preservation.

#### Who Benefits

Individuals who use the library benefit from this service, as does the community as a whole, through spill over benefits. All people in the District are able to use libraries through online services.

#### Period of Benefit

The benefits to individuals in accessing information and learning are long term. The life of the assets (books, computers etc) varies.

#### Who Creates Need

Library members and other users are the primary driver of the need to undertake this activity.

#### Separate Funding

There would be no benefit in funding the rating portion of this activity separately from other activities except that the funding would be easier to distinguish from that of other activities. There would however, be an increased cost in collecting the rate separately. The rating mechanisms used to collect these will therefore be amalgamated with other activities to reduce the costs of collection.

#### **How will the activity be funded in the Long Term Plan 2018-2028?**

**Operating expenditure** will be funded as shown:

	ILOS and Renewal	Additional Capacity Funding portion
General Rates		High
Targeted Rates		
Fees and Charges		Low
Interest and Dividends from Investments		
Grants and Subsidies		
Fines, infringement fees, local authority fuel tax and any other source		Low

#### Summary of appropriate funding sources for operating expenditure

The low proportion of fees and charges reflects the benefit to individuals of this activity but recognises the limits to the extent that a contribution can be obtained from this funding source. The funding obtained from the General Rate recognises the public benefits of libraries and that they are available to everyone in the District and takes account of affordability concerns. This funding arrangement is seen as the most equitable way of ensuring most people can access the library at little or no charge, which is considered to be important for this activity.

**Capital expenditure** will be funded as shown:

	ILOS and Renewal	Additional Capacity
General and Targeted Rates (including depreciation)	Yes	No
Lump Sum Contributions	No	No
Fees and Charges	No	No
Interest and Dividends from Investments	No	No
Borrowing	Yes	Yes
Proceeds from asset sales	Yes	No
Development Contributions	No	No
Financial Contributions	No	No
Grants and Subsidies	No	No
Reserves	Yes	Yes
Other sources	No	No

Summary of appropriate funding sources for capital expenditure

Capital expenditure that replaces existing assets or increases the level of service benefits existing ratepayers. Capital expenditure that provides additional capacity benefits future ratepayers. The Council's funding decision on capital expenditure will therefore reflect this split of benefits between existing and new ratepayers. Funding by borrowing provides intergenerational equity by ensuring that future users pay a share of the cost of assets.

Funding for capital expenditure by the General Rate reflects the intention of the Council to ensure that everyone enjoys and has availability to all of the District libraries.

Some types of special reserves and/or retained earnings will be used to fund capital expenditure as appropriate. These will be used only for the purpose for which they were collected.

Use of depreciation reserves reflects the inevitable deterioration of assets over time, and the need to set aside funds for their replacement when required.

**7. Public Toilets**

The Council provides and maintains 70 public conveniences and six dump stations across the District. These facilities are located along key travel routes and at strategic locations such as reserves, beaches, playgrounds and other public gathering places. Most toilets are standalone, however, some are provided in conjunction with other locally owned buildings like garages.

Community Outcomes

Public conveniences primarily contributes to the Council outcome **Proud Connected Communities**. The activity contributes to this outcome by providing facilities to appropriately deal with human waste from visitors and residents. This facilitates having healthy communities and enabling people to enjoy the natural environment. Public Conveniences also contributes to a secondary outcome of **Resilient Communities** in the District by having a sustainable approach to the environment, and by fostering social wellbeing.

Who Benefits

Public conveniences benefit residents and visitors through the provision of facilities, as well as the broader public through public health benefits.

Period of Benefit

The life of individual facilities varies, but is around 20 to 40 years.

Who Creates Need

Visitors to the District and people living in the District, create the need for these facilities.

Separate Funding

There would be no benefit in funding the rating portion of this activity separately from other activities except that the funding would be easier to distinguish from that of other activities. There would however, be an increased cost in collecting the rate separately. The rating mechanisms used to collect these will therefore be amalgamated with other activities to reduce the costs of collection.

**How will the activity be funded in the Long Term Plan 2018-2028?**

**Operating expenditure** will be funded as shown:

	Funding portion
General Rates	High
Targeted Rates	
Fees and Charges	Low
Interest and Dividends from Investments	
Grants and Subsidies	Low
Fines, infringement fees, local authority fuel tax and any other source	

Summary of appropriate funding sources for operating expenditure

The Council considers that this activity benefits the community as a whole by ensuring that the public and visitors have access to Public Toilets. Funding by the General Rate reflects that there is district-wide benefit.

**Capital expenditure** will be funded as shown:

	ILOS and Renewal	Additional Capacity
General and Targeted Rates (including depreciation)	Yes	No
Lump Sum Contributions	No	No
Fees and Charges	No	No
Interest and Dividends from Investments	No	No
Borrowing	Yes	Yes
Proceeds from asset sales	No	No
Development Contributions	No	No
Financial Contributions	No	No
Grants and Subsidies	Yes	Yes
Reserves	Yes	Yes

	ILOS and Renewal	Additional Capacity
Other sources	No	No

Summary of appropriate funding sources for capital expenditure

Capital expenditure that replaces existing assets or increases the level of service benefits existing ratepayers. Capital expenditure that provides additional capacity benefits future ratepayers. The Council's funding decision on capital expenditure will therefore reflect this split of benefits between existing and new ratepayers. Funding by borrowing provides intergenerational equity by ensuring that future users pay a share of the cost of assets.

Funding for capital expenditure by the General Rate reflects the public benefit associated with this activity. Some types of special reserves and/or retained earnings will be used to fund capital expenditure as appropriate. These will be used only for the purpose for which they were collected.

Use of depreciation reserves reflects the inevitable deterioration of assets over time, and the need to set aside funds for their replacement when required.

**8. Airports**

The Council owns and manages the Te Anau Airport Manapouri site. The Te Anau Airport Manapouri functions for all aircraft including heavy aircraft and includes a function centre as part of the airport for hire.

Community Outcomes

The Airports activity primarily contributes to the Council outcome **Proud Connected Communities** and **Resilient Communities**. The activity contributes to this outcome by providing a transportation service to local tourism operators, industries and residents. It also provides an alternative transportation option in the event of an emergency. This facilitates the communities being more socially connected and having everything they need to live, work and play. This activity also facilitates the communities' social and economic wellbeing, and it makes Southland a more desirable place to live.

Who Benefits

The Te Anau and Manapouri communities, and visitors to the area, benefit from moving goods and people in and out of the area.

Period of Benefit

The airport facilities deliver long-term benefits.

Who Creates Need

The user of the airport and the local community.

Separate Funding

As there are economic benefits to the ward as a whole, Targeted Rates will make a contribution towards the operating and capital costs. The use of a separate targeted rate enhances the transparency of the cost of the facilities.

**How will the activity be funded in the Long Term Plan 2018-2028?**

**Operating expenditure** will be funded as shown:

	Funding portion
General Rates	
Targeted Rates	High
Fees and Charges	Low
Interest and Dividends from Investments	
Grants and Subsidies	
Fines, infringement fees, local authority fuel tax and any other source	

Summary of appropriate funding sources for operating expenditure

The Council considers that this activity benefits a targeted area of the community surrounding the Airport, as the local residents will be the ones who benefit directly. Funding by the Local Targeted rate reflects that there is local community benefit. There is a small amount of Fees and Charges collected reflecting that those who use the airport should be contributing towards the operating costs. Recoveries from this source are, however, insufficient to cover the full operating costs.

**Capital expenditure** will be funded as shown:

	ILOS and Renewal	Additional Capacity
General and Targeted Rates (including depreciation)	Yes	Yes
Lump Sum Contributions	No	No
Fees and Charges	No	No
Interest and Dividends from Investments	No	No
Borrowing	Yes	Yes
Proceeds from asset sales	No	No
Development Contributions	No	No
Financial Contributions	No	No
Grants and Subsidies	No	No
Reserves	Yes	Yes
Other sources	No	No

Summary of appropriate funding sources for capital expenditure

Capital expenditure that replaces existing assets or increases the level of service benefits existing ratepayers. Capital expenditure that provides additional capacity benefits future ratepayers. The Council's funding decision on capital expenditure will therefore reflect this split of benefits between existing and new ratepayers. Funding by borrowing provides intergenerational equity by ensuring that future users pay a share of the cost of assets.

Funding for capital expenditure by the targeted rate reflects the intention to ensure that those who are receiving the benefit of the Airport contribute towards the Airport activity.

Some types of special reserves and/or retained earnings will be used to fund capital expenditure as appropriate. These will be used only for the purpose for which they were collected.

**9. Electricity Supply**

Stewart Island Electricity Supply Authority (SIESA) is responsible for the generation and supply of electricity to consumers on Stewart Island/Rakiura, the development of renewable power generation and promotion of energy efficiency on Stewart Island/Rakiura. SIESA also undertakes waste collection and operation of the Rakiura Resource Recovery Centre.

Community Outcomes

Electricity Supply primarily contributes to the Council outcome **Proud Connected Communities**. The activity contributes to this outcome by generating and supplying electricity which is essential for business, industry and residential needs. The activity also contributes to a secondary outcome of having **Resilient Communities** by fostering the economic and social wellbeing of people on Stewart Island/Rakiura.

Who Benefits

Residents, businesses, and visitors on Stewart Island/Rakiura benefit from this activity.

Period of Benefit

Solar panels and wind turbines have a life of approximately 20 years, diesel turbines four to six years. The reticulation assets (electricity lines etc) have a life of over 40 years. Reducing dependency on diesel, and increasing renewable energy sources will have long term environmental benefits.

Who Creates Need

Residents, businesses, and visitors on Stewart Island create the need for this activity.

Separate Funding

The beneficiaries are clearly identifiable and have exclusive use of the services and therefore a user pays approach is applied. There is no rating input to this activity.

**How will the activity be funded in the Long Term Plan 2018-2028?**

**Operating expenditure** will be funded as shown:

	Funding portion
General Rates	
Targeted Rates	
Fees and Charges	High
Interest and Dividends from Investments	
Grants and Subsidies	
Fines, infringement fees, local authority fuel tax and any other source	

Summary of appropriate funding sources for operating expenditure

Fees and charges are applied as the users of Electricity are the ones who directly benefit from Council providing this activity and they also create the need.

**Capital expenditure** will be funded as shown:

	ILOS and Renewal	Additional Capacity
General and Targeted Rates (including depreciation)	No	No
Lump Sum Contributions	No	No
Fees and Charges	No	No
Interest and Dividends from Investments	No	No
Borrowing	Yes	Yes
Proceeds from asset sales	Yes	No
Development Contributions	No	No
Financial Contributions	No	No
Grants and Subsidies	No	No
Reserves	Yes	Yes
Other sources	No	No

Summary of appropriate funding sources for capital expenditure

Capital expenditure that replaces existing assets or increases the level of service benefits existing ratepayers. Capital expenditure that provides additional capacity benefits future ratepayers. The Council's funding decision on capital expenditure will therefore reflect this split of benefits between existing and new ratepayers. Funding by borrowing provides intergenerational equity by ensuring that future users pay a share of the cost of assets.

Some types of special reserves and/or retained earnings will be used to fund capital expenditure as appropriate. These will be used only for the purpose for which they were collected.

Use of depreciation reserves reflects the inevitable deterioration of assets over time, and the need to set aside funds for their replacement when required.

## DISTRICT LEADERSHIP

### 1. Representation and Advocacy

The Council encourages decision-making at a range of levels - centrally by the Council and at local levels, through Community Boards, Community Development Area Subcommittees and other Committees. This is to assist, as far as practicable, that those paying for and receiving services are also making the decisions about those services. The Council also seeks input from young people in the District through the Youth Council and supports other representative groups such as the Milford Community Trust.

The Council also plays a strong advocacy role in representing local interest by way of submissions, deputations and lobbying to regional and central government and other relevant agencies. The Council is proactive in ensuring there is appropriate representation on national working parties and organisations so that a southern and/or rural voice is heard. Key aspects of the activity include three-yearly elections for the Mayor, Councillors, Community Boards and Community Development Area Subcommittees and six-yearly representation reviews to determine the representation structure.

#### Community Outcomes

Representation and Advocacy primarily contributes to the Council outcome **Proud Connected Communities** and **Resilient Communities**. The activity contributes to these outcomes by empowering and enabling local people (via Community Boards, Community Development Area Subcommittees, Water Supply Committees and Hall Committees) to make decisions regarding the facilities and services where they live and to plan for the future.

#### Who Benefits

The whole community benefits from this activity, including residents and ratepayers. It ensures people can have input to establishing the policies of Council, and there is representation from the different communities of interest.

#### Period of Benefit

The benefits generally occur within the immediate period in which the service is delivered. Advocacy on specific issues may, however, have long term benefits for the community.

#### Who Creates Need

Much of this activity is required under the Local Government Act 2002. No particular actions or inactions drive the need to carry out this activity other than the overall demand for democratic representation.

#### Separate Funding

There would be no benefit in funding this activity separately from other activities except that the funding would be easier to distinguish from that of other activities. There would, however, be an increased cost in collecting it separately. The actual rating mechanisms used will be amalgamated with other activities to reduce collection costs.

**How will the activity be funded in the Long Term Plan 2018-2028?**

**Operating expenditure** will be funded as shown:

	Funding portion
General Rates	High
Targeted Rates	Low
Fees and Charges	
Interest and Dividends from Investments	
Grants and Subsidies	Low
Fines, infringement fees, local authority fuel tax and any other source	

**Summary of appropriate funding sources for operating expenditure**

The Mayor and Councillors role is to provide leadership and make decisions affecting the District on behalf of all residents and ratepayers. As such, the Council considers that this part of the activity should be funded by the General Rate. Costs of the Community Boards and Community Development Area Subcommittees are funded from local targeted rates.

**Capital expenditure** will be funded as shown:

	ILOS and Renewal	Additional Capacity
General and Targeted Rates (including depreciation)	Yes	No
Lump Sum Contributions	No	No
Fees and Charges	No	No
Interest and Dividends from Investments	No	No
Borrowing	Yes	Yes
Proceeds from asset sales	Yes	No
Development Contributions	No	No
Financial Contributions	No	No
Grants and Subsidies	No	No
Reserves	Yes	Yes
Other sources	No	No

**Summary of appropriate funding sources for capital expenditure**

Capital expenditure that replaces existing assets or increases the level of service benefits existing ratepayers. Capital expenditure that provides additional capacity benefits future ratepayers. The Council's funding decision on capital expenditure will therefore reflect this split of benefits between existing and new ratepayers. Funding by borrowing provides intergenerational equity by ensuring that future users pay a share of the cost of assets.

Funding for capital expenditure by General Rate is based on the same rationale as that for operational expenditure.

Use of depreciation reserves reflects the inevitable deterioration of assets over time, and the need to set aside funds for their replacement when required.

**2. Community Futures**

Council supports collaborative partnerships with the community and key agencies/stakeholders in the District that add value to its communities.

This includes Council's investment in community partnerships, community and economic development and providing quality visitor experiences, both for the district and the Southland region as a whole.

In conjunction with other Southland Councils, Council also supports the Southland Regional Development Strategy that outlines an Action Plan for moving the regional development activity forward.

Council also collect a Stewart Island/Rakiura Visitor Levy which is used to better provide services, facilities, and amenities for Island visitors.

Community Outcomes

Community Futures primarily contributes to the Council outcomes of **Proud Connected Communities** and **Resilient Communities**. The activity contributes to these outcomes by enhancing the quality of life for people in the District, and by helping ensure the Southland District is made up of strong communities that take a sustainable approach to social and economic wellbeing.

Who Benefits

All of the people in the District benefit from the Community Futures activity, including business, community groups, agencies and visitors.

Period of Benefit

Many of the Community Futures activities will have a lasting benefit, particularly where they empower communities to plan for the future and where they are facilitating infrastructure development.

Who Creates Need

All businesses, individuals, agencies and visitors in the District create the need for the activity.

Separate Funding

Some projects do have benefits for individuals, or defined groups. However as a whole, Community Futures activities directly benefit a wide range of individuals and groups, and there are strong spill over benefits from economic development and stronger communities for the District as a whole.

A full user pays system would not be affordable for vulnerable groups in our community, and would be inconsistent with the overall purpose of advancing development of the district and region as a whole.

Stewart Island/Rakiura Visitor Levy funding is separate from all other Council activities.

**How will the activity be funded in the Long Term Plan 2018-2028?**

**Operating expenditure** will be funded as shown:

Funding portion
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General Rates	High
Targeted Rates	
Fees and Charges	Low
Interest and Dividends from Investments	
Grants and Subsidies	Low
Fines, infringement fees, local authority fuel tax and any other source	Low

#### Summary of appropriate funding sources for operating expenditure

The Council considers that this activity benefits the community as a whole by ensuring community partnerships and economic and visitor development across the District. Funding by the General Rate reflects that there is district-wide benefit.

Capital expenditure - no capital expenditure funding is required for this activity.

### 3. District Support

District Support covers the operation of eight offices as a first point of contact for residents and ratepayers. The main office is located in Invercargill and Area Offices are located in Lumsden, Oban, Otautau, Riverton, Te Anau, Winton and Wyndham. Many of Council's services are provided through the office staff, including general enquiries, receiving payments, rate rebate applications, dog registrations, fire permits, interments, requests for service and licensing. Staff provide secretarial support for Community Boards, Community Development Area Subcommittees, Committees of Council and other CCOs. All of the Area Offices, except the Invercargill, Te Anau and Stewart Island Offices are co-located with local libraries, in line with Council's 'one stop shop' concept.

#### Community Outcomes

District Support primarily contributes to the Council outcome of **Proud Connected Communities**.

The activity contributes to this outcome, as providing local offices throughout the District is more responsive to people's needs.

#### Who Benefits

All of the people in the District, including ratepayers and residents who live in the areas around each office, benefit from District Support. Benefits are also received by the organisations that Council acts as an agent for, or provide accommodation for.

#### Period of Benefit

Benefits from this activity only last as long as the services are provided.

#### Who Creates Need

All of the people in the District create the need for this activity. Elements of this activity are also required under the Local Government Act 2002, such as support for Community Boards. The need for this activity is also driven by the large area serviced by the Southland District Council.

#### Separate Funding

There would be no benefit in funding this activity separately from other activities except that the funding would be easier to distinguish from that of other activities.

There would, however, be an increased cost in collecting it separately. The actual rating mechanisms used will be amalgamated with other activities to reduce collection costs.

**How will the activity be funded in the Long Term Plan 2018-2028?**

**Operating expenditure** will be funded as shown:

	Funding portion
General Rates	High
Targeted Rates	Low
Fees and Charges	
Interest and Dividends from Investments	
Grants and Subsidies	Low
Fines, infringement fees, local authority fuel tax and any other source	Low

Summary of appropriate funding sources for operating expenditure

The Council considers that this activity benefits the community as a whole and that it is therefore appropriate that it is funded via the General Rate.

**Capital expenditure** will be funded as shown:

	ILOS and Renewal	Additional Capacity
General and Targeted Rates (including depreciation)	Yes	No
Lump Sum Contributions	No	No
Fees and Charges	No	No
Interest and Dividends from Investments	No	No
Borrowing	Yes	Yes
Proceeds from asset sales	Yes	No
Development Contributions	No	No
Financial Contributions	No	No
Grants and Subsidies	No	No
Reserves	Yes	Yes
Other sources	No	No

Summary of appropriate funding sources for capital expenditure

Capital expenditure that replaces existing assets or increases the level of service benefits existing ratepayers. Capital expenditure that provides additional capacity benefits future ratepayers. The Council's funding decision on capital expenditure will therefore reflect this split of benefits between existing and new ratepayers. Funding by borrowing provides intergenerational equity by ensuring that future users pay a share of the cost of assets.

Funding for capital expenditure by rates and fees and charges is based on the same rationale as that for operating expenditure. Use of depreciation reserves reflects the inevitable deterioration of assets over time, and the need to set aside funds for their replacement when required.

**4. Corporate Support**

Corporate Support includes Council's strategic planning and policy processes, communication and engagement as well as a portion of internal functions such as people and capability (HR), finance and information management.

Community Outcomes

Corporate Support primarily contributes to the Council outcome **Proud Connected Communities** and **Resilient Communities**. This activity contributes to these outcomes as it ensures that a strategic approach is taken to ensure that people in the District have everything they need, now and in the future. Corporate support also enables the community to engage in decision-making, and it empowers citizens.

Who Benefits

The whole District benefits from long-term and robust plans and activities that meet the needs of the community.

Period of Benefit

The plans have long term implications for Council business, and the community.

Who Creates Need

This activity is a legislative requirement (Local Government Act 2002, Resource Management Act 1991).

Separate Funding

There would be no benefit in funding of this activity separately from other activities except that the funding would be easier to distinguish from that of other activities. There would, however, be an increased cost in collecting it separately. The actual rating mechanisms used will be amalgamated with other activities to reduce collection costs.

**How will the activity be funded in the Long Term Plan 2018-2028?**

**Operating expenditure** will be funded as shown:

	Funding portion
General Rates	High
Targeted Rates	
Fees and Charges	Low
Interest and Dividends from Investments	
Grants and Subsidies	
Fines, infringement fees, local authority fuel tax and any other source	

Summary of appropriate funding sources for operating expenditure

The Council considers that this activity benefits the community as a whole, it is required for all councils via legislation and that it is therefore appropriate that it is funded via the General Rate.

**Capital expenditure** will be funded as shown:

	ILOS and Renewal	Additional Capacity
General and Targeted Rates (including depreciation)	Yes	No
Lump Sum Contributions	No	No
Fees and Charges	No	No
Interest and Dividends from Investments	No	No
Borrowing	Yes	Yes
Proceeds from asset sales	Yes	No
Development Contributions	No	No
Financial Contributions	No	No
Grants and Subsidies	No	No
Reserves	Yes	Yes
Other sources	No	No

Summary of appropriate funding sources for capital expenditure

Capital expenditure that replaces existing assets or increases the level of service benefits existing ratepayers. Capital expenditure that provides additional capacity benefits future ratepayers. The Council's funding decision on capital expenditure will therefore reflect this split of benefits between existing and new ratepayers. Funding by borrowing provides intergenerational equity by ensuring that future users pay a share of the cost of assets.

Funding for capital expenditure by rates and fees and charges is based on the same rationale as that for operating expenditure. Use of depreciation reserves reflects the inevitable deterioration of assets over time, and the need to set aside funds for their replacement when required.

**5. Forestry**

Southland District Council operate a sustainable forestry business, undertaking forestry establishment, silviculture and harvesting. Council aims to successfully grow, harvest and market plantations of forests to provide the best possible return. The provision of a return relates to the maintenance of an alternative income stream to offset rates. The estate is spread across four forests with a total legal area of 1,840 hectares. The majority of the estate is of freehold ownership, and is overseen by a forestry committee made up of elected Councillors.

Community Outcomes

Forestry primarily contributes to the Council outcome **Proud Connected Communities** and it has a secondary outcome of **Resilient Communities**. This activity contributes to these outcomes as it helps make rates more affordable for people in the District – making it a more attractive place to live. The sustainable management approach that is taken also considers the impact on the environment and the wellbeing of our communities in the future.

Who Benefits

The whole District benefits from the Forestry activity.

Period of Benefit

Council's sustainable forestry activity provides benefit over a long period of time. Plantations are typically harvested around 30-40 years after planting, taking into consideration market demand, potential returns etc.

Who Creates Need

In so far that people in the District want affordable rates, all of the people in the District create this need.

Separate Funding

This activity is self-funded. There is no rating input to this activity.

**How will the activity be funded in the Long Term Plan 2018-2028?**

**Operating expenditure** will be funded as shown:

	Funding portion
General Rates	
Targeted Rates	
Fees and Charges	
Interest and Dividends from Investments	
Grants and Subsidies	
Fines, infringement fees, local authority fuel tax and any other source	High

Summary of appropriate funding sources for operating expenditure

Forestry is a long term investment for Council and therefore it is appropriate that the operating costs are funded directly from the proceeds of harvesting.

**Capital expenditure** will be funded as shown:

	ILOS and Renewal	Additional Capacity
General and Targeted Rates (including depreciation)	No	No
Lump Sum Contributions	No	No
Fees and Charges	No	No
Interest and Dividends from Investments	No	No
Borrowing	Yes	Yes
Proceeds from asset sales	Yes	Yes
Development Contributions	No	No
Financial Contributions	No	No
Grants and Subsidies	No	No
Reserves	Yes	Yes
Other sources	No	No

#### Summary of appropriate funding sources for capital expenditure

Forestry assets are a long term investment and Council replant trees as they are harvested to ensure a sustainable revenue stream for the future. Council's funding decision on capital expenditure will depend on the expected harvesting profile of the asset and accordingly if existing or future ratepayers will benefit. Funding by borrowing provides intergenerational equity by ensuring that future users pay a share of the cost of assets.

## EMERGENCY MANAGEMENT

Emergency Management focuses on ensuring that communities are prepared for emergencies and that they are able to respond to and recover from these when they do happen. Specific actions include public education and ensuring a pool of trained personnel. The activity also involves reducing the potential risks which may occur to people and property through lifelines planning and monitoring; and planning for the uncertainty of climate change. The activity is delivered through Emergency Management Southland (EMS), which is a shared service between SDC, ES, ICC and GDC. Governance is undertaken via the Southland Civil Defence and Emergency Management Group Joint Committee.

#### Community Outcomes

Emergency Management primarily contributes to the Council outcomes of **Proud Connected Communities** and **Resilient Communities**. The activity contributes to Proud Connected Communities by establishing plans to ensure people are connected and safe in an emergency. The activity contributes to Resilient Communities by building capacity to effectively prepare, respond to, and recover quickly from emergency events. This includes considering the impact of the environment on the wellbeing of our communities.

#### Who Benefits

Benefits are distributed between those affected by the emergency, ratepayers and the public in general.

#### Period of Benefit

The Council has a statutory obligation to provide Emergency Management services. The benefits will therefore continue to be provided for the foreseeable future.

#### Who Creates Need

This activity is required under the Civil Defence and Emergency Management Act 2002. Not all emergencies are created by human actions or inactions. However, to the extent that people demand a safe living environment, they create a need for the activity.

#### Separate Funding

There would be no benefit in funding the rating portion of this activity separately from other activities, except that the funding would be easier to distinguish from that of other activities. There would however, be an increased cost in collecting the rate separately.

The activity is therefore funded from the General Rate.

**How will the activity be funded in the Long Term Plan 2018-2028?**

**Operating expenditure** will be funded as shown:

	Funding portion
General Rates	High
Targeted Rates	
Fees and Charges	
Interest and Dividends from Investments	
Grants and Subsidies	
Fines, infringement fees, local authority fuel tax and any other source	

Summary of appropriate funding sources for operating expenditure

The primary focus of this activity is to protect people. Although particular groups or areas may benefit more from this activity more than others in any particular emergency situation, the Council has taken the view that this activity protects everyone in the District in the same way that an insurance policy does.

The fairest way is to charge everyone in the District using the General Rate.

Capital expenditure - no capital expenditure funding is required for this activity.

**REGULATORY SERVICES**

**1. Building Control**

The Building Control activity involves the regulation of building work through processing and issuing consents, carrying out inspections and certifying work to ensure that buildings are safe and sanitary. The activity also involves the inspection of amusement devices to ensure they have appropriate barriers and are sited safely. In 2007 Council became an accredited Building Consent Authority and, to remain accredited, the Council is regularly externally audited in terms of its processes and competencies.

Community Outcomes

Building Control primarily contributes to the Council outcome of **Proud Connected Communities**. Building control contributes to this outcome by improving public safety, reducing health risks, improving the standard of living and quality of life.

Building control also contributes to a secondary outcome of **Resilient Communities** by ensuring the buildings are sustainable and by considering the impact of building activities on the environment in the future.

Who Benefits

The benefits are distributed between individual building owners, potential purchasers and all members of the community (who are assured that buildings are constructed to a recognised standard).

Period of Benefit

The Council has a statutory obligation to ensure a function for processing and issuing building consents is available in the District. The benefits of the activity are therefore expected to continue into the foreseeable future. The Council also has a statutory obligation to carry out building enforcement so this component will continue into the foreseeable future.

As buildings often have a life of 50 years, the period of benefit from this activity is extensive.

Who Creates Need

Those involved in construction and renovation, and all members of the community, create the need for this activity; it is also required under the Building Act 2004, the Building Code, and the Machinery Act 1950.

Separate Funding

There would be no benefit in funding the rating portion of this activity separately from other activities except that the funding would be easier to distinguish from that of other activities. There would, however, be an increased cost in collecting it separately.

The actual rating mechanisms used will be amalgamated with other activities to reduce collection costs.

It is practical to collect fees and charges separately as and when the service is required.

Summary

**How will the activity be funded in the Long Term Plan 2018-2028?**

**Operating expenditure** will be funded as shown:

	Funding portion
General Rates	Low
Targeted Rates	
Fees and Charges	High
Interest and Dividends from Investments	
Grants and Subsidies	
Fines, infringement fees, local authority fuel tax and any other source	

Summary of appropriate funding sources for operating expenditure

Although there is a public good element, the major benefit is to the user of the services and hence fees and charges for building consenting are in the high range. The rates portion reflects the public good associated with providing this activity. Funding by a District rate recognises that everybody benefits from a safe building stock in the District. The portion funded by a District rate based on land value also reflects the benefits of the service in relation to the value of properties.

**Capital expenditure** will be funded as shown:

	ILOS and Renewal	Additional Capacity
General and Targeted Rates (including depreciation)	Yes	No

Lump Sum Contributions	No	No
Fees and Charges	Yes	No
Interest and Dividends from Investments	No	No
Borrowing	Yes	No
Proceeds from asset sales	Yes	No
Development Contributions	No	No
Financial Contributions	No	No
Grants and Subsidies	No	No
Reserves	Yes	No
Other sources	No	No

Summary of appropriate funding sources for capital expenditure

Capital expenditure that replaces existing assets or increases the level of service benefits existing ratepayers. Capital expenditure that provides additional capacity benefits future ratepayers. The Council's funding decision on capital expenditure will therefore reflect this split of benefits between existing and new ratepayers. Funding by borrowing provides intergenerational equity by ensuring that future users pay a share of the cost of assets.

Funding for capital expenditure by the General Rate reflects the intentions of the Council to ensure that everyone in the District benefits from providing Building Control.

Use of depreciation reserves reflects the inevitable deterioration of assets over time, and the need to set aside funds for their replacement when required.

**2. Resource Management**

The Resource Management activity involves the development and review of the District Plan (which sets out the objectives, policies and rules and methods for land use and development in the District), monitoring compliance with the District Plan and the processing of resource consent applications.

Community Outcomes

Resource Management primarily contributes to the Council outcomes **Proud Connected Communities** and **Resilient Communities**. The activity contributes to these outcomes as it facilitates people having a good quality of life, and it ensures the sustainable management of natural and physical resources in a way that retains the unique values and character of the District.

Who Benefits

These benefits are distributed between the applicant (who has the legal certainty to proceed with their activity), and the general public (who are assured that the environment is managed).

Period of Benefit

Protecting the environment has long term benefits, but ongoing activity is required in order to maintain these.

Who Creates Need

People undertaking both rural and urban development create the need for this activity, as they use resources including land, and this use needs to be managed in a sustainable manner for the District as a whole. There is also a legal requirement for this activity (Resource Management Act 1991).

Separate Funding

There would be no benefit in funding the rating portion of this activity separately from other activities except that the funding would be easier to distinguish from that of other activities. There would, however, be an increased cost in collecting it separately.

The actual rating mechanisms used will be amalgamated with other activities to reduce collection costs.

It is practical to collect fees and charges separately as and when the service is required.

**How will the activity be funded in the Long Term Plan 2018-2028?**

**Operating expenditure** will be funded as shown:

	Funding portion
General Rates	High
Targeted Rates	
Fees and Charges	Low
Interest and Dividends from Investments	
Grants and Subsidies	
Fines, infringement fees, local authority fuel tax and any other source	

Summary of appropriate funding sources for operating expenditure

As the applicant benefits directly, the applicant should pay for the costs of receiving, processing, hearing and deciding on an application, and also for the full costs of monitoring.

The remaining portion of costs will be funded from the general rate which reflects the Council view that this activity benefits the community as a whole by ensuring that the community continues to develop in a sustainable manner.

**Capital expenditure** will be funded as shown:

	ILOS and Renewal	Additional Capacity
General and Targeted Rates (including depreciation)	Yes	No
Lump Sum Contributions	No	No
Fees and Charges	No	No
Interest and Dividends from Investments	No	No
Borrowing	Yes	No
Proceeds from asset sales	No	No
Development Contributions	No	No
Financial Contributions	No	No
Grants and Subsidies	No	No

Reserves	Yes	No
Other sources	No	No

#### Summary of appropriate funding sources for capital expenditure

Capital expenditure that replaces existing assets or increases the level of service benefits existing ratepayers. Capital expenditure that provides additional capacity benefits future ratepayers. The Council's funding decision on capital expenditure will therefore reflect this split of benefits between existing and new ratepayers. Funding by borrowing provides intergenerational equity by ensuring that future users pay a share of the cost of assets.

Funding for capital expenditure by the General Rate reflects the intentions of the Council to ensure that everyone enjoys the benefits from a well-planned District.

Use of depreciation reserves reflects the inevitable deterioration of assets over time, and the need to set aside funds for their replacement when required.

### 3. **Animal Control**

The Dog and Animal Control service involves registering dogs, investigating complaints about dogs and wandering stock, formulating and enforcing animal control policy on issues relating to animal welfare, other statutory responsibilities such as dealing with nuisance dogs, as well as promoting responsible dog ownership. There are around 13,000 dogs registered in Southland.

#### Community Outcomes

Dog and Animal Control primarily contributes to the Council outcome of **Proud Connected Communities** and it also contributes to the secondary outcome of **Resilient Communities**. The activity contributes to these outcomes by reducing risks to public safety, and by enhancing animal welfare.

#### Who Benefits

The general public and dog owners benefit from this activity.

#### Period of Benefit

Education and enforcement activity has a relatively short period of benefit unless it is ongoing. Benefits of micro-chipping dogs are for the lifetime of the animal (approximately 10 years).

#### Who Creates Need

Animal owners who do not restrain/contain their animals appropriately create the need for this activity. The general public, who have an expectation and desired standard for animal care and control, also create this need.

#### Separate Funding

It is convenient and practical to collect fees and charges for this activity.

Additional costs funded by Council are not significant enough to merit a separate rate and are collected via the General Rate.

#### **How will the activity be funded in the Long Term Plan 2018-2028?**

**Operating expenditure** will be funded as shown:

	Funding portion
General Rates	Low
Targeted Rates	
Fees and Charges	High
Interest and Dividends from Investments	
Grants and Subsidies	Low
Fines, infringement fees, local authority fuel tax and any other source	Low

Summary of appropriate funding sources for operating expenditure

For all components of this activity, fees and charges should be recovered where possible. It is practical to identify and charge dog owners. However, attempting to recover costs from persons creating nuisances with their animals is not practicable.

The remaining components can be funded by the General Rate as the activity is considered to benefit the whole community. The benefits of this portion of the activity, ie, the provision of animal control infrastructure (such as rangers) accrue evenly across the District, as they are a form of nuisance control, and therefore use of uniform annual general charge is appropriate.

**Capital expenditure** will be funded as shown:

	ILOS and Renewal	Additional Capacity
General and Targeted Rates (including depreciation)	Yes	Yes
Lump Sum Contributions	No	No
Fees and Charges	Yes	No
Interest and Dividends from Investments	No	No
Borrowing	Yes	Yes
Proceeds from asset sales	Yes	No
Development Contributions	No	No
Financial Contributions	No	No
Grants and Subsidies	No	No
Reserves	Yes	Yes
Other sources	No	No

Summary of appropriate funding sources for capital expenditure

Capital expenditure that replaces existing assets or increases the level of service benefits existing ratepayers. Capital expenditure that provides additional capacity benefits future ratepayers. The Council's funding decision on capital expenditure will therefore reflect this split of benefits between existing and new ratepayers. Funding by borrowing provides intergenerational equity by ensuring that future users pay a share of the cost of assets.

Funding for capital expenditure by the General Rate reflects the fact that it is not always possible to recover the cost of enforcement activities.

Use of depreciation reserves reflects the inevitable deterioration of assets over time, and the need to set aside funds for their replacement when required.

#### 4. Environmental Health

Environmental Health is concerned with all aspects of the natural and built environment that may affect human health. Key activities include registration and inspection of licensed premises, noise control, alcohol licensing, insanitary conditions, hazardous substances, freedom camping and litter and the regulation of the bylaws relating to the keeping of animals and trading in public places. The activity also undertakes school water and pool testing and provides advice on environmental health, particularly during the resource consent and building consent process. The Council also carries out a range of education and information activities.

##### Community Outcomes

The Environmental Health activity primarily contributes to the Council outcome **Proud Connected Communities**. The activity contributes to this outcome by ensuring that activities that may affect public health are managed in an appropriate and sustainable manner.

##### Who Benefits

###### *Food and Beverage Premise Regulation*

Individuals benefit from knowing that the food and beverages they purchase are from premises that are operating in accordance with current standards, and there are also wider community benefits such as public health and economic impacts.

###### *Nuisance Control*

The control of nuisances including noise, hazardous substances, infectious disease and pests, benefits the wider public.

##### Period of Benefit

Individual initiatives or activities may have only a small period of benefit, however the maintenance of the activity creates a healthy environment that becomes 'business as usual' and so has a level of ongoing benefits.

##### Who Creates Need

Suppliers of food and alcohol create the need for this activity, as their businesses must be monitored.

There is a legal requirement for undertaking this activity (Sale and Supply of Alcohol Act 2012, Health Act 1956, Food Act 2014, Resource Management Act 1991, Hazardous Substances and New Organisms Act 1996, Psychoactive Substances Act 2013 and related regulations and bylaws).

Those responsible for creating nuisances and those dealing with hazardous materials create the need for this activity.

##### Separate Funding

There would be no benefit in funding the rating portion of this activity separately from other activities except that the funding would be easier to distinguish from that of other activities. There would however, be an increased cost in collecting the rate separately. The rating mechanisms used to collect these will therefore be amalgamated with other activities to reduce the costs of collection.

It is more convenient and practical to collect fees and charges separately as and when the service is required.

##### **How will the activity be funded in the Long Term Plan 2018-2028?**

**Operating expenditure** will be funded as shown:

	Funding portion
General Rates	Low
Targeted Rates	
Fees and Charges	High
Interest and Dividends from Investments	
Grants and Subsidies	
Fines, infringement fees, local authority fuel tax and any other source	

Summary of appropriate funding sources for operating expenditure

For all components of this activity, fees and charges should be recovered where possible. It is practical to identify and charge licences. However, attempting to recover costs from persons creating nuisances and infringing bylaws is often not practicable. The remaining components are funded by the General Rate as the activity is considered to benefit the whole community.

**Capital expenditure** will be funded as shown:

	ILOS and Renewal	Additional Capacity
General and Targeted Rates (including depreciation)	Yes	No
Lump Sum Contributions	No	No
Fees and Charges	No	No
Interest and Dividends from Investments	No	No
Borrowing	Yes	No
Proceeds from asset sales	Yes	No
Development Contributions	No	No
Financial Contributions	No	No
Grants and Subsidies	No	No
Reserves	Yes	No
Other sources	No	No

Summary of appropriate funding sources for capital expenditure

Capital expenditure that replaces existing assets or increases the level of service benefits existing ratepayers. Capital expenditure that provides additional capacity benefits future ratepayers. The Council's funding decision on capital expenditure will therefore reflect this split of benefits between existing and new ratepayers. Funding by borrowing provides intergenerational equity by ensuring that future users pay a share of the cost of assets.

Funding for capital expenditure by General Rate is based on the same rationale as that for operational expenditure.

Use of depreciation reserves reflects the inevitable deterioration of assets over time, and the need to set aside funds for their replacement when required.

## ROADS AND FOOTPATHS

Council administers and maintains the District's roading and bridging network (some 5,000 km of network), excluding State Highways and National Park roads [maintained by the New Zealand Transport Agency (NZTA) and DOC]. Council also provides footpaths, streetlights, carparks and noxious plant control. In addition Council contributes to the Total Mobility Scheme.

The NZ Transport Agency provides substantial funding for the Roding activity. The Council expects that this funding will continue to be made available in the future.

Council also administers and maintains the Around the Mountain Cycle Trail in Northern Southland. Stage One of the trail was completed at the end of the 2014.

### Community Outcomes

Roads and Footpaths primarily contribute to the Council outcome **Proud Connected Communities and Resilient Communities**. The activity contributes to these outcomes by helping people have safe, convenient and efficient travel. The activity also contributes to these outcomes by providing a reliable transportation network, improved social wellbeing and connectedness, and healthier and more active communities. Roads and footpaths also support industry, enables tourism and economic development, and the activity delivers value for money.

### Who Benefits

All of the people in the District benefit from this activity.

Certain roads provide access to individuals, or small groups of people, rather than the community at large. The Council must weigh up the costs and benefits of significant expenditure on roads that can be seen to benefit very few people.

### Period of Benefit

As local roads are vested in the Council under statute, this activity will continue to occur into the foreseeable future. As a result there will be an ongoing operating cost associated with maintaining the existing network.

The design life of the roads is 25 years, though the life of some sections can be up to 50 years. Structures (such as bridges) are designed to last at least 40 years.

### Who Creates Need

All the people in the District create the need for this activity, as there is an expectation that people will be able to use transport services. Freight of goods is a significant generator for the need for the level of this activity, particularly in maintenance and upgrade of the roads, as trucks do the most structural and pavement damage.

There is also a legal requirement for this activity (Local Government Act 2002, Land Transport Management Act 2003, Government Roding Powers Act 1989).

### Separate Funding

The majority of the Roding and Transport activity is rated for distinctly, as this activity is a financially significant part of Council activity, and a distinct rate best-supports a user pays approach. The degree to which user pays is applied, is limited by the availability of information and the cost of applying a targeted rating system. A sectoral approach is used, as the best compromise between administrative cost and user pays. The repayment of the capital cost associated with the Around the Mountains Cycle Trail is segregated from roading funding and separately funded from the general rate.

**How will the activity be funded in the Long Term Plan 2018-2028?**

**Operating expenditure** will be funded as shown:

	Funding portion
General Rates	Low
Targeted Rates	Med
Fees and Charges	
Interest and Dividends from Investments	
Grants and Subsidies	Med
Fines, infringement fees, local authority fuel tax and any other source	Low

Summary of appropriate funding sources for operating expenditure

General costs of having the roading network (basic maintenance, drainage etc) have benefit to all users, though some benefit from the network more than others.

Costs are allocated to particular sectors, by allocating an amount per tonne, to take into account that some sectors are causing more damage to the roading network.

Local services, ie streetworks and plant control, benefit the local community/land owners, and should therefore be funded from Targeted Rates, or grants.

Given that it expects that NZTA funding will be available for the foreseeable future, the Council considers it appropriate not to fully fund from rates the depreciation on the subsidised portion of roading works. As a result, the net cost to the ratepayer will be less than the full replacement cost.

Subsidies are applied to this activity as and when they are available. The balance is funded mainly by District-wide targeted rates recognising the widespread nature of the benefits of the roading network. This is funded by a targeted rate collected from a uniform targeted rate per unit and a rate in the dollar on capital value.

A differentiated land value rate is applied to recognise the impact that different land uses, and the heavy vehicle movements that they create, have on Council's roading network. A summary of the model used for collecting the rates to fund roading is included in Appendix A. A portion is also collected through local targeted rates to reflect those townships that have footpaths and therefore those that use them contribute to the upkeep.

Funding for repayment of the loan associated with the Around the Mountain Cycle Trail capital expenditure is from the General Rate based on the same rationale as that for operational expenditure.

**Capital expenditure** will be funded as shown:

	ILOS and Renewal	Additional Capacity
General and Targeted Rates (including depreciation)	Yes	No
Lump Sum Contributions	No	No
Fees and Charges	No	No
Interest and Dividends from Investments	No	No
Borrowing	Yes	Yes

Proceeds from asset sales	Yes	No
Development Contributions	No	No
Financial Contributions	No	Yes
Grants and Subsidies	Yes	Yes
Reserves	Yes	Yes
Other sources	No	No

Summary of appropriate funding sources for capital expenditure

Capital expenditure that replaces existing assets or increases the level of service benefits existing ratepayers. Capital expenditure that provides additional capacity benefits future ratepayers. The Council's funding decision on capital expenditure will therefore reflect this split of benefits between existing and new ratepayers. Funding by borrowing provides intergenerational equity by ensuring that future users pay a share of the cost of assets.

Financial contributions are used for funding the additional capacity portion of capital projects and effects mitigation associated with new developments. New development occurring in particular growth areas may be required to pay a roading contribution for that part of the network.

Funding for capital expenditure by Targeted Rate is based on the same rationale as that for operational expenditure. As and when they become available, Grants and Subsidies are used to maintain and replace assets.

Use of depreciation reserves reflects the inevitable deterioration of assets over time, and the need to set aside funds for their replacement when required.

## SOLID WASTE

Solid waste management is focused on the controlled disposal of waste (kerbside collections and transfer stations), reducing litter and illegal dumping and promotion and advocacy of waste minimisation.

Council provides kerbside collection service for rubbish and recyclables picked up on alternative weeks to all townships within the District and voluntary collection to properties on collection routes in rural areas. Stewart Island/Rakiura is serviced by a weekly kerbside refuse bag, recycling and food scrap collection. There are also seven waste transfer stations for disposal of rubbish, greenwaste, hazardous waste and collection of recyclables, 11 recycling drop-off centres and two greenwaste only sites located around the District.

Regional waste is transported to the regional landfill operated by AB Lime at Kings Bend (near Winton) for disposal. SDC is also a member of WasteNet Southland (joint committee of the ICC, SDC and GDC) which provides the mechanism for councils in the region to work together collectively on waste issues, including delivering solid waste services and waste minimisation activities.

### Community Outcomes

Solid Waste Management primarily contributes to the Council outcome **Proud Connected Communities** and **Resilient Communities**. The activity contributes to this outcome by providing controlled, convenient and reliable waste disposal options therefore reducing littering and illegal dumping which have a negative impact on the environment.

### Who Benefits

The benefits are distributed between the people who use the service and facilities, and the District as a whole when the environment is kept clean and waste is minimised.

### Period of Benefit

There are both short-term benefits to solid waste management (rubbish is not on the street), and long-term benefits (recycling of waste, and minimising harm to public health).

### Who Creates Need

All residents and visitors to the Southland District create the need for this activity. All residents and visitors also create the need for education about waste minimisation.

There is a legal requirement to provide this activity (Health Act 1956, Resource Management Act 1991, Local Government Act 2002, Waste Minimisation Act 2008).

### Separate Funding

The distinct rates and fees structure is designed to create transparency about the costs of this activity and to ensure that beneficiaries contribute towards those costs.

### **How will the activity be funded in the Long Term Plan 2018-2028?**

**Operating expenditure** will be funded as shown:

	Funding portion
General Rates	
Targeted Rates	High
Fees and Charges	Low
Interest and Dividends from Investments	
Grants and Subsidies	Low
Fines, infringement fees, local authority fuel tax and any other source	

Summary of appropriate funding sources for operating expenditure

Services relating to landfills are funded entirely through the General Rate because the District as a whole benefits rather than any identifiable person or group. A targeted rate relates to the collection of wheelie bins recognising that the benefit of these services primarily falls to the individual, and that their actions (ie, generating rubbish) are creating the need for the service.

User fees and charges are used to collect waste delivered to landfills.

**Capital expenditure** will be funded as shown:

	ILOS and Renewal	Additional Capacity
General and Targeted Rates (including depreciation)	Yes	No
Lump Sum Contributions	No	No
Fees and Charges	No	No
Interest and Dividends from Investments	No	No
Borrowing	Yes	Yes
Proceeds from asset sales	Yes	No
Development Contributions	No	No
Financial Contributions	No	No
Grants and Subsidies	Yes	Yes
Reserves	Yes	Yes
Other sources	No	No

Summary of appropriate funding sources for capital expenditure

Capital expenditure that replaces existing assets or increases the level of service benefits existing ratepayers. Capital expenditure that provides additional capacity benefits future ratepayers. The Council's funding decision on capital expenditure will therefore reflect this split of benefits between existing and new ratepayers. Funding by borrowing provides intergenerational equity by ensuring that future users pay a share of the cost of assets.

Funding for capital expenditure by rates and fees and charges is based on the same rationale as that for operating expenditure. Use of depreciation reserves reflects the inevitable deterioration of assets over time, and the need to set aside funds for their replacement when required.

**STORMWATER**

There are 28 towns in the District that have reticulated stormwater infrastructure that is owned and maintained by the Council. These public stormwater systems manage the disposal of surface water and ground water flows, to protect property, public safety, accessways and public health. A number of other smaller towns have partial services such as open ditches and drains and soakholes and the Council manages open water courses in several rural catchments.

Community Outcomes

Stormwater primarily contributes to the Council outcome **Proud Connected Communities** and it has a secondary outcome of contributing to **Resilient Communities**. The activity contributes to these outcomes by preventing rainfall from causing flooding, hence protecting land and property, and ensuring safety and accessibility. It also protects the environment and public health by controlling the level of pollutants and sediments in stormwater discharged to waterways or coastal areas used for recreation and food gathering.

Who Benefits

Property owners and people who use the area benefit from flood protection, the local community benefits from environmental, health, and economic outcomes.

Period of Benefit

The Council is committed to the ongoing supply of this service, as it is an essential part of enhancing the quality of life for residents and visitors. Both existing, new and future ratepayers will benefit from the activity over time.

On average, stormwater reticulation systems have a life of 70 years, though this will vary.

Who Creates Need

While the need for this activity is not created by the activity of people or groups alone, urbanisation exacerbates the effects of weather events, by altering the natural flow of water while impermeable surfaces (such as roofs, parking areas, roads) generate more run-off than would naturally occur. Hence, those who live in urban areas exacerbate the need for this activity.

There is a legislative requirement to maintain services under the Local Government Act 2002, once they have been established.

Separate Funding

The beneficiaries for local systems are clearly identifiable. The beneficiaries are the people in the townships and all the people with properties in the town. As the activity is a relatively small proportion of local expenditure it is generally incorporated into Targeted Rates. Some communities have, however, opted to rate for it separately.

**How will the activity be funded in the Long Term Plan 2018-2028?**

**Operating expenditure** will be funded as shown:

	Funding portion
General Rates	
Targeted Rates	High
Fees and Charges	

Interest and Dividends from Investments	
Grants and Subsidies	
Fines, infringement fees, local authority fuel tax and any other source	

#### Summary of appropriate funding sources for operating expenditure

Local stormwater systems are funded through local rates. Rural roading stormwater systems are funded through the roading rate.

A high portion of rates is applied equally to those who receive the service and who benefit directly through a targeted rate.

**Capital expenditure** will be funded as shown:

	ILOS and Renewal	Additional Capacity
General and Targeted Rates (including depreciation)	Yes	No
Lump Sum Contributions	No	No
Fees and Charges	No	No
Interest and Dividends from Investments	No	No
Borrowing	Yes	Yes
Proceeds from asset sales	No	No
Development Contributions	No	No
Financial Contributions	No	No
Grants and Subsidies	No	No
Reserves	Yes	Yes
Other sources	No	No

#### Summary of appropriate funding sources for capital expenditure

Capital expenditure that replaces existing assets or increases the level of service benefits existing ratepayers. Capital expenditure that provides additional capacity benefits future ratepayers. The Council's funding decision on capital expenditure will therefore reflect this split of benefits between existing and new ratepayers.

Funding by borrowing provides intergenerational equity by ensuring that future users pay a share of the cost of assets.

Funding for capital expenditure by Targeted Rate is based on the same rationale as that for operational expenditure. Use of depreciation reserves reflects the inevitable deterioration of assets over time, and the need to set aside funds for their replacement when required.

## WASTEWATER

The Wastewater activity involves collecting, treating and disposing of sewage from residential properties, business properties and public sanitary facilities. The Wastewater system also deals with non-domestic liquid wastes (often known as trade wastes). Eighteen towns within the District are reticulated with Council owned and maintained infrastructure.

### Community Outcomes

Wastewater primarily contributes to the Council outcomes of **Proud Connected Communities** and **Resilient Communities**. The activity contributes to these outcomes by protecting public health from the spread of disease and reducing the effects of wastewater discharges into the environment.

### Who Benefits

Residents, businesses and visitors benefit from the provision of wastewater services. The need for this activity is driven by high density communities, where on-site wastewater systems are not effective disposal methods for public health and/or environmental reasons.

### Period of Benefit

Except in very restricted circumstances, the Local Government Act 2002 does not allow the Council to divest itself of ownership of its wastewater services. The benefits of the activity will therefore continue to occur into the foreseeable future.

The life of the sewerage schemes varies, maintenance is crucial, and the lives of individual components varies. On average, wastewater plant/treatment assets have a life of approximately 45 years, and reticulation of 74 years.

### Who Creates Need

There is a legal requirement under the Health Act 1956 and the Local Government Act 2002 to maintain existing systems.

Wastewater treatment and disposal costs are partially driven by higher environmental standards than in the past, as well as non-human influences such as rainfall. These factors are outside of the control of individuals or groups. However, human actions or inactions also do play a role. The people creating wastewater in urban areas contribute to the need for Council to carry out this activity.

All members of the District have an interest in (and generate a demand for) a clean, unpolluted environment and the recreational, visual and public health benefits that come from having a managed approach to the treatment and disposal of wastewater.

### Separate Funding

There is a high degree of private benefit in wastewater, therefore a level of user pays is appropriate. Consistent with a user pays approach; this activity is rated for distinctly. It also enhances transparency about the service ratepayers are receiving and paying for.

### How will the activity be funded in the Long Term Plan 2018-2028?

**Operating expenditure** will be funded as shown:

	Funding portion
General Rates	
Targeted Rates	High
Fees and Charges	
Interest and Dividends from Investments	
Grants and Subsidies	
Fines, infringement fees, local authority fuel tax and any other source	Low

#### Summary of appropriate funding sources for operating expenditure

The wastewater activity provides a degree of public benefit through economic development and public health, therefore, capital works, and operational costs for all schemes are shared across all users.

A high portion of rates is applied equally to those who receive the service and who benefit directly through a targeted rate. Rates are collected based on properties capable of connection which are within the scheme rating boundaries.

**Capital expenditure** will be funded as shown:

	ILOS and Renewal	Additional Capacity
General and Targeted Rates (including depreciation)	Yes	No
Lump Sum Contributions	Yes	No
Fees and Charges	No	No
Interest and Dividends from Investments	No	No
Borrowing	Yes	Yes
Proceeds from asset sales	Yes	No
Development Contributions	No	Yes
Financial Contributions	No	No
Grants and Subsidies	No	No
Reserves	Yes	Yes
Other sources	No	No

#### Summary of appropriate funding sources for capital expenditure

Capital expenditure that replaces existing assets or increases the level of service benefits existing ratepayers. Capital expenditure that provides additional capacity benefits future ratepayers. The Council's funding decision on capital expenditure will therefore reflect this split of benefits between existing and new ratepayers. Funding by borrowing provides intergenerational equity by ensuring that future users pay a share of the cost of assets.

Funding for capital expenditure by Targeted Rate is based on the same rationale as that for operational expenditure.

Use of depreciation reserves reflects the inevitable deterioration of assets over time, and the need to set aside funds for their replacement when required.

**WATER SUPPLY**

The Council operates 12 drinking water supplies (10 urban and two rural) and nine untreated water supplies for rural use (stock and irrigation). This includes capital works and maintenance of systems.

Community Outcomes

The Water Supply activity primarily contributes to the Council outcome **Proud Connected Communities** and it also has the secondary outcome of contributing towards **Resilient Communities**. It contributes to this outcome by reliably providing people with safe drinking water as well as water to clean with. This and the firefighting capability of the water supply, helps improve public safety. This activity takes a sustainable approach that considers the social and economic wellbeing of local communities.

Who Benefits

Benefits are distributed to the community as a whole. Residents have access to a safe water supply that they do not have to maintain themselves. The local economy benefits through tourism (safe water supply encourages tourists), industry and agriculture (water supply certainty).

Period of Benefit

Except in very restricted circumstances, the Local Government Act 2002 does not allow the Council to divest itself of ownership of its water supply services. The benefits will therefore continue to occur into the foreseeable future.

The life of the water supply assets varies, maintenance is crucial and the life of individual components varies. On average water plant/treatment assets last for 36 years, and water reticulation assets for 65 years.

Who Creates Need

The people who are considered to create need for this activity include the individuals and groups who require connection to the service to ensure supply of safe water for household or business use. This is on the basis that these people demand the service.

Once established, there is a legislative requirement to maintain water supplies under the Local Government Act 2002 and the Health Act 1956.

Separate Funding

There is a high degree of private benefit in water supplies, therefore a level of user pays is appropriate. Consistent with a user pays approach; this activity is rated for distinctly. It also enhances transparency about the service ratepayers are receiving and paying for.

**How will the activity be funded in the Long Term Plan 2018-2028?**

**Operating expenditure** will be funded as shown:

	Funding portion
General Rates	
Targeted Rates	High
Fees and Charges	
Interest and Dividends from Investments	
Grants and Subsidies	

Fines, infringement fees, local authority fuel tax and any other source	
---	--

#### Summary of appropriate funding sources for operating expenditure

There is also an element of public good for drinking water supplies, through public health and to a lesser extent, economic spinoffs, therefore the District as a whole makes a contribution to urban supply capital works, and operational costs for all urban schemes are shared across all urban users.

A high portion of rates is applied equally to those who receive the service and who benefit directly through a targeted rate.

Rates are collected based on properties capable of connection which are within the scheme rating boundaries.

**Capital expenditure** will be funded as shown:

	ILOS and Renewal	Additional Capacity
General and Targeted Rates (including depreciation)	Yes	No
Lump Sum Contributions	Yes	No
Fees and Charges	No	No
Interest and Dividends from Investments	No	No
Borrowing	Yes	Yes
Proceeds from asset sales	Yes	No
Development Contributions	No	Yes
Financial Contributions	No	No
Grants and Subsidies	No	No
Reserves	Yes	Yes
Other sources	No	No

#### Summary of appropriate funding sources for capital expenditure

Capital expenditure that replaces existing assets or increases the level of service benefits existing ratepayers. Capital expenditure that provides additional capacity benefits future ratepayers. The Council's funding decision on capital expenditure will therefore reflect this split of benefits between existing and new ratepayers. Funding by borrowing provides intergenerational equity by ensuring that future users pay a share of the cost of assets.

Funding for capital expenditure by Targeted Rate is based on the same rationale as that for operational expenditure.

Use of depreciation reserves reflects the inevitable deterioration of assets over time, and the need to set aside funds for their replacement when required.

**APPENDIX 1**

Roading Rate Model

*To be inserted once proposed methodology approved by Council.*

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# Southland District Council Revenue and Financing Policy

This policy applies to: Council  
DOCUMENT CONTROL

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Council		June 2021

17/8/18227

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## 1. Purpose

The Revenue and Financing Policy sets out how the Council funds each of its activities and why it funds them in the way it does. The Council is required by Section 102 of the Local Government Act 2002 to have this Policy, among others, in order to provide predictability and certainty to residents and ratepayers about the sources and levels of funding.

The purpose of the Revenue and Financing Policy is to describe how Council funds its operating and capital expenses from the funding sources available to it and why it chooses the various mechanisms to fund the operating and capital expenditure of the Council.

The Act requires that the Revenue and Financing Policy is included as part of the Long Term Plan. Other funding and financial policies required by Section 102(2) of the Act do not need to be included as part of the Council's Long Term Plan.

## 2. Policy Details

### 2.1 Our Funding Approach

In determining how activities are funded, Council has considered the requirements of the Local Government Act 2002 Section 101(3). The Council is obliged to share the costs of delivering services across different users including across generations. In deciding how to fund each activity, Council takes into account:

- The community outcomes to which an activity primarily contributes
- The distribution of benefits between the community as a whole, identifiable parts of the community and individuals
- The period during which the benefits are expected to occur
- The extent to which actions, or inactions, of individuals or groups contribute to the need to undertake the activity
- The costs and benefits of funding the activity separately from other activities.

It then considers the overall impact of any allocation of liability for revenue needs on the District.

Deciding on who should pay for an activity, asset or service is more complex than simply allocating costs to primary users. Some activities result in benefits for the wider community as well as specifically for the individuals who use them. For example, recreational facilities contribute to proud connected communities and have impacts on community health, well-being and sustainability. Council also considers that people should not be excluded from using a service or engaging in an activity because of affordability. For these reasons, Council has decided to fund several activities using a general rate or a combination of targeted and general rates.

For a full analysis of Section 101(3) of the Local Government Act 2002 requirements for each activity, please refer to the *Activity Funding Needs Analysis*, which can be found on Council's website ([www.southlanddc.govt.nz](http://www.southlanddc.govt.nz)).

## 2.2 Description of Funding Mechanisms

### 2.2.1 Types of Expenditure

Broadly speaking, Council has two types of expenses: operating expenditure and capital expenditure.

*Operating expenditure* is used to fund the ongoing day-to-day activities and services of the Council.

*Capital expenditure* is money spent in acquiring or upgrading a business asset such as equipment or buildings. The Council has three categories of capital expenditure spread across its activities:

- *Renewals* - Defined as capital expenditure that increases the life of an existing asset with no increase in service level.
- *Increased Level of Service (ILOS)* - Defined as capital expenditure that increases the service level delivered by the asset.
- *Additional Demand (AD)* - Defined as capital expenditure that is required to provide additional capacity necessary to accommodate growth, in whole or part under Council's Development and Financial Contributions Policy.

### 2.2.2 Funding Mechanisms

Council uses different funding sources for different types of expenditure. The Council funds its expenditure using the funding mechanisms outlined below.

#### *User Fees and Charges*

User Fees and Charges apply to individuals or groups who are directly using a Council service. Where user fees and charges apply, there is a direct benefit to an individual. When a decision is made to fund an activity through user fees and charges, the beneficiaries must be able to be identified and charged directly for the service they receive. The Council also considers issues like the affordability of user charges or how they compare to the market rate for services. In some cases, user fees and charges may be balanced with other funding sources. This may occur where the Council believes that setting a charge too high will reduce the use of a service and therefore diminish its value to the community and impose a greater cost on ratepayers.

#### *Rates*

There are two main types of rates:

- Rates with general effect:
  - General Rate
  - Uniform Annual General Charge (UAGC); and
- Targeted Rates

A General Rate is a rate assessed across all rateable properties in the District based on a property valuation system. It is used to fund those services where Council believes there is a public benefit to the whole of the community across the District.

A Uniform Annual General Charge (UAGC) is a rate assessed across all rateable properties in the District. It is used to fund those services where the Council believes there is an equal public benefit across the District.

For clarity, the portion of General Rate and the Uniform Annual General Charge will be based on the percentages indicated below. The category correlates to the relevant sub-activities within each of Council's nine activity groupings.

Category	General Rate	Uniform Annual General Charge
Building Control	100%	
Civil Defence & Emergency Management	100%	
Community Housing	85%	15%
Council Facilities	85%	15%
District Development	25%	75%
District Support	85%	15%
Animal Control		100%
Environment Health		100%
Grants & Donations		100%
Library Services		100%
Parks & Reserves	85%	15%
Public Toilets		100%
Representation & Advocacy	25%	75%
Resource Management	90%	10%
Roads & Footpaths		100%
Strategy & Communications	90%	10%
Work Schemes		100%

When using the General Rate, the Local Government (Rating) Act 2002 only allows a choice of one valuation system from three options:

- 1 The annual value of the land; or
- 2 The capital value of the land; or
- 3 The land value.

Council has chosen to set a General Rate which is assessed on a capital value basis. The general rate is not set on a differential basis. Council has a Uniform Annual General Charge which is assessed per rating unit.

A Targeted Rate is a rate set for a specific activity or group of activities. Some targeted rates are charged to all ratepayers in the District. Targeted Rates can be set in a number of different ways including:

- Capital Value
- Land Value
- Value of improvements
- Property Location (Rating Boundary)
- Land Use (as defined by Council's Valuation Service Provider)
- Per Rating Unit (Fixed Charge)
- Per Separately Used or Inhabited Part of a Rating Unit (Fixed Charge)

- Per supply of service (bins, water, sewerage etc).

### ***Financial and Development Contributions***

The Council's Policy on Development Contributions and Financial Contributions sets out the conditions in which contributions are required and the method used to calculate them. Development Contributions are currently in remission under this policy, due to Council's desire to encourage growth in the District. This position will be reviewed again in conjunction with the 2021-2031 Long Term Plan.

Financial Contributions are underpinned by the Operative District Plan. Development Contributions required under the Local Government Act 2002 are generally used to fund growth related capital expenditure on infrastructure provided by the Council as part of its normal capital works programme.

Financial Contributions are required under the Resource Management Act 1991. They are imposed to address the effects of activities for which resource consent is sought.

Although Council can require both development contributions and financial contributions, it cannot require both from the same development for the same purpose.

### ***Grant and Subsidies***

Grants and Subsidies are funding received from other agencies, usually for a specific purpose. As such, they are used to fund those purposes.

### ***Other sources including Reserves***

These are funds for specific purposes.

- *Retained earnings* are used to fund operating or capital expenses at Council's discretion, an example is depreciation reserves.
- *Reserves* will be used to fund either operating or capital expenses according to the policy applying to those reserves. These are typically classified as local reserves (where reserves are for the benefit of specific communities), or district reserves (where reserves are held for the benefit of the wider district).

### ***Investment Interest/Dividends and Interest on Reserves***

Net Investment interest and dividends are used to reduce the amount of General rate and/or Uniform Annual General Charge rate required.

Interest on reserves is calculated on the average balance of each reserve during the year. Interest is allocated at a prescribed interest rate (typically based on the Reserve Bank rates for six month term deposits over a 12 month period). Both positive and negative reserves get interest charged or applied. For the majority of reserves held by local communities, this interest is added to the reserve, which has no impact on the rate requirement, these reserves are usually positive and are set aside for future projects. For the majority of District reserves, the interest is allocated to the relevant business unit, which in turn will reduce the rates required or increase the rates required if the reserve has a negative balance.

### ***Borrowing***

Borrowing is not a source of revenue itself. Rather it is a 'bridging' mechanism to assist with the financing required for the construction of long term assets. Debt arising from borrowing still needs to be repaid from other sources of revenue (eg rates). The use of debt allows Council to enjoy the asset in the present while paying the debt back over time. Borrowing is usually called upon to fund capital works and assets built or provided now before future new consumers use those services. It is used to ensure fairness or intergenerational equity so that current ratepayers pay for the services they use now, and future ratepayers

pay their share too.

### *Lump Sum Contributions*

Lump Sum contributions are where ratepayers agree to pay a capital (or lump sum) payment towards meeting the cost of providing a particular asset in their community (eg upgrading of a water supply) rather than paying for these capital costs via an annual targeted rate.

These contributions will be used to fund the retirement of debt for specific capital activity from time to time.

### *Proceeds from Asset Sales*

Proceeds from asset sales are the monies received from selling physical assets, such as plant and equipment. They are initially used to repay borrowings associated with that asset. Any remaining proceeds will be used to fund a replacement asset or fund other capital expenditure within an activity that was funded by the same funding source of the asset sold.

### *Depreciation Reserves*

Depreciation reserves are funds in which the probable replacement cost of equipment is accumulated each year over the life of the asset, so that it can be replaced readily when it becomes obsolete. These reserves are used to fund both the renewal and increased level of service categories of capital expenditure.

## 2.3 Application of Funding Mechanism to Expenditure

Funding Mechanism	Operating Expenditure	Capital Expenditure		
		Additional Capacity	Increased Level of Service	Renewals
User Fees and Charges	✓		✓*	✓*
General Rates (incl. UAGC)	✓		✓*	✓*
Targeted Rates	✓		✓*	✓*
Financial Contributions		✓		
Development Contributions		✓		
Grants and Subsidies	✓		✓	✓
Other Sources, including Reserves	✓	✓	✓	✓
Investment Interest/Dividends and Interest on Reserves	✓	✓	✓	✓
Borrowing		✓	✓	✓
Lump Sum Contributions	✓	*	✓*	✓*
Proceeds from Asset Sales			✓	✓
Depreciation Reserves			✓	✓

\* Application depends on how the activity to which capital expenditure relates is funded.

**2.4 Funding of Activities**

The Council has considered how to apply the available funding mechanisms to its activities. The following table is a summary of this approach. A copy of the detailed assessment, titled *Activity Funding Needs Analysis* is available on Council’s website ([www.southlanddc.govt.nz](http://www.southlanddc.govt.nz)).

For operational expenditure, funding portions contributing to each activity are expressed as ranges, from low to high. These ranges equate to the following percentages:

**Low:** 0-33 percent      **Medium:** 34-66 percent      **High:** 67-100 percent

Capital expenditure funding contributions are also identified. The proportion of capital costs funded from each source will vary depending upon the nature of each capital works project.

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Activity Group	Activity	Funding of Operating Expenditure				Funding of Capital Expenditure	Catchment(s)**	Detail and Rationale
		General Rates (including UAGC)	Targeted Rates	Fees and Charges	Grants Subsidies and Other Funding Sources			
Community Services	Community Assistance (includes: Grants and Donations, Work Schemes)	High	Low		Med/Low	General rate, Targeted rates, Borrowing, Asset Sales, Depreciation, Reserves, Other Sources.	District	<p>District Grants are funded via General rate (high) in recognition of the broad public benefits provided.</p> <p>Local Grants are funded via Targeted Local Rates (low).</p> <p>All in the District benefit from Council providing this activity as it contributes to the social and economic well-being of our communities.</p> <p>Grants subsidies and other funding Sources - (med/low). Funding is sourced from the users of the work scheme service with some government grants provided.</p> <p>Capital expenditure relates to work schemes.</p>

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Activity Group	Activity	Funding of Operating Expenditure				Funding of Capital Expenditure	Catchment(s)**	Detail and Rationale
		General Rates (including UAGC)	Targeted Rates	Fees and Charges	Grants Subsidies and Other Funding Sources			
Community Services	Parks and Reserves	Low	High	Low		General Rate, Targeted Rates, Borrowing, Development and Financial Contributions, Grants and Subsidies, Reserves.	District, Area of Service	<p>District reserves are funded from General Rate (low) in recognition of the district wide public benefits provided by these reserves.</p> <p>Targeted Local Rates - (high). Each community decides whether to charge their local rate on the basis of a fixed charge per rating unit or a rate in the dollar on land value.</p> <p>Each community funds its own parks and reserves in recognition of the local benefit.</p> <p>Some limited user fees (low) are received from groups that occupy Council reserve.</p>
Community Services	Cemeteries		Med	Med	Low	Targeted Rates, Borrowing, Financial Contributions, Grants and Subsidies, Reserves.	Area of Service	<p>Targeted Local Rate (med). Each community decides whether to charge their local rate on the basis of a fixed charge per rating unit or a rate in the dollar on land value.</p> <p>This allocation recognises broader community benefits from having a local service.</p> <p>Fees and Charges (med) for the direct costs of burial and other associated costs through interment fees. This recognises the private benefit to the users of</p>

Activity Group	Activity	Funding of Operating Expenditure				Funding of Capital Expenditure	Catchment(s)**	Detail and Rationale
		General Rates (including UAGC)	Targeted Rates	Fees and Charges	Grants Subsidies and Other Funding Sources			
								these facilities. Grants and Subsidies (low) may be received from time to time and used for this activity.
Community Services	Community Facilities (includes: Council Buildings, Community Centres, and Water Structures)	Low	Med	Med	Med	General and Targeted Rates, Borrowing, Grants and Subsidies, Reserves.	District for Council Facilities/buildings and Area of Service for Community Centres.	Council Facilities/Buildings are funded via General rate (low) recognising the district functions performed by Council. Community Centres funded via Targeted Rate (med) recognising the benefit to local communities. Fees and Charges - (med) are received from users of the facilities in the form of rental charges Grants and Subsidies (med) may be received from time to time and used for this activity.

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Activity Group	Activity	Funding of Operating Expenditure				Funding of Capital Expenditure	Catchment(s)**	Detail and Rationale
		General Rates (including UAGC)	Targeted Rates	Fees and Charges	Grants Subsidies and Other Funding Sources			
Community Services	Community Housing	Low		High		General Rate, Borrowing, Asset Sales, Grants and Subsidies, Reserves.	District	General rate - (low) in recognition of broader social benefits associated with this activity. Fees and Charges - (high) for direct operating costs funded from tenant rent. These recognise the private benefit provided to tenants.
Community Services	Library Services	High		Low	Low	General Rate, Borrowing, Asset Sales, Reserves.	District	General Rate (high) This reflects that this service provides a benefit that is available to all ratepayers. Fees and Charges - (low) Service fees for library activities. Other funding (low) includes fines for late return and contributions to library activities.
Community Services	Public Toilets	High		Low	Low	General Rate, Depreciation, Borrowing, Grants and Subsidies, Reserves.	District	General Rate (high) reflecting the widespread public benefits associated with this activity. Fees and Charges - (low) charges for maintenance of high level of service facilities. Other funding (low) includes grants, subsidies and contributions to public toilets.

## Southland District Council Revenue and Financing Policy

Activity Group	Activity	Funding of Operating Expenditure				Funding of Capital Expenditure	Catchment(s)**	Detail and Rationale
		General Rates (including UAGC)	Targeted Rates	Fees and Charges	Grants Subsidies and Other Funding Sources			
Community Services	Airports		High	Low		Targeted Rate, Borrowing, Reserves.	Area of Service	Local Targeted rate fixed charge per rating unit - (area of service) - (high) recognising that the economic benefits primarily flow to the local community. Fees and Charges - (low) operating costs aim to be funded via user charges given that they are readily identifiable.
Community Services	Electricity Supply (SIESA)			High		Borrowing, Asset Sales, Reserves.	Area of Service	Fees and Charges - (high). Electricity generation, distribution, general operations and maintenance are recovered through user pay fees applicable to consumers who are using the supply.
District Leadership	Representation and Advocacy	High	Low		Low	General Rate, Borrowing, Asset Sales, Depreciation, Reserves.	District	General Rate (high). All in the District benefit from Council providing this activity and have the opportunity to contact their local elected members and/or Council. Targeted Local Rate - (low). This is used to fund CDA and Community Board costs reflecting the local community benefit of these services. Other funding sources – (low) is from professional services provided to external parties.

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Activity Group	Activity	Funding of Operating Expenditure				Funding of Capital Expenditure	Catchment(s)**	Detail and Rationale
		General Rates (including UAGC)	Targeted Rates	Fees and Charges	Grants Subsidies and Other Funding Sources			
District Leadership	Community Futures (includes Community Partnerships, District Economic Development, Visitor Experiences, Stewart Island Visitors Levy, Museum Services)	High		Low	Low	Not applicable	District	<p>General Rate (high) reflecting the public benefits that flow from this activity.</p> <p>Fees and charges – (low) are from the levy charged to visitors to Stewart Island.</p> <p>Other funding sources – (low) is from grants and subsidies.</p>
District Leadership	District Support (includes: Customer service, Secretarial support for local communities)	High	Low		Low	General Rate, Targeted Rate, Borrowing, Asset Sales, Reserves.	District, Area of Service	<p>General Rate (high) reflecting the desirability of Council providing a district wide customer service centre network. Set as a fixed charge plus rate in the dollar on capital value. All ratepayers benefit from this activity.</p> <p>Targeted Local Rate - (low) funds the costs of providing support to local Community Boards and CDAs.</p> <p>Other funding sources – (low) is from sundry rental income received across a number of local communities.</p>

Activity Group	Activity	Funding of Operating Expenditure				Funding of Capital Expenditure	Catchment(s)**	Detail and Rationale
		General Rates (including UAGC)	Targeted Rates	Fees and Charges	Grants Subsidies and Other Funding Sources			
District Leadership	Corporate Support (includes: Strategy, Communication and Engagement, People and Capability, Information Management, Finance)	High		Low		General Rate, Borrowing, Asset Sales, Depreciation, Reserves	District	General Rate - (high) reflecting the public benefits associated with this activity. Fees and charges – (low) are from rental fees and financial service cost recoveries.
District Leadership	Forestry				High	Borrowing, Asset Sales, Reserves.	District	Other funding – (high) is from proceeds from harvesting.
Emergency Management	Emergency Management Southland	High				Not applicable	District	General Rate (high). All people in the District derive a benefit from having appropriate emergency management capability in place.
Regulatory Services	Building Control (includes: Regulation of building work)	Low		High		General Rate, Asset Sales, Borrowing, Depreciation, Reserves.	District	General Rate - (low) This links the level of development of a property to its liability for the targeted rate. Fees and Charges - (high) are the main funding source for this activity reflecting that the users are readily identifiable.

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Activity Group	Activity	Funding of Operating Expenditure				Funding of Capital Expenditure	Catchment(s)**	Detail and Rationale
		General Rates (including UAGC)	Targeted Rates	Fees and Charges	Grants Subsidies and Other Funding Sources			
Regulatory Services	Resource Management (includes: District Plan, Resource Consents)	High		Low		General Rate, Borrowing, Reserves.	District	General Rate - (high). All ratepayers benefit from this activity given the desirability of managing land use across the district. Fees and Charges - (low) recognises that the users are readily identifiable.
Regulatory Services	Animal Control	Low		High	Low	General Rate, Fees and charges, Borrowing, Asset Sales, Depreciation, Reserves	District	General Rate - (low) - recognises the public benefit to all ratepayers. Fees and charges – (high) are applied to ensure that service users fund the majority of this service as they are readily identifiable. Other funding – (low) income is received from other sources (ie fines and grants/contributions).

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Activity Group	Activity	Funding of Operating Expenditure				Funding of Capital Expenditure	Catchment(s)**	Detail and Rationale
		General Rates (including UAGC)	Targeted Rates	Fees and Charges	Grants Subsidies and Other Funding Sources			
Regulatory Services	Environmental Health (includes: Registration and inspection of licenced premises, noise control, liquor licensing, freedom camping)	Low		High		General Rate Borrowing, Asset Sales, Depreciation, Reserves	District	General Rate - (low) recognises that there is a level of public benefit to all ratepayers from having these activities managed. Fees and charges – (high) are applied to ensure that service users fund the majority of this service as they are readily identifiable.
Roads and Footpaths	Roads and Footpaths (Includes: Around the Mountains Cycle Trail)	Low	Med		Med	Targeted Rates, Borrowing, Asset Sales, Development and Financial Contributions, Depreciation, Grants and Subsidies, Reserves.	District, Area of Service	General Rate - (low) recognises that there is a level of public benefit to all ratepayers from the Around the Mountain Cycle Trail. The General rate only funds the repayments of the loan associated with the capital cost of Stage One. District Wide Targeted Rate - (med). Fixed charge per rating unit plus a differentiated rate in the dollar on capital value. The district wide rate recognises the public benefits associated with having a district wide transportation network that allows for development of the district as a whole. The differentiated targeted rate recognises the exacerbator costs created by heavy vehicles. There are also local targeted rates

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Activity Group	Activity	Funding of Operating Expenditure				Funding of Capital Expenditure	Catchment(s)**	Detail and Rationale
		General Rates (including UAGC)	Targeted Rates	Fees and Charges	Grants Subsidies and Other Funding Sources			
								<p>charged to fund local roading activity (ie footpaths) which delivers benefits specific to those local communities.</p> <p>Other funding – (med) this activity attracts NZTA funding for roading maintenance and capital work.</p> <p>The funding policy for this activity is applied to the balance of the rating requirement, following the NZTA subsidy.</p>

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Activity Group	Activity	Funding of Operating Expenditure				Funding of Capital Expenditure	Catchment(s)**	Detail and Rationale
		General Rates (including UAGC)	Targeted Rates	Fees and Charges	Grants Subsidies and Other Funding Sources			
Solid Waste	Solid Waste Management		High	Low	Low	Targeted Rates, Borrowing, Asset Sales, Grants and Subsidies, Depreciation, Reserves.	Area of Service	Targeted Rate – (high) to fund solid waste and landfill rehabilitation costs given the public benefit of this aspect of the activity across the majority of the district (excluding Stewart Island). In addition there is a targeted rate based on supply of service for bins as the users are readily identifiable. Fixed charge per bin. User charges - (low) collected via transfer stations as users are readily identifiable. Other funding – (low) collected from grants and subsidies.
Stormwater	Stormwater		High			Targeted Rates, Borrowing, Depreciation, Reserves.	Area of Service	Local Targeted Rate – (high) reflecting that the benefits are primarily derived by the local communities in which the schemes are located. This activity does not have its own rate but is collected as part of the Community Board and Community Development Area Rates as it is not economic to collect as a separate rate.
Wastewater	Wastewater		High		Low	Targeted Rates, Lump Sum contributions,	Area of Service (scheme)	District-wide Targeted Rate – (high) for operating expenditure reflecting the benefits that those

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Activity Group	Activity	Funding of Operating Expenditure				Funding of Capital Expenditure	Catchment(s)**	Detail and Rationale
		General Rates (including UAGC)	Targeted Rates	Fees and Charges	Grants Subsidies and Other Funding Sources			
						Borrowing, Asset Sales, Development Contributions, Depreciation, Reserves.		connected or able to connect receive from the service provided. Local Targeted rates for capital costs funded via lump sum contributions reflecting the benefit that those connected or able to connect receive. Local Targeted Rate for septic tank cleaning reflecting that the beneficiaries of this service are easily identified. All rates fixed charged per unit of service. Rating units outside of the range of reticulation networks or septic tank area of service are not charged these rates. This enables the costs to be passed onto the ratepayers that benefit from the activity. Other funding – (low) is from rentals associated with this activity.
Water Supply	Water Supply		High			Targeted Rates, Lump Sum Contributions, Borrowing, Asset Sales, Development Contributions, Depreciation, Reserves,	Area of Service (Scheme)	District-wide Targeted Rate – (high) for operating expenditure reflecting that those connected or able to connect directly benefit from the service being provided by Council. Some water supplies are metred. Some water charging is via a direct contractual arrangement with the user.

\* There is a variety of Targeted Rates

\*\* Unless otherwise stated, Development Contribution catchments are the same as the capital expenditure catchments indicated in the table

### Explanatory Note:

#### *Separately Used or Inhabited Part (SUIP)*

A Separately Used or Inhabited Part of a rating unit includes any portion inhabited or used by the owner/a person other than the owner, and who has the right to use or inhabit that portion by virtue of a tenancy, lease, licence, or other agreement. Examples of a SUIP are listed below: For the purposes of this definition, vacant land is not a SUIP.

#### *Background*

Under the Local Government (Rating) Act 2002 charging Separately Used or Inhabited Parts of a Rating Unit is an option for both a Uniform Annual General Charge and for targeted rates. The following are examples of where, under the Council's definition of a SUIP, there may be application of multiple charges for Separately Used or Inhabited Parts of a Rating Unit:

- Single dwelling with a flat attached
- Two or more houses, flats or apartments on one Certificate of Title (Rating Unit)
- Business premise with flat above
- Commercial building leased to multiple tenants.
- Farm property with more than one dwelling.

### 3. Roles and Responsibilities

Party/Parties	Roles and Responsibilities
Chief Financial Officer	Ensure compliance with the Revenue and Financing Policy.
Finance Manager	Implement and monitor the Revenue and Financing Policy in relation to Funding and Rating.

### 4. Associated Documents

- Local Government Act (2002).
- Local Government (Rating) Act (2002).
- Development and Financial Contributions Policy (r/17/10/24438).

### 5. Revision Record

The Revenue and Financing Policy will be reviewed three yearly as part of the Long Term Plan process.

Date	Version	Revision Description
23 November 2017	Version 1	«Draft version for Council review»
«Type Date»	«Version»	«Revision»
«Type Date»	«Version»	«Revision»

DRAFT

## Proposed Fees and Charges for 2018-2028 Long Term Plan

Record No: R/17/11/27735  
Author: Jacobus Meyer, Financial Accountant  
Approved by: Anne Robson, Chief Financial Officer

Decision  Recommendation  Information

### Purpose

- 1 This report presents the draft Schedule of Fees and Charges for the 2018-2028 period for review and endorsement prior to audit as part of the information which underpins the LTP Consultation Document. This document will form part of the 2018-2028 Long Term Plan Consultation Document being adopted in February 2018 for consultation.

### Executive Summary

- 2 As part of the budget finalisation for the 2018-2028 LTP, managers, local committees (Community Boards, Community Development Area Subcommittees and Hall Committees) have reviewed the proposed fees and charges for 2018/2019.
- 3 These fees and charges are presented to Council for review and endorsement prior to audit and finalisation for the LTP Consultation Document and supporting information. These will be adopted for consultation in February 2018.

### Recommendation

#### That the Council:

- a) **Receives the report titled "Proposed Fees and Charges for 2018-2028 Long Term Plan" dated 16 November 2017.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Endorses the attached draft Fees and Charges Schedule, with any amendments from this meeting for use in the audit, noting that the final documents will be presented for adoption in February prior to consultation.**

### **Background**

- 4 All councils are required by legislation to adopt a Long Term Plan (LTP) and review it every three years. The LTP is subject to audit. The draft Fees and Charges Schedule will form part of the documents that the auditors will review to ensure that Council has fairly represented the matters and impacts disclosed in the LTP Consultation Document for effective public participation in the Council's decision making process.
- 5 As part of the budget finalisation for the 2018-2028 LTP, managers, local committees (Community Boards, Community Development Area Subcommittees and Hall Committees) have reviewed the proposed fees and charges for 2018/2019.
- 6 Council has also discussed fees and charges during LTP workshops and Council meetings around the Revenue and Financing Policy and Activity Management Plans (in particular for the regulatory activities).

### **Issues**

- 7 The majority of changes to fees and charges are related to the increased costs/time associated with providing the various services:
- Within Building Control the standard hourly fees have not changed, however the time required to complete the necessary work historically has not been a true reflection of the actual amount of time taken.
  - A number of new fees have also been added for new activities or additional services. New fees are shown with yellow highlighting within the attached schedule.
  - Continual review of these fees will occur over the coming weeks prior to the proposed schedule for 2018/2019 being presented to Council at the December 2017 meeting. During this time staff will complete a full review to ensure general fees charged by multiple departments are consistent across the organisation (ie copying, mileage, scanning, certificate of title search etc).

### **Factors to Consider**

#### **Legal and Statutory Requirements**

- 8 Section 150 of the Local Government Act (2002) states that Council can set fees and charges either through a bylaw or by consulting with the public.
- 9 Council has discretion under section 82 of the Local Government Act 2002 as to the approach it wishes to take for consultation regarding any changes to fees set under section 150.

#### **Community Views**

- 10 The level and format of consultation recommended is likely to be driven by the nature of the changes. Depending on the changes, Council may decide consult separately or concurrently with the LTP either as part of a supporting document for the LTP Consultation Document or via a separate consultation process.
- 11 This will be further considered by staff prior to the preparing the report to adopt of the LTP Consultation Document and supporting information.

- 12 It is likely that the fees and charges will be consulted on as part of the LTP supporting information. These will be publicly available on Council’s website during the LTP public consultation period. As a result of submissions received, Council may decide to amend any of the supporting information documents when it adopts the LTP in June 2018.

**Costs and Funding**

- 13 These are the fees charged to the public to pay for the services provided by Council, and therefore are revenue for Council.

**Policy Implications**

- 14 The Council’s Revenue and Financing Policy (and supporting Funding Needs Analysis document) sets out from a policy perspective how Council’s activities are funded and in particular the different funding mechanisms that will be used to pay for expenditure. The policy indicates the level of activity funding that is expected to come from fees and charges.
- 15 The Policy states that

*User Fees and Charges apply to individuals or groups who are directly using a Council service. Where user fees and charges apply, there is a direct benefit to an individual. When a decision is made to fund an activity through user fees and charges, the beneficiaries must be able to be identified and charged directly for the service they receive. The Council also considers issues like the affordability of user charges or how they compare to the market rate for services. In some cases, user fees and charges may be balanced with other funding sources. This may occur where the Council believes that setting a charge too high will reduce the use of a service and therefore diminish its value to the community and impose a greater cost on ratepayers.*

- 16 The fees and charges schedule provides the detail about actual fees and charges that will be applied to Council’s activities.

**Analysis**

**Options Considered**

- 17 Council could choose to:
- Endorse the proposed Schedule of Fees and Charges for audit (as part of LTP supporting information)
  - Not endorse the proposed Schedule of Fees and Charge for audit (as part of LTP supporting information)

**Analysis of Options**

**Option 1 – Endorse the proposed Schedule of Fees and Charges for audit (as part of LTP supporting information)**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• The proposed Schedule of Fees and Charges has been updated by staff to be relevant to the cost of Council to undertake these services.</li> <li>• Promotes user-pays system for people using specific Council services.</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> </ul>

<ul style="list-style-type: none"> <li>• Changes reflect the 2018-2028 costs from the LTP budgets.</li> <li>• The proposed fees and charges can be reviewed by Audit NZ as part of the LTP audit.</li> </ul>	
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**Option 2 – Not endorse the proposed Schedule of Fees and Charge for audit (as part of LTP supporting information)**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• Fees and charges are unchanged for people using specific Council services</li> </ul>	<ul style="list-style-type: none"> <li>• Council would have to retain the current Schedule of Fees and Charges, last updated as part of the 2017/18 Annual Plan.</li> <li>• The Schedule of Fees and Charges would not be relevant to 2018-2028 and the costs borne by Council to cover these fees would have to be funded by another source, such as rates.</li> <li>• The updated fees are unable to be reviewed by Audit NZ.</li> </ul>

**Assessment of Significance**

- 18 The review of the fees and charges has not been assessed as significant. The financial impacts of any of the options listed above will be relatively minor and proposed changes are unlikely to have a substantial impact on communities or large numbers of ratepayers. However consultation will be undertaken as part of Councils Long Term Plan process.

**Recommended Option**

- 19 Option 1 – Endorse the proposed Schedule of Fees and Charges for audit (as part of LTP supporting information)

**Next Steps**

- 20 If recommended the draft fees and charges (incorporating any changes from the meeting), will be reviewed by Audit New Zealand as part of their audit of the LTP Consultation Document.
- 21 The draft fees and charges schedule will then be formally adopted by Council in February 2018 as part of the supporting documentation for the LTP Consultation Document. The final schedule, incorporating any changes as a result of consultation, will be adopted in June 2018.

**Attachments**

- A Draft 18-19 Council's Schedule of Fees and Charges for Annual Booklet 16 11 2017 [↓](#)

Draft Schedule of Fees and Charges - 2018/2019	Explanations/Comments	2017/2018	2018/2019	2017/2018	Changes	2018/2019	2018/2019	Changes
		(GST incl)	Comments					
<b>Airport - Te Anau-Manapouri</b>								
<b>Landing Fees</b>								
<b>Weight category [1]</b>								
< or = 2,000		\$17.25	\$17.25	\$0.00		\$0.00		0.0%
2,001 - 4,000		\$34.50	\$34.50	\$0.00		\$0.00		0.0%
4,001 - 5,700		\$57.50	\$57.50	\$0.00		\$0.00		0.0%
5,701 - 10,000		\$115.00	\$115.00	\$0.00		\$0.00		0.0%
10,001 - 20,000		\$230.00	\$230.00	\$0.00		\$0.00		0.0%
>20,000		\$322.00	\$322.00	\$0.00		\$0.00		0.0%
<b>Helicopters</b>								
		\$17.25	\$17.25	\$0.00		\$0.00		0.0%
<b>Honesty Box Landing Fees</b>								
< or = 2,000 (no GST)		\$17.00	\$17.00	\$0.00		\$0.00		0.0%
2,001 - 4,000 (no GST)		\$34.00	\$34.00	\$0.00		\$0.00		0.0%
4,001 - 5,700 (no GST)		\$57.00	\$57.00	\$0.00		\$0.00		0.0%
Helicopters (no GST)		\$17.00	\$17.00	\$0.00		\$0.00		0.0%
<b>Overnight Fee</b>								
< or = 2,000		no charge	no charge					
2,001 - 4,000		no charge	no charge					
4,001 - 5,700		no charge	no charge					
5,701 - 10,000		\$57.50	\$57.50	\$0.00		\$0.00		0.0%
10,001 - 20,000		\$115.00	\$115.00	\$0.00		\$0.00		0.0%
>20,000		\$172.50	\$172.50	\$0.00		\$0.00		0.0%
<b>Helicopters</b>								
		no charge	no charge					
<b>Ground Handling Fees</b>								
The ground handling fees include runway inspection, marshalling, toilet servicing as required and security cones								
With baggage		\$322.00	\$322.00	\$0.00		\$0.00		0.0%
Without baggage		\$241.50	\$241.50	\$0.00		\$0.00		0.0%
With baggage (two persons assist)		\$339.25	\$339.25	\$0.00		\$0.00		0.0%
Additional person		\$80.50	\$80.50	\$0.00		\$0.00		0.0%
Ground power unit assistance (minimum one hour)		\$172.50	\$172.50	\$0.00		\$0.00		0.0%
After hours call out fees		\$80.00	\$80.00	\$0.00		\$0.00		0.0%
<b>Refuelling Fees</b>								
Standard Refuelling		\$57.50	\$57.50	\$0.00		\$0.00		0.0%
Additional person		\$80.50	\$80.50	\$0.00		\$0.00		0.0%
<b>Function Centre Fees</b>								
Per night fee		\$350.00	\$350.00	\$0.00		\$0.00		0.0%
Bond (refundable)		\$200.00	\$200.00	\$0.00		\$0.00		0.0%
Optional contact clean		\$200.00	\$200.00	\$0.00		\$0.00		0.0%
<b>Alcohol Licensing, Gambling Venues</b>								
These fees are set by legislation. The fees collected are those contained in the Sale and Supply of Alcohol (Fees) Regulations 2013. Council has set different annual application fees than those prescribed by these Regulations in the Council's Alcohol Licensing Fee-Setting Bylaw 2015. Council may reduce fee categories for premises and special licenses under Section 6(4) and 10(2) of the Sale and Supply of Alcohol (Fees) Regulations 2013.								
Application for Class 4 Gambling Venue Certificate		\$816.50	\$816.50	\$0.00		\$0.00		0.0%
<b>Alcohol Control Bylaw</b>								
Application to grant a dispensation under the Alcohol Control Bylaw		\$207.00	\$207.00	\$0.00		\$0.00		0.0%
<b>Alfresco Dining</b>								
Administration/ application fee	One-off charge	\$120.00	\$120.00	\$0.00		\$0.00		0.0%
Occupation fee calculated on the area used per square metre per year		\$20.00	\$20.00	\$0.00		\$0.00		0.0%
The per square metre charge is an annual fee applied to the applicable area as at 30 June each year. For new applications subsequent to this date, the square metre charge will be applied on a pro-rata basis to 30 June.								
<b>Animal Control</b>								
Registration - dog (non-rookings)		\$90.00	\$90.00	\$0.00		\$0.00		0.0%
<b>Discounts</b>								
(a) The dog is spayed or neutered		-\$10.00	-\$10.00	\$0.00		\$0.00		0.0%
(b) The dog is in a fenced or controlled property		-\$20.00	-\$20.00	\$0.00		\$0.00		0.0%
(c) Responsible owner (according to Council's criteria) & microchipped dog		-\$30.00	-\$30.00	\$0.00		\$0.00		0.0%

Draft Schedule of Fees and Charges - 2018/2019	Explanations/Comments	2017/2018 (GST incl)	2018/2019 (GST incl)	2017/2018 Changes (GST incl)	2018/2019 Changes (GST incl)	2018/2019 Comments
Registration fee inclusive of (a), (b) and (c)		\$30.00	\$30.00	\$0.00	0.0%	
Registration - working dog		\$30.00	\$30.00	\$0.00	0.0%	
Late registration - all Dogs		50%	50%	\$0.00	0.0%	
A dog impounded by SDC released to a SDC authorised rehoming provider for either fostering or rehoming (initial registration only)		Free	Free			
<b>Dog Control Fees</b>						
(a) Dog hearing lodgement fee		\$100.00	\$100.00	\$0.00	0.0%	
(b) Multiple dog licence application fee (subject to multiple dog licensing being adopted by Council in the Dog Control Bylaw 2016)		\$50.00	\$50.00	\$0.00	0.0%	
(c) Sale of collars		\$9.00	\$9.00	\$0.00	0.0%	
(d) Withdrawal of infringement fee, per infringement		\$30.00	\$30.00	\$0.00	0.0%	
<b>Microchipping</b>						
(a) Microchipping of a dog registered by SDC		NIL	NIL			
(b) Commercial breeders that require more than four pups to be microchipped per registration year		\$30.00 per dog, for the fifth and subsequent dog	\$30.00 per dog, for the fifth and subsequent dog			
<b>Dog Impounding Fees</b>						
(a) Impounding of dogs		\$100.00	\$100.00	\$0.00	0.0%	
(b) Sustainance of impounded dog per day or part thereof		\$20.00	\$20.00	\$0.00	0.0%	
(c) Euthanasia		\$40.00	\$40.00	\$0.00	0.0%	
<b>Stock Impounding Fees</b>						
(a) Fees for impounding of stock:						
(i) Horses, donkeys, asses, mules, cattle, deer		\$60.00	\$60.00	\$0.00	0.0%	
(ii) Sheep, goats, pigs, and other stock		\$30.00	\$30.00	\$0.00	0.0%	
(iii) All stock less than three months of age		\$10.00	\$10.00	\$0.00	0.0%	
(b) Time taken by Pound Keeper and/or Animal Ranger per hour (inclusive of GST)		\$75.00	\$75.00	\$0.00	0.0%	
(c) Travel by Pound Keeper and/or Animal Ranger per kilometre		\$0.77	\$0.77	\$0.00	0.0%	
(d) Sustainance		Actual Cost	Actual Cost			
Hire of transportation or trailers		Actual Cost	Actual Cost			
<b>Building Consents</b>						
Note:						
• Where building work and inspections vary from the examples indicated below specific fees will be calculated						
• National multi-use approval applications will have processing components of the fee deducted						
• Industrial building consent fees do not include DBH/ERANZ levies for building work equal to or more than \$20,000.00 in project value						
• Council's preference is for the invoicing of fees at the time of issuing. The exception being Certificate of Acceptance and Alternative Solution/Water applications, or where there is history of poor payment, the fees are to be paid at the time of lodging						
• Processing time and inspections in excess of those indicated will be invoiced as additional charges						
• Costs associated with review of a P51 will be invoiced as an additional charge. Complex projects may require calculations and/or a P52 in support of a P51. A P52 design review statement will be required for projects exceeding \$1 million						
• Fees and charges outstanding at submission of Form 6 "Application for Code Compliance Certificate" will prevent issuing of the Code Compliance Certificate						
Processing time charge-out rate:	BC Administration (per hour)	\$109.00	\$111.00	\$2.00	1.8%	
	BC Officers (per hour)	\$171.00	\$171.00	\$0.00	0.0%	
Inspection charge-out rates - allow a site arrival fee plus time on-site for inspection/compiling field notes and any necessary follow-up.	Per 0.75/hr	\$232.00	\$232.00	\$0.00	0.0%	
	Per 1.0/hr	\$275.00	\$275.00	\$0.00	0.0%	
	Per 1.5/hrs	\$360.00	\$360.00	\$0.00	0.0%	
<b>Indicative Building Consent Fees</b>						
<b>Building Work</b>						
<b>Freestanding Solid-Liquid-Gas Fired Heating Unit</b>		\$278.00	\$317.50	\$39.50	14.2%	
0.50 hrs - Processing						Use to be 0.25 hrs - Processing
0.75 hrs - Final inspection						
<b>Inbuilt Solid-Liquid-Gas Fired Heating Unit</b>		\$512.00	\$549.50	\$37.50	7.3%	
0.50 hrs - Processing						Use to be 0.25 hrs - Processing
0.75 hrs - Pre-installation						

Draft Schedule of Fees and Charges - 2018/2019		2017/2018	2018/2019	2017/2018	Changes	2018/2019	2018/2019	Changes
		(GST incl)	Comments					
0.75 hrs - Final inspection								
<b>Plumbing - Drainage, Swimming - Spa Pool, Fencing, Demolition, Other Minor works</b>		\$493.50	\$544.93		\$51.45	10.4%		
1.33 hrs - Site-services assessment								
0.50 hrs - Processing								
0.75 hrs - Final inspection								
<b>Farm Building, Deck, Conservatory, Garage</b>	PS1 design review	\$727.50	\$862.43		\$134.93	18.5%	Previously included Dairy Shed	
1.33 hrs - Site-services assessment	Pre-pour block inspection							
1.00 hrs - Processing	Pre-cast concrete inspection							Use to be 0.50 hrs - Processing
0.75 hrs - Foundation inspection	Pre-lining inspection							
0.75 hrs - Final inspection	Post-lining inspection							
Note: National multi-use approval applications to have processing component of the fee deducted								
<b>Dairy Shed</b>	PS1 design review	\$727.50	\$1,094.43		\$366.93	50.4%	Shown separately due to "Drainage inspection" not being optional	
1.33 hrs - Site-services assessment	Pre-pour block inspection							
1.00 hrs - Processing	Pre-cast concrete inspection							Use to be 0.50 hrs - Processing
0.75 hrs - Foundation inspection	Pre-lining inspection							
0.75 hrs - Final inspection	Post-lining inspection							
0.75 hrs - Drainage inspection								
Note: National multi-use approval applications to have processing component of the fee deducted								
<b>Altered Dwelling</b>		\$815.00	\$1,033.43		\$218.43	26.8%		
1.33 hrs - Site-services assessment	PS1 design review							
2.00 hrs - Processing	Plumbing inspection							Use to be 1.00 hrs - Processing
0.75 hrs - Pre-lining inspection	Skeleton inspection							
0.75 hrs - Final inspection	Post-lining inspection							
	Drainage inspection							
	Heating unit inspection							
<b>Relocated Dwelling</b>		\$1,049.00	\$1,265.43		\$216.43	20.6%		
1.33 hrs - Site-services assessment	PS1 design review							
2.00 hrs - Processing	Heating unit inspection							Use to be 1.50 hrs - Processing
0.75 hrs - Foundation inspection								
0.75 hrs - Drainage inspection								
0.75 hrs - Final inspection								
<b>Addition to Dwelling</b>		\$1,370.50	\$1,540.43		\$169.93	12.4%		
1.33 hrs - Site-services assessment	PS1 design review							
2.00 hrs - Processing	Pre-pour block inspection							Use to be 1.50 hrs - Processing
0.75 hrs - Foundation inspection	Skeleton inspection							
0.75 hrs - Pre-floor inspection	Plumbing inspection							
1.00 hrs - Pre-lining inspection	Waterproof membrane							Use to be 0.75 hrs - Pre-lining inspection
0.75 hrs - Final inspection	Post-lining inspection							
	Pre-plaster inspection							
	Half high bulkwork							
	Drainage inspection							
	Heating unit inspection							
<b>New Dwelling</b>		\$2,891.00	\$3,128.43		\$237.43	8.2%		
(< 300 m <sup>2</sup> floor area)	PS1 design review							
1.33 hrs - Site services assessment	Pre-pour block inspection							
4.00 hrs - Processing	Plumbing inspection							Use to be 3.00 hrs - Processing
0.75 hrs - Foundation inspection	Waterproof membrane							
0.75 hrs - Pre-floor inspection	Pre-plaster inspection							
0.75 hrs - Pre-floor drainage inspection	Half high bulkwork							No longer included as an optional inspection
1.00 hrs - Skeleton inspection	Heating unit inspection							
1.00 hrs - Pre-lining inspection								Use to be 0.75 hrs - Pre-lining inspection
0.75 hrs - Post-lining inspection								No longer included as an optional inspection
0.75 hrs - Cladding option inspection								
0.75 hrs - Drainage inspection								
1.00 hrs - Final inspection								
Note: National multi-use approval applications to have processing component of the fee deducted								

Draft Schedule of Fees and Charges - 2018/2019	Explanations/Comments	2017/2018	2018/2019	2017/2018	2018/2019	Changes	2018/2019	2018/2019	Changes
		(GST incl)	(GST incl)	(GST incl)	(GST incl)	(GST incl)	(GST incl)	Comments	
<b>New Dwelling</b>		\$3,474.00	\$3,555.43	\$81.43			2.3%		
(> 300 m <sup>2</sup> floor area)	PS1 design review								
1.33 hrs - Site-services assessment	Pre-pour block inspection								
5.00 hrs - Processing	Plumbing inspection							Use to be 4.00 hrs - Processing	
0.75 hrs - Foundation inspection	Waterproof membrane								
1.00 hrs - Pre-floor inspection	Pre-plaster inspection							Use to be 0.75 hrs - Pre-floor inspection	
0.75 hrs - Pre-floor drainage inspection	Half high backwork							No longer included as an optional inspection	
1.50 hrs - Skeleton inspection	Heating unit inspection								
1.00 hrs - Pre-lining inspection								Use to be 0.75 hrs - Pre-lining inspection	
0.75 hrs - Post-lining inspection									
1.00 hrs - Cladding option inspection								Use to be 0.75 hrs - Cladding option inspection	
0.75 hrs - Drainage inspection									
1.50 hrs - Final inspection									
Note: National multi-use approval applications to have processing component of the fee deducted									
<b>Commercial Accommodation, Commercial Crowd, Commercial Working</b>		\$2,772.00	\$2,773.43	\$1.43			0.1%		
1.33 hrs - Site-services assessment	PS1 design review								
5.00 hrs - Processing	Pre-pour block inspection							Use to be 3.00 hrs - Processing	
0.75 hrs - Foundation inspection	Pre-cast concrete inspection								
0.75 hrs - Pre-floor inspection	Plumbing inspection								
1.50 hrs - Skeleton inspection	Waterproof membrane								
0.75 hrs - Pre-lining inspection	Pre-plaster inspection								
1.00 hrs - Post-lining inspection	Half high backwork							No longer included as an optional inspection	
1.50 hrs - Final inspection	Heating unit inspection								
Note: National multi-use approval applications to have processing component of the fee deducted									
Processing limits: Occupancy > 1,000	CP-Eng charging rates								
WH and WF, FHC 4, > 3 floors	(Actual times / ins charged)								
Inspection limits: > 4 floors	Standard review charge	\$322.00	\$322.00	\$0.00			0.0%		
Specific design review charges	Further information	\$108.10	\$108.10	\$0.00			0.0%		
	Junior Engineer per hour	\$281.75	\$281.75	\$0.00			0.0%		
	Senior Engineer per hour	\$368.00	\$368.00	\$0.00			0.0%		
	Admin per hour	\$139.15	\$139.15	\$0.00			0.0%		
	Travel per km	\$0.92	\$0.92	\$0.00			0.0%		
<b>Other Fees and Charges</b>									
<b>Service Required</b>	<b>Fee/Charges Comprises</b>								
PIM	Project Information Memorandum (PIM only application)	\$190.00	\$190.00	\$0.00			0.0%		
PIM	Project Information Memorandum (issued with consent)	\$18.00	\$18.00	\$0.00			0.0%		
Site service assessment		\$171.00	\$171.00	\$0.00			0.0%		
LIM	Land Information Memorandum (includes single title search)	\$343.00	\$343.00	\$0.00			0.0%		
DBH Levy	\$2.01 per \$1,000.00 (for project values equal to or more than \$20,000.00)	\$2.01 / \$1 k	\$2.01 / \$1 k						
BRANZ Levy	\$1.00 per \$1,000.00 (for project values equal to or more than \$20,000.00)	\$1.00 / \$1 k	\$1.00 / \$1 k						
Relocatable Building Report	Single inspection charge + 0.50/hr processing (within SDC area)	\$321.50	\$321.50	\$0.00			0.0%		
Test/Marquee (> 100 m <sup>2</sup> )	Single inspection charge + 0.50/hr processing	\$321.50	\$321.50	\$0.00			0.0%		
Amusement Device Permit	Single inspection charge (subsidised by SDC)	\$11.55	\$11.55	\$0.00			0.0%		

Draft Schedule of Fees and Charges - 2018/2019	Explanations/Comments	2017/2018	2018/2019	2017/2018	Changes	2018/2019	2018/2019	Changes
		(GST incl)	(GST incl)	(GST incl)		(GST incl)	Comments	
Amend issued Building Consent	Processing time + any additional inspections if necessary	Actual cost	Actual cost					
Compliance Schedule / Statement	1.00/hr processing	\$175.00	\$175.00	\$0.00		0.0%		
Compliance Schedule – Amended	0.50/hr processing	\$87.50	\$87.50	\$0.00		0.0%		
Certificate of Public Use	Single inspection charge + 1.50/hrs processing	\$496.50	\$496.50	\$0.00		0.0%		
Certificate of Acceptance	Two inspection charges + 1.50/hrs processing (paid on lodging)	\$730.50	\$730.50	\$0.00		0.0%		
Alternative Solution or Waiver	Assessment of other than minor alternatives (paid on lodging)	\$875.00	\$875.00	\$0.00		0.0%		
Sale of Alcohol Reviews	0.33/hr processing	\$57.00	\$57.00	\$0.00		0.0%		
Building Statistics Report	Per monthly report	\$40.00	\$40.00	\$0.00		0.0%		
Document Filing or Search	0.33/hr processing	\$37.50	\$37.50	\$0.00		0.0%		
Certificate of Title Search	0.33/hr processing	Actual cost	Actual cost					
Copying charge A4	Per sheet	1	1	\$0.00		0.0%		
Copying charge A3	Per sheet	1.5	1.5	\$0.00		0.0%		
Copying charge A2/A1	Per sheet	5	5	\$0.00		0.0%		
Consent hardcopy scanning	Per consent	\$70.00	\$70.00	\$0.00		0.0%		
Property File Retrieval	Per file for Non-Owner	\$0.00	\$10.00	\$10.00			New Fee Trade Hunt - New Fee for non-owners for file retrieval. There will be no charge to view the file online. Fee the same as ICC.	
<b>Community Housing Rents</b>								
Edendale (54 Seaward Road)	Single (per week)	\$98.50	\$98.50	\$0.00		0.0%	Only due to change every 2nd year.	
	Double (per week)	\$98.50	\$98.50	\$0.00		0.0%	Only due to change every 2nd year.	
Edendale (Pioneer Place)	Single (per week)	\$85.50	\$85.50	\$0.00		0.0%	Only due to change every 2nd year.	
	Double (per week)	\$95.50	\$95.50	\$0.00		0.0%	Only due to change every 2nd year.	
Lumsden (Tauna Place)	Single (per week)	\$85.50	\$85.50	\$0.00		0.0%	Only due to change every 2nd year.	
	Double (per week)	\$95.50	\$95.50	\$0.00		0.0%	Only due to change every 2nd year.	
Nightcaps	Single (per week)	\$82.50	\$82.50	\$0.00		0.0%	Only due to change every 2nd year.	
	Double (per week)	\$92.50	\$92.50	\$0.00		0.0%	Only due to change every 2nd year.	
Ohai	Single (per week)	\$82.50	\$82.50	\$0.00		0.0%	Only due to change every 2nd year.	
	Double (per week)	\$92.50	\$92.50	\$0.00		0.0%	Only due to change every 2nd year.	
Otautau	Single (per week)	\$85.50	\$85.50	\$0.00		0.0%	Only due to change every 2nd year.	
	Double (per week)	\$95.50	\$95.50	\$0.00		0.0%	Only due to change every 2nd year.	
Riversdale	Single (per week)	\$85.50	\$85.50	\$0.00		0.0%	Only due to change every 2nd year.	
	Double (per week)	\$95.50	\$95.50	\$0.00		0.0%	Only due to change every 2nd year.	
Riverton (111 Havelock Street)	Single (per week)	\$98.50	\$98.50	\$0.00		0.0%	Only due to change every 2nd year.	
	Double (per week)	\$98.50	\$98.50	\$0.00		0.0%	Only due to change every 2nd year.	
Riverton (127 Havelock Street)	Single (per week)	\$85.50	\$85.50	\$0.00		0.0%	Only due to change every 2nd year.	
	Double (per week)	\$95.50	\$95.50	\$0.00		0.0%	Only due to change every 2nd year.	
Tuatapea	Single (per week)	\$82.50	\$82.50	\$0.00		0.0%	Only due to change every 2nd year.	
	Double (per week)	\$92.50	\$92.50	\$0.00		0.0%	Only due to change every 2nd year.	
Winton	Single (per week)	\$85.50	\$85.50	\$0.00		0.0%	Only due to change every 2nd year.	
	Double (per week)	\$95.50	\$95.50	\$0.00		0.0%	Only due to change every 2nd year.	
Wyndham	Single (per week)	\$85.50	\$85.50	\$0.00		0.0%	Only due to change every 2nd year.	
	Double (per week)	\$95.50	\$95.50	\$0.00		0.0%	Only due to change every 2nd year.	
<b>Contributions - Reserves and Roading</b>								
Reserves and roading contributions may be required through the resource consent process. If contributions are required then they will be taken in accordance with the methodology prescribed in the "Financial Contributions" section of the Proposed District Plan 2012.								
<b>Environmental Health</b>								
<b>Food businesses:</b>								
With deemed Food Control Plans; or								
Registered under the Food Hygiene Regulations 1974								
<b>Annual Fees</b>								

Draft Schedule of Fees and Charges - 2018/2019	Explanations/Comments	2017/2018 (GST incl)	2018/2019 (GST incl)	2017/2018 Changes (GST incl)	2018/2019 Changes (GST incl) Comments
(a) Schedule 1 food businesses	Per Site	\$584.00	\$613.00	\$29.00	5.0%
(b) Schedule 2 food businesses	Per Site	\$292.00	\$307.00	\$15.00	5.1%
<b>Penalty for late payments</b>					
Applicable to fees renewals after 1 January		\$50.00	\$53.00	\$3.00	6.0%
<b>Food businesses operating under the Food Act 2014</b>					
With food control plans or national programmes:					
<b>Application fees</b>					
(a) Establishment and registration of a new single or multi-site template food control plan or national programme.		\$365.00	\$383.00	\$18.00	4.9%
(b) Renewal of registration of a single or multi-site template food control plan or national programme.		\$73.00	\$77.00	\$4.00	5.5%
(c) Amendments and significant change in circumstances	Per hour	\$146.00	\$153.00	\$7.00	+8% Changed from an hourly rate to a fixed fee of \$146
<b>Verification fees:</b>					
All verifications, limited to a maximum of two hours on site	Per Site	\$511.00	\$537.00	\$26.00	5.1%
Hourly rate after two hours on site	Per hour		\$154.00		An hourly rate has been introduced, to encourage licensees to be well prepared for the verification and to allocate staff time for the verification
Cancellation of verification less than 24 hours' notice			\$77.00		A new fee for staff time required to reschedule a verification
<b>Other registered premises</b>					
<b>Annual fees</b>					
(a) Camping Grounds		\$292.00	\$307.00	\$15.00	5.1%
(b) Offensive trades		\$292.00	\$307.00	\$15.00	5.1%
(c) Handdressers		\$219.00	\$230.00	\$11.00	5.0%
(d) Sale yards		\$146.00	\$153.00	\$7.00	+8%
(e) Funeral directors		\$146.00	\$153.00	\$7.00	+8%
(f) A hair salon or camping ground at the same property, and operated by the same licensee, as a food business that is registered or verified		\$146.00	\$153.00	\$7.00	+8%
<b>Transfer of Ownership</b>					
Transfer of ownership fee for premises registered under the Health (Registration of Premises) Regulations 1966					
<b>Penalty for late payments</b>					
Applicable to all registration renewals after 1 January		\$50.00	\$53.00	\$3.00	6.0%
<b>Compliance fees</b>					
<b>On site compliance</b>					
For each					
re-inspection of a registered premises; or					
on-site follow up of corrective actions of a food business operating under the Food Act 2014;					
that determines that these are matters still outstanding from a previous inspection or verification		\$146.00	\$153.00	\$7.00	+8%
<b>Off site compliance</b>					
For office based evaluation of evidence provided of compliance with corrective actions, that determines that these are still matters outstanding		\$73.00	\$77.00	\$4.00	5.5%
<b>Compliance activity under the Food Act 2014</b>					
Examples include a food business not operating under the required approval, failure to be verified, failure to attend to corrective actions	Per hour	\$146.00	\$153.00	\$7.00	+8%
<b>Licence under the Trading in Public Places Bylaw:</b>					
(a) Annual fee for trading at sites, or any mobile trader.		\$50.00	\$53.00	\$3.00	6.0%
(b) Application to consider a location that is not pre-approved, per Community Board or Community Development Area approval sought		\$292.00	\$307.00	\$15.00	5.1%
<b>Other Services</b>					
<b>Copies of Food Control Plan documents</b>					
(a) Simply Safe and Suitable	Each		\$0.00	\$0.00	This template is new
(b) Food Control Plan: Food service and retail	Each		\$25.00	\$25.00	This template is new
(c) Toolkit or diary	Each	\$10.00	\$0.00	-\$10.00	-100.0% This template is new
<b>E-coli water sampling fee:</b>					
(a) Each sampling visit of a food premises or camping ground that has a private water supply, for one sample		\$50.00	\$50.00	\$0.00	0.0%
(b) Each additional sample during the visit in (a) above		\$25.00	\$25.00	\$0.00	0.0%
<b>Nuisances</b>					
Where it has been established that a property is causing a nuisance and the owner has failed to abate the nuisance, the time taken for the Officer to investigate, visit, research, or attend to correspondence/administration, shall be charged at the actual cost calculated at:	Per hour	\$146.00	\$153.00	\$7.00	+8%

Draft Schedule of Fees and Charges - 2018/2019		2017/2018	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019
Explanations/Comments		(GST incl)	(GST incl)	Changes	Changes	Comments	Comments
<b>Dispensation under the Keeping of Animals, Poultry and Bees Bylaw</b>							
Application for dispensation							This fee has been collected previously under "General Hourly Rate", and now has been identified as a new fee.
<b>General hourly rate</b>							
All other activities undertaken by Environmental Health Staff, shall be charged at the actual cost calculated at:							
Per hour		\$146.00	\$153.30	\$7.30	5.0%		
Annual fee for the monthly sampling of school water supplies, excluding the laboratory costs which are incurred directly from the laboratory		\$400.00		-\$400.00	-100.0%		
There shall be a charge for the search and recovery of readily available documents from the health section records, plus photocopying, provided that in the event of there being insufficient details provided to allow the file to be readily located the charge to be actual cost calculated at an hourly rate, plus photocopying		\$23.00		-\$23.00	-100.0%		
Photocopying - A4		\$1.00		-\$1.00	-100.0%		
Photocopying - A3		\$1.50		-\$1.50	-100.0%		
Photocopying - larger copies		\$5.00		-\$5.00	-100.0%		
<b>HALLS AND COMMUNITY CENTRES</b>							
<b>Arhol Hall</b>							
Hall Hire		\$200.00	\$200.00	\$0.00	0.0%		
Hall Hire (winter)		\$250.00	\$250.00	\$0.00	0.0%		
Hall only /supper room summer 2 hours		\$20.00	\$20.00	\$0.00	0.0%		
Hall only /supper room summer 4 hours		\$32.00	\$32.00	\$0.00	0.0%		
Hall only /supper room summer 8 hours		\$45.00	\$45.00	\$0.00	0.0%		
Hall only /supper room winter 2 hours		\$23.00	\$23.00	\$0.00	0.0%		
Hall only /supper room winter 4 hours		\$40.00	\$40.00	\$0.00	0.0%		
Hall only /supper room winter 8 hours		\$55.00	\$55.00	\$0.00	0.0%		
All facilities summer 2 hours		\$32.00	\$32.00	\$0.00	0.0%		
All facilities summer 4 hours		\$45.00	\$45.00	\$0.00	0.0%		
All facilities summer 8 hours		\$75.00	\$75.00	\$0.00	0.0%		
All facilities winter 2 hours		\$40.00	\$40.00	\$0.00	0.0%		
All facilities winter 4 hours		\$55.00	\$55.00	\$0.00	0.0%		
All facilities winter 8 hours		\$93.00	\$93.00	\$0.00	0.0%		
Chairs		\$6.00	\$6.00	\$0.00	0.0%		
Tables		\$1.00	\$1.00	\$0.00	0.0%		
Large platters /oven dish		\$2.00	\$2.00	\$0.00	0.0%		
Small platters /sided bowls		\$1.00	\$1.00	\$0.00	0.0%		
Cutlery or crockery		\$5.00	\$5.00	\$0.00	0.0%		
Board		(no GST) \$125.00	\$125.00	\$0.00	0.0%		
<b>Browns Hall</b>							
Rugby Club (season hire)		\$650.00	\$650.00	\$0.00	0.0%		
Athletic Society		\$100.00	\$100.00	\$0.00	0.0%		
Private function		\$100.00	\$100.00	\$0.00	0.0%		
Community function		\$50.00	\$50.00	\$0.00	0.0%		
Board		(no GST) \$250.00	\$250.00	\$0.00	0.0%		
<b>Clifden Hall</b>							
Hall		Per hour	\$11.50	-\$11.50	-100.0%	Still awaiting feedback	
Tables		Each	\$5.00	-\$5.00	-100.0%		
Cups		Per dozen	\$20.00	-\$20.00	-100.0%		
Board		(no GST)	\$220.00	-\$220.00	-100.0%		
Board (ratepayers)		(no GST)	\$100.00	-\$100.00	-100.0%		
Board (after midnight)		(no GST)	\$160.00	-\$160.00	-100.0%		
<b>Colac Bay Hall</b>							
Funerals		\$100.00	\$100.00	\$0.00	0.0%		
Cabaret, Socials, Weddings		\$120.00	\$120.00	\$0.00	0.0%		
Bords - Night		\$40.00	\$40.00	\$0.00	0.0%		
Bords - Afternoon and night		\$50.00	\$50.00	\$0.00	0.0%		

Draft Schedule of Fees and Charges - 2018/2019		Explanations/Comments	2017/2018	2018/2019	2017/2018	Changes	2018/2019	2018/2019	Changes
			(GST incl)	(GST incl)	(GST incl)	(GST incl)	(GST incl)	(GST incl)	Comments
Main hall	Per hour		\$10.00	\$10.00		\$0.00		0.0%	
Chairs	Each		\$5.00	\$5.00		\$0.00		0.0%	
Tables	Each		\$10.00	\$10.00		\$0.00		0.0%	
Bond	(no GST)		\$200.00	\$200.00		\$0.00		0.0%	
<b>Dipton Hall</b>									
Hall			\$25-\$50	\$35-\$80					
Hall night rates			\$100-\$250	\$250-\$350					
Play group/ RSA			\$20-\$50	\$35-\$50					
<b>Five Rivers Hall</b>									
Hall			\$50.00	\$50.00		\$0.00		0.0%	
Cleaning			\$100.00	\$0.00		-\$100.00		-100.0%	No fee included for this.
Chairs	Per day		\$10.00	\$20.00		\$10.00		100.0%	
Bond	(no GST)		\$200.00	\$200.00		\$0.00		0.0%	
<b>Portrose Hall</b>									
All day hire	8 hours		\$35.00			-\$35.00		-100.0%	Still awaiting feedback
All day and night hire			\$60.00			-\$60.00		-100.0%	
<b>Hokonui Hall</b>									
All day hire	8 hours		\$50.00			-\$50.00		-100.0%	Still awaiting feedback
All day and night hire			\$100.00			-\$100.00		-100.0%	
Meeting room	Per hour		\$10.00			-\$10.00		-100.0%	
<b>Limehills Hall</b>									
All day hire	8.00 am - 5.00 pm		\$45.00	\$45.00		\$0.00		0.0%	No quorum - not finalized yet
All day and night hire			\$80.00	\$80.00		\$0.00		0.0%	No quorum - not finalized yet
Rugby Club			\$650.00	\$650.00		\$0.00		0.0%	No quorum - not finalized yet
Bond	(no GST)		\$250.00	\$250.00		\$0.00		0.0%	No quorum - not finalized yet
<b>Lumsden Hall</b>									
Funerals			\$92.00	rensure					
Weddings			\$201.25	rensure					
All day hire	8 hours		\$69.00	\$100.00		\$31.00		44.9%	
All day and night hire			\$115.00	\$150.00		\$35.00		30.4%	
Sports team			\$17.25	\$17.25		\$0.00		0.0%	
Lounge / supper room			\$34.50	\$50.00		\$15.50		44.9%	
Cleaning (if required)			\$0.00	\$150.00		\$150.00		New	
<b>Manapouri Hall</b>									
Hall			\$60.00	\$60.00		\$0.00		0.0%	
Hall and kitchen			\$250.00	\$250.00		\$0.00		0.0%	
Meeting room/library	Per half day		\$15.00	\$15.00		\$0.00		0.0%	
Funerals			\$100.00	\$100.00		\$0.00		0.0%	
Library	Per year		\$200.00	\$200.00		\$0.00		0.0%	
Playgroup	Per session		\$40.00	\$40.00		\$0.00		0.0%	
Commercial	All day and evening		\$287.50	\$287.50		\$0.00		0.0%	
Commercial	Weekly		\$1,150.00	\$1,150.00		\$0.00		0.0%	
Community Groups	Half day		\$40.00	\$40.00		\$0.00		0.0%	
Community Groups	Full day		\$75.00	\$75.00		\$0.00		0.0%	
Sports use	Max per 3 hours		\$15.00	\$15.00		\$0.00		0.0%	
Chairs	Each		\$2.00	\$2.00		\$0.00		0.0%	
Tables	Each		\$12.00	\$12.00		\$0.00		0.0%	
Cups	Dozen		\$0.25	\$0.25		\$0.00		0.0%	
Saucers	Dozen		\$0.25	\$0.25		\$0.00		0.0%	
Teapots	Each		\$2.50	\$2.50		\$0.00		0.0%	
Pie Warmer	Each		\$50.00	\$50.00		\$0.00		0.0%	

Draft Schedule of Fees and Charges - 2018/2019	Explanations/Comments	2017/2018 (GST incl)	2018/2019 (GST incl)	2017/2018 Changes (GST incl)	2018/2019 Changes (GST incl)	2018/2019 Comments
Bread and butter plates, dessert plates, cutlery	Each	\$0.15	\$0.15	\$0.00	0.0%	
Dinner plates	Each	\$0.20	\$0.20	\$0.00	0.0%	
Tablecloths	Each	\$5.00	\$5.00	\$0.00	0.0%	
Board	(no GST)	\$200.00	\$200.00	\$0.00	0.0%	
<b>Mokoreta Hall</b>						
Hire	Hourly	\$12.00		-\$12.00	-100.0%	Still awaiting feedback
Cleaning	Per hour	\$25.00		-\$25.00	-100.0%	
Heater	Per hour	\$8.00		-\$8.00	-100.0%	
<b>Nightcaps Hall</b>						
Funerals		\$100.00	\$100.00	\$0.00	0.0%	
Cabaret, Socials, Weddings		\$125.00	\$125.00	\$0.00	0.0%	
Rifle Club	Full season	\$200.00	\$200.00	\$0.00	0.0%	
Netball and Rugby Club	Per hour	\$15.00	\$15.00	\$0.00	0.0%	
Meeting room	Per hour	\$15.00	\$15.00	\$0.00	0.0%	
Hire of kitchen, supper room and meeting room for function	Flat fee	\$80.00	\$80.00	\$0.00	0.0%	
Funerals for RSA members and spouses		No Charge	No Charge			
Board	(no GST)	\$250.00	\$250.00	\$0.00	0.0%	
<b>Ohai Hall</b>						
Hire	Hourly	\$8.45	delete			
Wedding Dance/ Cabarets		\$115.00	\$115.00	\$0.00	0.0%	
Wedding Reception only/ Banquets		\$100.00	\$100.00	\$0.00	0.0%	
Group Hire	Hourly	\$15.00	\$15.00	\$0.00	0.0%	
Non-Profit Organisation Hire	Per hour	\$10.00	\$10.00	\$0.00	0.0%	
Board	(no GST)	\$250.00	\$250.00	\$0.00	0.0%	
<b>Orawia Hall</b>						
Private function		\$100.00		-\$100.00	-100.0%	Still awaiting feedback
Community function		\$40.00		-\$40.00	-100.0%	
<b>Oreti Plains Hall</b>						
All day hire (8 hours)		\$125.00		-\$125.00	-100.0%	Still awaiting feedback
Hire (hourly)		\$14.00		-\$14.00	-100.0%	
Weekend Hall Hire		\$250.00		-\$250.00	-100.0%	
Weekly Hall Hire		\$875.00		-\$875.00	-100.0%	
Chairs (each)		\$50.00		-\$50.00	-100.0%	
Tables (each)		\$50.00		-\$50.00	-100.0%	
Board		\$500.00		-\$500.00	-100.0%	
<b>Orepuhi Hall</b>						
Funerals		\$69.00		-\$69.00	-100.0%	Not specified
Cabarets, Socials, Weddings		\$172.50		-\$172.50	-100.0%	Not specified
Half day or night	(3 hours and under)	\$0.00	\$65.00	\$65.00	New	
All day hire	(over 3 hours either)	\$115.00	\$115.00	\$0.00	0.0%	
All day and night hire		\$287.50	\$280.00	\$7.50	0.9%	
Interclub events		\$69.00		-\$69.00	-100.0%	Not specified
Sport lounge	Per night	\$5.75		-\$5.75	-100.0%	Not specified
Sports Clubs			\$6.00			
Lounge:						
Private function	Resident	\$46.00	\$40.00	-\$6.00	-13.0%	
Private function	Non-resident	\$92.00	\$70.00	-\$22.00	-23.9%	
Children's Disco		\$17.25		-\$17.25	-100.0%	Not specified
Pot luck tea, fazevelis		No Charge				Not specified
Meetings, gifts, afternoon, cards		\$9.20		-\$9.20	-100.0%	Not specified
Chairs	Each (additional fee for damage)	\$0.60	\$0.60	\$0.00	0.0%	

Draft Schedule of Fees and Charges - 2018/2019		2017/2018	2018/2019	2017/2018	Changes	2018/2019	2018/2019	Changes	
	Explanations/Comments	(GST incl)	Comments						
Tables	Each	\$3.45	\$4.00	\$0.55			15.9%		
Furniture		\$9.20		-\$9.20			-100.0%	Not specified	
Cutlery	Base rate	\$25.00		-\$23.00			-100.0%	Not specified	
Bond	(no GST)	\$250.00	\$250.00	\$0.00			0.0%		
<b>Otapiri-Lora Gorge Hall</b>									
Hall		\$200.00	\$200.00	\$0.00			0.0%		
Hall	Residents	\$150.00	\$150.00	\$0.00			0.0%		
Meetings morning/afternoon/evening		\$35.00	\$35.00	\$0.00			0.0%		
Meetings morning/afternoon/evening	Residents	\$25.00	\$25.00	\$0.00			0.0%		
Weddings		\$250.00	\$250.00	\$0.00			0.0%		
Weddings	Residents	\$200.00	\$200.00	\$0.00			0.0%		
Rifle Club	Full season	\$10.00	\$10.00	\$0.00			0.0%		
Dance Committee		\$60.00	\$60.00	\$0.00			0.0%		
Chairs	Each	\$1.00	\$1.00	\$0.00			0.0%		
Tables	Each	Donation	Donation						
Cutlery and Crockery		\$25.00	\$25.00	\$0.00			0.0%		
<b>Ryal Bush</b>									
All day hire		\$50.00		-\$50.00			-100.0%	Still awaiting feedback	
Hourly		\$20.00		-\$20.00			-100.0%		
Bond	(no GST)	\$200.00		-\$200.00			-100.0%		
<b>Stewart Island Trail Pavilion</b>									
Hire		\$50.00	\$50.00	\$0.00			0.0%		
<b>Thornbury Hall</b>									
Funerals		\$110.00	\$110.00	\$0.00			0.0%		
Cabaret, Socials		\$132.00	\$132.00	\$0.00			0.0%		
Weddings		\$165.00	\$165.00	\$0.00			0.0%		
Main Hall	Per hour	\$11.00	\$11.00	\$0.00			0.0%		
Meeting room	Per hour	\$11.00	\$11.00	\$0.00			0.0%		
Sports bodies	Per hour	\$2.20	\$11.00	\$8.80			400.0%		
Chairs	Each	\$1.25	\$1.25	\$0.00			0.0%		
Tables	Each	\$2.50	\$2.50	\$0.00			0.0%		
Cups	Per dozen	\$2.00	\$2.00	\$0.00			0.0%		
Tea pots	Each	\$2.00	\$2.00	\$0.00			0.0%		
Bond	(no GST)	\$250.00	\$250.00	\$0.00			0.0%		
<b>Tokomui Hall</b>									
All day hire	8 hours	\$55.00	\$55.00	\$0.00			0.0%		
All day and night hire		\$70.00	\$70.00	\$0.00			0.0%		
Sports team		\$12.00	\$12.00	\$0.00			0.0%		
Occasional sports		\$15.00	\$15.00	\$0.00			0.0%		
Lounge/supper room		\$15.00	\$15.00	\$0.00			0.0%		
Supper room and kitchen		\$25.00	\$25.00	\$0.00			0.0%		
Chairs	Each	\$0.20	\$0.20	\$0.00			0.0%		
Tables	Each	\$0.10	\$0.10	\$0.00			0.0%		
<b>Tuatapere Hall</b>									
Weddings		\$115.00	\$115.00	\$0.00			0.0%		
Sports Team		\$11.50	\$11.50	\$0.00			0.0%		
<b>Waiatarua Hall</b>									
All day hire	8 hours	\$150.00	\$150.00	\$0.00			0.0%		
Weekend Hall Hire		\$500.00	\$500.00	\$0.00			0.0%		
Bond	(no GST)	\$500.00	\$500.00	\$0.00			0.0%		

Draft Schedule of Fees and Charges - 2018/2019	Explanations/Comments	2017/2018 (GST incl)	2018/2019 (GST incl)	2017/2018 Changes (GST incl)	2018/2019 Changes (GST incl)	2018/2019 Comments
<b>Waikawa Hall</b>						
Hall		\$200.00	\$200.00	\$0.00	0.0%	
Hall	No more than 4 hours	\$50.00	\$50.00	\$0.00	0.0%	
Meetings		\$25.00	\$25.00	\$0.00	0.0%	
Funerals		\$150.00	\$150.00	\$0.00	0.0%	
All day hire	8 hours	\$120.00	\$120.00	\$0.00	0.0%	
All day and night hire		\$200.00	\$200.00	\$0.00	0.0%	
Lounge / supper room		\$50.00	\$50.00	\$0.00	0.0%	
Supper room	Part day	\$60.00	\$60.00	\$0.00	0.0%	
Meetings		\$25.00	\$25.00	\$0.00	0.0%	
Chairs	Day	\$20.00	\$20.00	\$0.00	0.0%	
Tables	Day	\$5.00	\$5.00	\$0.00	0.0%	
Board	(no GST)	\$50.00	\$50.00	\$0.00	0.0%	
<b>Winton Memorial Hall</b>						
Weddings/ Birthdays/ Other Social Functions	Full day (bond required)	\$400.00	\$400.00	\$0.00	0.0%	
<i>(Hall not available for hire for birthday functions for 25 year olds and under)</i>						
Other Functions	Full day (bond required)	\$200.00	\$200.00	\$0.00	0.0%	
School / Education Related Events	Full day (bond required)	\$50.00	\$50.00	\$0.00	0.0%	
Bowls and Dancing (e.g. Ballet, Scottish Dancing)	Half day (bond required)	\$25.00	\$25.00	\$0.00	0.0%	
Bowls and Dancing (e.g. Ballet, Scottish Dancing)	Full day (bond required)	\$50.00	\$50.00	\$0.00	0.0%	
Funeral / Church Services / Meetings	Full day (bond required)	\$75.00	\$75.00	\$0.00	0.0%	
Commercial User (e.g. Private Sales)	Half day (bond required)	\$200.00	\$200.00	\$0.00	0.0%	
Commercial User (e.g. Private Sales)	Full day (bond required)	\$400.00	\$400.00	\$0.00	0.0%	
Board - Regular Users (12 month duration for bond, reviewed and renewed every 12 months)	(no GST)	\$200.00	\$200.00	\$0.00	0.0%	
Board - Casual / One-Off Users	(no GST)	\$400.00	\$400.00	\$0.00	0.0%	
<b>Winton RSA Hall</b>						
Anzac Lounge	Half day (bond required)	\$30.00	\$30.00	\$0.00	0.0%	
Anzac Lounge	Full day (bond required)	\$60.00	\$60.00	\$0.00	0.0%	
Weddings	Full day (bond required)	\$150.00	\$150.00	\$0.00	0.0%	
<i>Other functions (ANZAC lounge not to be hired for birthday functions for 25 year olds or under)</i>						
Kip McGrath (Over Lock-up Room)	Regular/Consistent (per month charge)	\$300.00	\$300.00	\$0.00	0.0%	
Regular Users (e.g. Dancing, Yoga, Church Services)	Half day (bond required)	\$15.00	\$15.00	\$0.00	0.0%	
Regular Users (e.g. Dancing, Yoga, Church Services)	Full day (bond required)	\$30.00	\$30.00	\$0.00	0.0%	
Commercial User (e.g. Private Sales)	Half day (bond required)	\$50.00	\$50.00	\$0.00	0.0%	
Commercial User (e.g. Private Sales)	Full day (bond required)	\$100.00	\$100.00	\$0.00	0.0%	
Board - Regular Users (12 month duration for bond, reviewed and renewed every 12 months)	(no GST)	\$100.00	\$100.00	\$0.00	0.0%	
Board - Casual / One-Off Users	(no GST)	\$200.00	\$200.00	\$0.00	0.0%	
<b>Edendale-Wyndham Hall</b>						
All day	8 hours	\$80.00	\$80.00	\$0.00	0.0%	
Day and night hire		\$150 - \$240	\$150 - \$240			
Committee Room	Hourly	\$30.00	\$30.00	\$0.00	0.0%	
Supper Room		\$30.00	\$30.00	\$0.00	0.0%	
Kitchen and Supper Room		\$40.00	\$40.00	\$0.00	0.0%	
Kitchen and Committee Room		\$40.00	\$40.00	\$0.00	0.0%	
Board (May be imposed at discretion of the custodian)	(no GST)	\$1,000.00	\$1,000.00	\$0.00	0.0%	
If excessive staining of the floor and commercial cleaning is required the cost of such will be charged to the hire.						
<b>Information Management</b>						
Production of maps (excluding requests for property maps from ratepayers for their individual properties)*		\$75.00**	\$75.00**			
* This fee applies to external customers where there is a commercial gain to be made by the requestor and/or there is a request for 'value added' work. Value added work is where the customer has requested additional information to be shown on a standard property map. Examples include the defining of fence lines and calculation of paddock sizes.						

Draft Schedule of Fees and Charges - 2018/2019	Explanations/Comments	2017/2018 (GST incl)	2018/2019 (GST incl)	2017/2018 Changes (GST incl)	2018/2019 Changes (GST incl)	2018/2019 Comments
A standard property map (one that shows the property boundary information layer over the aerial photography image) requested by the owner or occupier of the property does not incur this fee						
** The fee is standard per property requested, regardless of the size of the printed map or the size of the property						
<b>Interment Fees for Southland District Council Cemeteries</b>						
<b>Standard Interment Five Years Old and Over</b>						
<b>Colston (Ish Bank)</b>		<b>\$0.00</b>	<b>\$1,940.00</b>	<b>\$1,940.00</b>		<b>New fee</b>
Centre Hill		\$1,940.00	\$1,940.00	\$100.00	5.4%	
Dipton		\$1,940.00	\$1,940.00	\$100.00	5.4%	
Eldersdale		\$1,940.00	\$1,940.00	\$100.00	5.4%	
Halimoon Bay		\$1,940.00	\$1,940.00	\$100.00	5.4%	
Lumsden		\$1,940.00	\$1,940.00	\$100.00	5.4%	
Lynnwood		\$1,940.00	\$1,940.00	\$100.00	5.4%	
Otatau		\$1,940.00	\$1,940.00	\$100.00	5.4%	
Otatau RSA (less \$300)		\$1,540.00	\$1,640.00	\$100.00	6.5%	
Riverton		\$1,940.00	\$1,940.00	\$100.00	5.4%	
Riverton RSA (less \$200)		\$1,640.00	\$1,740.00	\$100.00	6.1%	
Nightcaps (Wainio)		\$1,940.00	\$1,940.00	\$100.00	5.4%	
Wallacertown		\$1,940.00	\$1,940.00	\$100.00	5.4%	
Winton		\$1,940.00	\$1,940.00	\$100.00	5.4%	
Woodlands		\$1,940.00	\$1,940.00	\$100.00	5.4%	
Wyers Bush		\$1,940.00	\$1,940.00	\$100.00	5.4%	
Wynndham		\$1,940.00	\$1,940.00	\$100.00	5.4%	
<b>Other Cemetery Fees</b>						
Interment one year old and up to five years old		\$920.00	\$970.00	\$50.00	5.4%	
Interment stillborn and up to one year old		\$460.00	\$485.00	\$25.00	5.4%	
Purchase of Exclusive Right to Burial - standard or ashes plot		\$115.00	\$138.00	\$23.00	20.0%	
<b> Cremated ashes into existing ashes or standard plot - Council to prepare:</b>						
• Grass surface		\$575.00	\$575.00	\$0.00	0.0%	
• Hard surface, ie concrete (Fee plus actual contractor costs)		\$115.00	\$138.00	\$23.00	20.0%	
Cremated ashes into existing ashes or standard plot - family or funeral director to prepare and finish site		\$115.00	\$138.00	\$23.00	20.0%	
Stewart Island Cemetery Memorial Wall - placement of plaque (up to 250mm x 150mm)		\$57.50	\$80.00	\$22.50	39.1%	Max size 250mm x 150mm - double the charge for larger
<b>Stewart Island Cemetery Memorial Wall - placement of plaque (over 250mm x 150mm)</b>		<b>\$0.00</b>	<b>\$160.00</b>	<b>\$160.00</b>		<b>New fee</b>
Probes		\$150.00	\$150.00	\$0.00	0.0%	
Out of Standard Hours Burial		\$350.00	\$350.00	\$0.00	0.0%	
<b>Library Charges</b>						
Loan from another library within the District	Per item	\$0.50	\$0.50	\$0.00	0.0%	
Interloans (New Zealand-wide)	Per item	\$5.00	\$5.00	\$0.00	0.0%	
Subject information	Per search	\$3.00	\$3.00	\$0.00	0.0%	
DVDs	For seven nights	\$2.00	\$2.00	\$0.00	0.0%	
Processing fee - lost/ damaged item		\$7.50	\$7.50	\$0.00	0.0%	
Replacement card		\$2.00	\$2.00	\$0.00	0.0%	
Photocopying	Per sheet	\$0.20	\$0.20	\$0.00	0.0%	
Printing from CD Rom	Per sheet	\$0.20	\$0.20	\$0.00	0.0%	
Colour printing A4	Per sheet	\$0.50	\$0.50	\$0.00	0.0%	
Colour printing A3	Per sheet	\$3.00	\$3.00	\$0.00	0.0%	
Fines (adult) (maximum \$6.00 per item)	Per day	\$0.20	\$0.20	\$0.00	0.0%	
Fines (under 16) (maximum \$1.50 per item)	Per day	\$0.10	\$0.10	\$0.00	0.0%	
Reserves	Per item	\$0.50	\$0.50	\$0.00	0.0%	
<b>Local Government Official Information and Meeting Requests</b>						
<b>Official information request</b>						
• First four hours		Free				
• Additional time	Per half hour	\$38.00		-\$38.00	-100.0%	
<b>Photocopying charges</b>						
• First 50 pages		Free				Still awaiting feedback

Draft Schedule of Fees and Charges - 2018/2019	Explanations/Comments	2017/2018	2018/2019	2017/2018	Changes	2018/2019	2018/2019	Changes
		(GST incl)	(GST incl)	(GST incl)		(GST incl)	Comments	
• Additional pages	Per page	\$0.20			-\$0.20		-100.0%	
<b>Other charges that includes:</b>		Actual costs						
• Producing a document by computer or other like equipment								
• Reproducing a photograph, film, video, or audio recording								
• Arranging for the requestor to hear or view an audio or visual recording								
• Providing a copy of any maps, plans, etc.								
Note: These rates are as outlined in the Ministry of Justice Guidelines and this policy will be amended to reflect any changes in the Ministry Guidelines.								
The requestor will be notified of the estimated cost of their request before Council starts to work on the request. The requestor then has the option of proceeding, withdrawing, or refining their request								
<b>Refuse and Transfer Station</b>								
Car loads	Refuse	\$16.00	\$16.00		\$0.00		0.0%	
	Recycling and refuse	Nil	Nil					
Ute type loads and small trailers	Refuse	\$32.00	\$32.00		\$0.00		0.0%	
	Recycling and refuse	\$14.00	\$14.00		\$0.00		0.0%	
Tandem trailers and high side trailers	Refuse	\$64.00	\$64.00		\$0.00		0.0%	
	Recycling and refuse	\$30.00	\$30.00		\$0.00		0.0%	
Trucks per 1,000 kg gross weight		\$72.00	\$72.00		\$0.00		0.0%	
Trucks per tonne confined by weight docket		\$144.00	\$144.00		\$0.00		0.0%	
Unstipped car body surcharge		\$120.00	\$120.00		\$0.00		0.0%	
Stripped car body		\$40.00	\$40.00		\$0.00		0.0%	
Car tyres (each)		\$6.00	\$6.00		\$0.00		0.0%	
4WD tyres (each)		\$12.00	\$12.00		\$0.00		0.0%	
<b>Resource Management Act</b>								
Staff Charge Out Rates for any input into Resource Management Act and Local Government Act Matters								
Resource Management staff	Per hour	\$120.00	\$150.00		\$30.00		25.0%	
Area Engineer	Per hour	\$120.00	\$120.00		\$0.00		0.0%	
Environmental Health Officer	Per hour	\$146.00	\$146.00		\$0.00		0.0%	
Water and Waste Services staff	Per hour	\$120.00	\$120.00		\$0.00		0.0%	
Building Control staff	Per hour	\$171.00	\$171.00		\$0.00		0.0%	
Search Fee of Certificate of Title and Appellation Details	Each	\$40.00	\$40.00		\$0.00		0.0%	
Resource Consents: S.95A - 95F Resource Management Act for Controlled Activity, Discretionary Activity, and Non-Complying Activity								
(a) For applications that can be dealt with under Delegated Authority (ie, Non-Notified)	Actual cost plus disbursements Initial non-refundable Lodgement and Processing Fee -	\$600.00	\$600.00		\$0.00		0.0%	
(b) For applications requiring limited notification (Limited Notified)	Actual cost plus disbursements Initial Lodgement and Processing Fee -	\$2,000.00	\$2,000.00		\$0.00		0.0%	
(c) For applications requiring notice (Notified)	Actual cost plus disbursements which includes advertising costs and preliminary costs in notification process Initial Lodgement and Processing Fee -	\$5,000.00	\$5,000.00		\$0.00		0.0%	
For processes which will involve hearings of two or more days, a further hearing lodgement and processing fee of \$9,300.00 (15 hours at \$620.00 per hour GST inclusive) will be required to be paid prior to the matter proceeding to a formal hearing. This hearing lodgement and processing fee will be subtracted from the overall cost of the hearing for the purposes of calculating any outstanding processing costs at the end of the process.								
Change or cancellation of consent conditions (S.127 Resource Management Act)	Actual cost plus disbursements, initial lodgement and processing fee	\$500.00	\$600.00		\$100.00		20.0%	
Hearings Charge - Decision-maker(s) and administrative staff time	There is a one hour minimum charge then apo-rata cost in 15 minute segments of \$155.00 plus disbursements	\$620.00	\$620.00		\$0.00		0.0%	

Draft Schedule of Fees and Charges - 2018/2019	Explanations/Comments	2017/2018 (GST incl)	2018/2019 (GST incl)	2017/2018 Changes (GST incl)	2018/2019 Changes (GST incl)	2018/2019 Changes (GST incl) Comments
Plan Change Request	Actual cost plus disbursements which includes advertising costs and preliminary costs in notification process, initial lodgement and processing fee	\$5,000.00	\$5,000.00	\$0.00	0.0%	
<b>Monitoring Charges</b>						
Compliance Officer	Actual cost plus disbursements (per hour)	\$120.00	\$150.00	\$30.00	25.0%	
Resource Consent breaches - Where it has been established that a breach of a resource consent has occurred, the time taken for the Compliance Officer to investigate, visit, research, or attend to correspondence/administration, shall be charged at the actual cost						
Compliance Officer	Actual cost plus disbursements (per hour)	\$120.00	\$150.00	\$30.00	25.0%	
Requisitions and Heritage Orders (per application)	Actual cost plus disbursements, initial lodgement and processing fee (six hours)	\$720.00	\$720.00	\$0.00	0.0%	
Information from files/ plans	Actual cost based on staff time plus disbursements (per hour)	\$120.00	\$150.00	\$30.00	25.0%	
Subdivision approvals fee:	Actual cost plus disbursements, initial lodgement and processing fee					
(A) Section 223 certification only		\$120.00	\$150.00	\$30.00	25.0%	
(b) Section 224(c) certification only		\$120.00	\$150.00	\$30.00	25.0%	
(c) Sections 223 and 224(c) certification fee		\$240.00	\$300.00	\$60.00	25.0%	
Certification of Plans (S.226 Resource Management Act)	Actual cost plus disbursements, initial lodgement and processing fee (per plan)	\$360.00	\$450.00	\$90.00	25.0%	
Certificates of Compliance (S.139 Resource Management Act)	Actual cost plus disbursements, initial lodgement and processing fee (each)	\$500.00	\$500.00	\$0.00	0.0%	
Existing Use Right Certificate (S.139A Resource Management Act)	Actual cost plus disbursements, initial lodgement and processing fee	\$500.00	\$500.00	\$0.00	0.0%	
Permitted Boundary Activities (S. 87BB Resource Management Act)	Actual cost plus disbursements, initial lodgement and processing fee	\$300.00	\$300.00	\$0.00	0.0%	
Waivers for a Marginal or Temporary Breach	fixed fee	\$150.00	\$150.00	\$0.00	0.0%	
Outline Plan Approval (S.176A Resource Management Act)	Actual cost plus disbursements, initial lodgement and processing fee	\$500.00	\$500.00	\$0.00	0.0%	
Waiver of an Outline Plan	Actual cost plus disbursements Initial Lodgement and Processing Fee	\$360.00	\$360.00	\$0.00	0.0%	
Extension of Time (S.125 Resource Management Act)	Actual cost plus disbursements, initial lodgement and processing fee	\$500.00	\$500.00	\$0.00	0.0%	
Transfer of consent (S.134 Resource Management Act)	Actual cost plus disbursements, initial lodgement and processing fee	\$360.00	\$360.00	\$0.00	0.0%	
Removal of Designation (S.182 Resource Management Act)	Actual cost plus disbursements, initial lodgement and processing fee	\$500.00	\$500.00	\$0.00	0.0%	
Alteration of Designation (S.183 Resource Management Act)	Actual cost plus disbursements, initial lodgement and processing fee	\$500.00	\$500.00	\$0.00	0.0%	
Processing of an Objection (S.357 and 357A Resource Management Act)	Actual cost plus disbursements, initial lodgement and processing fee	\$500.00	\$500.00	\$0.00	0.0%	
Legal Consultant (where Council refers matters to its Resource Management legal consultant for legal advice, and/or attendance by the legal consultant at hearings)		Actual cost plus disbursements	Actual cost plus disbursements			

Draft Schedule of Fees and Charges - 2018/2019	Explanations/Comments	2017/2018 (GST incl)	2018/2019 (GST incl)	2017/2018 Changes (GST incl)	2018/2019 Changes (GST incl)	2018/2019 Comments
External Resource Management Professionals (eg Consultant)		Actual cost plus disbursements	Actual cost plus disbursements			
Overseas Investment Certificates	Actual cost plus disbursements, initial lodgement and processing fee	\$500.00	\$500.00	\$0.00	0.0%	
<b>Other Legislation relating to subdivision activity</b>						
Right of Way Approval (S.348 Local Government Act 1974)	Actual cost plus disbursements, initial lodgement and processing fee	\$360.00	\$450.00	\$90.00	25.0%	
Cancellation of Building Line Restriction (S.327A Local Government Act 1974)	Actual cost plus disbursements, initial lodgement and processing fee	\$360.00	\$450.00	\$90.00	25.0%	
Cancellation or variation of easements (S.221, 241, 348)	Actual cost plus disbursements, initial lodgement and processing fee	\$240.00	\$300.00	\$60.00	25.0%	
Removal of Interests on titles	Actual cost plus disbursements, initial lodgement and processing fee	\$240.00	\$300.00	\$60.00	25.0%	
Building Act certificates (S.73 and 77)	Actual cost plus disbursements, initial lodgement and processing fee. (Includes certificate fee of \$176 but may be subject to change by LINZ)	\$240.00	\$300.00	\$60.00	25.0%	
<b>Fees set by the Resource Management Act (Infringement Offences) Regulations 1999</b>						
Contravention of 5.9 Resource Management Act (Restrictions on use of land)		\$500.00	\$750.00	\$450.00	150.0%	
Contravention of an Abatement Notice (other than a notice under 5.322(1)(e))		\$750.00	\$750.00	\$0.00	0.0%	
Contravention of 5.22 Resource Management Act (Failure to provide certain information to an Enforcement Officer)		\$300.00	\$300.00	\$0.00	0.0%	
Contravention of Excessive Noise Direction under 5.327 Resource Management Act		\$500.00	\$500.00	\$0.00	0.0%	
<b>Other Matters</b>						
Processing application for exemption under the Subdivision Land Use and Development Bylaw 2012	Actual cost plus disbursements, initial lodgement and processing fee	\$240.00	\$300.00	\$60.00	25.0%	
All other activities undertaken by Resource Management staff	Actual cost (per hour)	\$120.00	\$150.00	\$30.00	25.0%	
Resource Management Administration Fee	Per RMA based application	\$180.00	\$180.00	\$0.00	0.0%	
Where pre-application meetings are sought for large projects or there are multiple meetings for other consents extending beyond 30 minutes then Council can charge the officers' time to the potential applicant	Per hour	\$120.00	\$150.00	\$30.00	25.0%	
<b>Notes:</b>						
Disbursements recoverable are 100% of actual costs. This may include vehicle and travel costs, legal review, public notification, typing, photocopying, postage, photography and any other incidental expenses attributable to the matter for which a charge is being levied						
The chargeout rate for vehicles	Per kilometre	\$0.85	\$0.85	\$0.00	0.0%	
Please note: Where an initial "lodgement and processing fee" is required this must be paid at the beginning by the applicant in order for the application to be considered complete and start the processing time clock under the Resource Management Act. However, if there is additional time required to process the application then the actual cost will be charged resulting in a further invoice.						
<b>Riverton Harbour Licensing Fees</b>						
Wharf fee	Per metre	\$14.96	\$15.26	\$0.30	2.0%	Adjusted by inflation from BERL report
Transfer fee		\$194.34	\$197.43	\$3.09	2.0%	Adjusted by inflation from BERL report
<b>Road Reserve and Services Fees</b>						
<b>Stock Management</b>						
Stock crossing at grade - no annual charge + \$10.00 replacement tag fee + \$50.00 extra site visit	Board (no GST)	\$1,500.00		-\$1,500.00	-100.0%	Still awaiting feedback
	Fee	\$180.00		-\$180.00	-100.0%	
Stock races	Board (no GST)	\$250.00		-\$250.00	-100.0%	
	Fee	\$180.00		-\$180.00	-100.0%	

Draft Schedule of Fees and Charges - 2018/2019		2017/2018	2018/2019	2017/2018	Changes	2018/2019	2018/2019	Changes
		(GST incl)	(GST incl)	(GST incl)	(GST incl)	(GST incl)	(GST incl)	Comments
Stock droming	Bond (no GST)	NIL						
	Fee	\$65.00			-\$65.00		-100.0%	
Drainage								
	Lower a road culvert	Bond (no GST)	\$250.00		-\$250.00		-100.0%	
	Fee	\$180.00			-\$180.00		-100.0%	
Drainage on roadsides	Bond (no GST)	\$250.00			-\$250.00		-100.0%	
	Fee	\$180.00			-\$180.00		-100.0%	
Stormwater connection to kerb and channel	Bond (no GST)	\$250.00			-\$250.00		-100.0%	
	Fee	\$65.00			-\$65.00		-100.0%	
Crossings/Vehicular Accessways								
	Urban - unsealed	Bond (no GST)	\$250.00		-\$250.00		-100.0%	
	Fee	\$65.00			-\$65.00		-100.0%	
Urban - sealed	Bond (no GST)	\$500.00			-\$500.00		-100.0%	
	Fee	\$65.00			-\$65.00		-100.0%	
Commercial urban/ rural (includes dairy tanker access)	Bond (no GST)	\$1,500.00			-\$1,500.00		-100.0%	
	Fee	\$180.00			-\$180.00		-100.0%	
Rural - private	Bond (no GST)	\$500.00			-\$500.00		-100.0%	
	Fee	\$180.00			-\$180.00		-100.0%	
Carriageway								
	Public/private utilities and services on roadsides (treat as a road opening)	Bond (no GST)	\$250.00		-\$250.00		-100.0%	
	Fee	\$180.00			-\$180.00		-100.0%	
Stock underpasses (+ Deed of Grant at \$100.00)	Bond (no GST)	\$1,500.00			-\$1,500.00		-100.0%	
	Fee	\$180.00			-\$180.00		-100.0%	
Requests to physically form roads	Bond (no GST)	NIL						
	Fee (\$120.00/hr plus disbursements and/or \$267.50/hr for special Council meeting and \$534/hr thereafter for special Council meeting, plus disbursements)	\$460.00			-\$460.00		-100.0%	
Stopping of roads	Bond (no GST)	NIL						
	Fee (\$120.00/hr plus disbursements and/or \$267.50/hr for special Council meeting and \$534/hr thereafter for special Council meeting, plus disbursements)	\$460.00			-\$460.00		-100.0%	
Temporary closure of roads for public events (treat as a road opening)	Bond (no GST)	NIL						
	Fee	\$65.00			-\$65.00		-100.0%	
Temporary closure of roads for roading purposes (treat as a road opening)	Bond (no GST)	NIL						
	Fee	\$65.00			-\$65.00		-100.0%	
Road Margin								
	Dust suppression	Bond (no GST)	NIL					
	Fee	\$65.00			-\$65.00		-100.0%	
Signs on roads	Bond (no GST)	NIL						
	Fee (resource consent)	\$65.00			-\$65.00		-100.0%	
Road margin planting	Bond (no GST)	NIL						
	Fee	\$65.00			-\$65.00		-100.0%	
Cultivation of road margin	Bond (no GST)	NIL						
	Fee	\$65.00			-\$65.00		-100.0%	
Storage on the road margin (type 3 roads only)	Bond (no GST)	NIL						
	Fee	\$65.00			-\$65.00		-100.0%	
Whitebait huts	Bond (no GST)	NIL						
	Fee	\$65.00			-\$65.00		-100.0%	
Permanent fencing in the road margin	Bond (no GST)	NIL						
	Fee	\$180.00			-\$180.00		-100.0%	
RAPID numbering	Bond (no GST)	NIL						
	Fee	\$173.78			-\$173.78		-100.0%	

Draft Schedule of Fees and Charges - 2018/2019	Explanations/Comments	2017/2018	2018/2019	2017/2018	Changes	2018/2019	2018/2019	Changes
		(GST incl)	Comments					
<b>Roading Utility Applications</b>								
Connect drain to kerb and channel	Board (no GST)	\$250.00			-\$250.00		-100.0%	
	Fee	\$107.33			-\$107.33		-100.0%	
Connect to piped utilities (Urban or rural water supply, stormwater and wastewater)	Board (no GST)	\$250.00			-\$250.00		-100.0%	
	Fee	\$511.78			-\$311.78		-100.0%	
Alteration to existing rural water service connection (change in unit allocation only)	Board (no GST)	NIL						
	Fee	\$230.00			-\$230.00		-100.0%	
Fee structures based on the following averaged costs:								
• \$50.00 = ½ hr @ \$120.00 + ½ hr @ \$80.00 (excl) (Engineer + Administration)								
• \$150.00 = 1 hr @ \$120.00 + ½ hr @ \$80.00 (excl) (Engineer + Administration)								
Boards are established to reflect the costs Council might be exposed to if needed to complete works when another party defaults. However, the boards reflect the likely minimum cost to undertake simple tasks rather than location specific, and to keep such compliance costs to a minimum.								
Permits shall have a two year period before expiring								
Boards shall be released on satisfactory completion of the permitted activity								
<b>SIESA - Electricity Charges</b>								
General tariffs and charges for SIESA are to be reviewed each December following an analysis of electricity use on the Island								
<b>Meter Reading</b>								
Invoicing is undertaken on a monthly basis								
All payments are to be made to:								
Stewart Island Electrical Supply Authority, PO Box 903, Invercargill, or								
Council office in Ayr Street, Stewart Island								
<b>Residential Connections</b>								
Standard rate per unit		\$0.5894	\$0.5894	\$0.00		0.0%		
Night rate per unit		\$0.5126	\$0.5126	\$0.00		0.0%		
Fixed monthly charge		\$87.55	\$87.55	\$0.00		0.0%		
<b>New Connections</b>								
New consumer connection fee		\$287.50	\$287.50	\$0.00		0.0%		
Capital development charge		\$1,725.00	\$1,725.00	\$0.00		0.0%		
All new connections (or load extensions that increase the base load by 2 kW or more) require an application for supply form to evaluate potential load and voltage problems								
A new consumer connection fee must be paid before the power can be turned on. This fee covers the installation of one meter in the consumer provided meter box, the connection at the boundary, and administrative costs.								
A capital development charge is payable for all new power connections. The charge will be payable by the owner/applicant at the time an application for a new power connection is made (a small number of properties have paid this fee at the time of subdivision and will not be required to pay the capital development charge at the time of connection).								
<b>Notes:</b>								
* All costs of connection within the consumer boundary are the responsibility of the consumer								
* The cost of extensions or upgrades to the network as a result of an application for supply will be the responsibility of the applicant. This work must be approved by SIESA before commencing and can only be done by a SIESA approved contractor.								
<b>Existing Connections</b>								
Water heating/night rate meter installation		\$287.50	\$287.50	\$0.00		0.0%		
Disconnection fee (no monthly charge after)		\$92.00	\$92.00	\$0.00		0.0%		
Reconnection fee (new consumer/applicant)		\$138.00	\$138.00	\$0.00		0.0%		
Connection bond (owner occupied)	No GST	\$150.00	\$150.00	\$0.00		0.0%	Connection bond (new consumer, if applicable)	
Connection bond (all others)	No GST	\$0.00	\$300.00	\$300.00			New	
Water heating and night rate (suitable for space heaters - small freezers), and special domestic outlet sockets. Time controlled for a maximum of eight hours between the hours of 10.30 pm and 7.30 am. Domestic outlets are to be labelled "night rate".								
Vacating consumers must advise the Southland District Council Office, Ayr Street								
Stewart Island (telephone 03 219 1049) or (0800 732 732) to arrange a final meter reading and to advise of the consumer name change. Four working days' notice is required.								
All installations disconnected for six months or more requires a re-inspection by an Electrical Inspector before re-energising. The consumer is responsible for all costs associated with the re-inspection plus the reconnection fee.								

Draft Schedule of Fees and Charges - 2018/2019	Explanations/Comments	2017/2018 (GST incl)	2018/2019 (GST incl)	2017/2018 Changes (GST incl)	2018/2019 Changes (GST incl) Comments
A refundable connection bond will be required for connections where the consumer/applicant is not the property owner, refer to the SIESA Terms and Conditions - bonds for details. The bond must be paid prior to connection. If the power is already connected it will be disconnected if the bond remains unpaid after one month of power consumption.					
<b>Commercial Connections</b>					
Standard unit rate		\$0.5894	\$0.5894	\$0.00	0.0%
Night rate per unit		\$0.5126	\$0.5126	\$0.00	0.0%
Fixed monthly charge		\$87.55	\$87.55	\$0.00	0.0%
<b>New Connections</b>					
New consumer connection fee		\$287.50	\$287.50	\$0.00	0.0%
Capital development charge		\$1,725.00	\$1,725.00	\$0.00	0.0%
The new consumer connection fee shown is a minimum amount chargeable. Actual cost may vary depending on the size and complexity of the connection process. Installation costs may be by negotiation (confirmed in writing by the Authority).					
A new consumer connection fee must be paid before the power can be turned on					
This minimum fee covers the installation of one meter in the consumer provided meter box, the connection at the boundary, and administrative costs					
A capital development charge is payable for all new power connections. The charge will be payable by the owner/applicant at the time an application for a new power connection is made.					
<b>Notes:</b>					
* All costs of connection within the consumer boundary are the responsibility of the consumer					
* The cost of extensions or upgrades to the network as a result of an application for supply will be the responsibility of the applicant. This work must be approved by SIESA before commencing and can only be done by a SIESA approved contractor.					
<b>Existing Connections</b>					
Disconnection fee (no monthly charge)		\$460.00	\$460.00	\$0.00	0.0%
Reconnection fee (new consumer/applicant)		\$460.00	\$460.00	\$0.00	0.0%
All installations disconnected for six months or more require a re-inspection by an Electrical Inspector before re-energising. The consumer is responsible for all costs associated with the re-inspection plus the reconnection fee.					
<b>Temporary Supply</b>					
Monthly fee (payable in advance)		\$239.20	\$239.20	\$0.00	0.0%
Standard unit rate (as per residential rate)	Per unit	\$0.5894	\$0.5894	\$0.00	0.0%
The applicant/consumer is responsible for all costs related to the temporary supply plus the fees as stated above					
A temporary supply is valid for 90 days only. An extension of time requires an Electrical Inspector's re-inspection, organised by and actual costs payable by the applicant/consumer.					
Electrical Inspector's re-inspection, organised by and actual costs payable by the applicant/consumer					
<b>Distributed Generation</b>					
Subject to its terms and conditions set out in Schedule 1 of the SIESA Domestic Contract, SIESA will buy the electricity generated by residents at the rate of \$0.20 per kilowatt per hour, inclusive of GST		\$0.20	\$0.20	\$0.00	0.0%
Please note that residents may be liable for income tax and GST in respect of the sale					
The accounting for and the payment of those taxes are residents responsibility					
<b>Other Chargeable Fees</b>					
Not metered and special connections		\$552.00	\$552.00	\$0.00	0.0%
Late payment fee (+10% if applicable)		\$97.75	\$0.00	-\$97.75	-100.0% No longer applicable
Meter testing		\$97.75	\$97.75	\$0.00	0.0%
Temporary supply and crewman inspection		\$97.75	\$97.75	\$0.00	0.0%
Dis/re-connection due to non-payment of account		\$97.75	\$97.75	\$0.00	0.0%
The fee for a not metered or special connection is an annual fee (1 July - 30 June) payable in advance					
Payments are due on the 20th of each month. A late payment fee will be charged if payment is not received before the 20th of the month after the due date (ie one full month after the original due date).					
<b>Notes:</b>					
Tariffs for water heating, night rate and commercial connections will apply only to economic installations					
Metered connections cannot be shared across property boundaries					
Individual dwelling on the same property must each have its own meter					
<b>Stewart Island Jetties</b>					
Wharf and jetty user annual fee		\$1,350.00	\$0.00	-\$1,350.00	-100.0%
Per person return fare		\$0.00	\$1.73	\$1.73	New fee
Boat Park Fee		\$287.50	\$287.50	\$0.00	0.0%
Stewart Island/Rakiura Visitor Levy					

Draft Schedule of Fees and Charges - 2018/2019	Explanations/Comments	2017/2018	2018/2019	2017/2018	Changes	2018/2019	2018/2019	Changes
		(GST incl)	Comments					
Inbound levy fee from passengers of approved operators		\$2.50	\$2.50	\$0.00		0.0%		
Outbound levy fee from passengers of approved operators		\$2.50	\$2.50	\$0.00		0.0%		
Levy fee for freedom travellers		\$5.00	\$5.00	\$0.00		0.0%		
Replacement fee for lost, stolen, or damaged Stewart Island/Rakiura Visitor Levy photo identification cards		\$5.00	\$5.00	\$0.00		0.0%		
<b>Trade Waste Charges</b>								
Discharge charges for trade waste premises (non-domestic) will be assessed as follows:								
1. For all properties that have occupiers who are not required to have a conditional trade waste consent the charge will be based on the assessed number of Units of Demand (UoD) for the property multiplied by the Uniform Annual Charge (UAC) for the local sewerage rate. The UoD will be assessed in accordance with Council's Development Contribution Policy contained within the 10 Year Plan.								
2. For all properties that have occupiers who are required to have a conditional trade waste consent the charge will be based on the assessed number of Equivalent Units of Demand (EUoD) for the property multiplied by the Uniform Annual Charge (UAC) for the local sewerage rate. The EUoD will be assessed based on a specific assessment of loadings from the consent holder. The EUoD assessment will be made by summation weighting of the specific loading characteristics as follows:								
• Volume (V) 40%, Biological Oxygen Demand (BOD) 30% Suspended Solids (SS) 30%								
when compared to a 1x UoD characteristic of V = 920 litres/day, BOD = 260 grams/day, SS = 320 grams/day								
For any consent holders who exceed the consent limits, a multiplier of two will be applied to the assessed EUoD (following the non-compliance) for the remaining consent period								
This is in addition to any other remedies for consequential cost recovery								
Council may from time to time undertake review assessments of UoD for individual properties. Where the assessed UoD differs from the current local rate then the number of units applied to the property will be modified and the property owner will be notified of this in writing.								
Demand capital charges (for capacity)								
Demand capital costs required for the provision of demand capacity could be charged for in accordance with Council's Development Contribution Policy contained within the 10 Year Plan where the proposed loadings can be accommodated within the planned capacity of the sewerage system. However, where any application for conditional trade waste consent has the potential to impose a significant additional demand on the sewerage system, beyond its planned capacity, then specific demand capital charges will be a condition of the consent								
<b>Administrative Charges</b>								
Trade waste application fee - base fee with application		\$236.80	\$236.80	\$0.00		0.0%		
Extra time over two hours will be charged at:	Per hour plus disbursements	\$118.39	\$118.39	\$0.00		0.0%		
Inspection fee - actual cost	Per hour plus disbursements	\$118.39	\$118.39	\$0.00		0.0%		
Compliance monitoring - actual cost	Per hour plus analysis plus disbursements (including re-inspection)	\$118.39	\$118.39	\$0.00		0.0%		
Annual Administration fee for Waste Consent Holder - actual cost	Per hour plus disbursements	\$118.39	\$118.39	\$0.00		0.0%		
Tanker Waste Charge	Per tanker load	\$80.00	\$80.00	\$0.00		0.0%		
Except for the application base fee (required at time of application) all other administrative charges are due for payment by 20th of the month following invoice								
<b>Water Tanker Charges</b>								
Fees and charges applicable to the extraordinary supply of water from fire hydrants or tanker filling points on Council reticulated supplies:								
Application fee for Tankered water permit (Includes: initial inspection of one tanker and backflow prevention)		\$280.41	\$280.41	\$0.00		0.0%		
Annual administration fee for existing permit holder (Includes: annual inspection of one tanker and backflow prevention)		\$256.27	\$256.27	\$0.00		0.0%		
Tanker and backflow prevention inspection fee (For repeat inspections, when required)		\$116.84	\$116.84	\$0.00		0.0%		
Additional tanker inspections (For inspection of additional tankers, carried out at the same time and location as initial, annual or repeat inspection)	Each	\$15.57	\$15.57	\$0.00		0.0%		
Supervision by Council contractor while drawing water (When required by Council, fee per hour, minimum one hour charge)		\$58.42	\$58.42	\$0.00		0.0%		
Standard charge for supply of water per cubic metre (1,000 L)		\$1.76	\$1.76	\$0.00		0.0%		
<b>Wheellie Bin</b>								
New/additional wheellie bin administration fee		\$20.00	\$20.00	\$0.00		0.0%		
New/additional recycling bin collection fee (per month charge from 1st of the month following request bin to 30 June of the following year)		\$12.50	\$12.50	\$0.00		0.0%		

Draft Schedule of Fees and Charges - 2018/2019	Explanations/Comments	2017/2018	2018/2019	2017/2018	Changes	2018/2019	2018/2019	Changes
		(GST incl)	(GST incl)	(GST incl)	(GST incl)	Changes	(GST incl)	Comments
New/additional rubbish bin collection fee (per month charge from 1st of the month following request bin to 30 June of the following year)		\$12.50	\$12.50	\$0.00		0.0%		
<b>Early Payment of Specified Rates – Liability Schedule</b>								
This schedule below outlines the liability outstanding for each of the following separate rates. Please refer to the Early Payment of Rates Policy for further details.								
Edendale Sewerage Loan - 10 years (incl connection cost)		\$1,151.00	\$0.00	-\$1,151.00		-100.0%	Repaid	
Edendale Sewerage Loan - 15 years (incl connection cost)		\$4,445.00	\$3,777.00	-\$668.00		-15.0%		
Edendale Sewerage Loan - 25 years (incl connection cost)		\$7,027.00	\$6,839.00	-\$188.00		-2.7%		
Edendale Sewerage Loan - 10 years (excl connection cost)		\$954.00	\$0.00	-\$954.00		-100.0%	Repaid	
Edendale Sewerage Loan - 25 years (excl connection cost)		\$5,796.00	\$5,547.00	-\$249.00		-4.3%		
Edendale Water Loan Change - 10 years		\$257.00	\$0.00	-\$257.00		-100.0%	Repaid	
Edendale Water Loan Change - 15 years		\$995.00	\$786.00	-\$209.00		-21.0%		
Edendale Water Loan Change - 25 years		\$1,606.00	\$1,521.00	-\$85.00		-5.3%		
George Road Sewerage Loan - 15 years		\$808.00	\$453.00	-\$355.00		-43.9%		
Oban Sewerage Loan Change Extension - 15 years		\$1,203.00	\$610.00	-\$593.00		-49.3%		
Tuatapere Sewerage Loan Change - 15 years		\$2,793.00	\$2,253.00	-\$540.00		-19.3%		
Tuatapere Sewerage Loan Change - 25 years		\$4,938.00	\$4,751.00	-\$187.00		-3.8%		
Wallacertown Sewerage Loan Change - 15 years		\$1,674.00	\$1,284.00	-\$390.00		-23.3%		
Wallacertown Sewerage Loan Change - 25 years		\$3,370.00	\$3,199.00	-\$171.00		-5.1%		
Wyndham Sewerage Loan - 10 years (incl connection cost)		\$2,011.00	\$1,031.00	-\$980.00		-48.7%		
Wyndham Sewerage Loan - 15 years (incl connection cost)		\$4,708.00	\$4,123.00	-\$585.00		-12.4%		
Wyndham Sewerage Loan - 25 years (incl connection cost)		\$6,633.00	\$6,397.00	-\$236.00		-3.6%		
Wyndham Sewerage Loan - 10 years (excl connection cost)		\$1,659.00	\$848.00	-\$811.00		-48.9%		
Wyndham Sewerage Loan - 15 years (excl connection cost)		\$3,825.00	\$3,352.00	-\$473.00		-12.4%		
Wyndham Sewerage Loan - 25 years (excl connection cost)		\$5,452.00	\$5,236.00	-\$216.00		-4.0%		
Wyndham Water Loan Change - 10 years		\$510.00	\$261.00	-\$249.00		-48.8%		
Wyndham Water Loan Change - 15 years		\$1,079.00	\$1,233.00	\$154.00		14.3%		
Wyndham Water Loan Change - 25 years		\$1,661.00	\$1,602.00	-\$59.00		-3.6%		





## Options for Funding the Around the Mountains Cycle Trail

**Record No:** R/17/11/27840  
**Author:** Anne Robson, Chief Financial Officer  
**Approved by:** Steve Ruru, Chief Executive

Decision  Recommendation  Information

### Purpose

- 1 To consider how to fund the balance of costs to date for the Around the Mountains Cycle Trail and recommend that it be consulted on as part of the 2018-2028 Long Term Plan.

### Executive Summary

- 2 Council has previously deferred the decision on how it is going to fund the net cost (ie the difference between costs to date and external funding received) of developing the Around the Mountain Cycle Trail until the Deloitte report and the Environment Court decision had been received. Both have now been received.
- 3 Council is still in the process of deciding how it will complete the trail after deciding that the proposed Oreti River option is no longer a feasible option.
- 4 This paper explores the issues of when Council wants to make the funding decision on the net cost to date, how it wants to fund it and the level of consultation, if any, it wishes to undertake.
- 5 This report recommends that the funding decision be made as part of the 2018-2028 Long Term Plan.
- 6 The decision on how to fund any costs to complete the trail is not part of this report and it is suggested that that decision be made at the time that Council decides how and if to complete the trail.
- 7 A version of this report has been to the Finance and Audit committee and the Around the Mountains Cycle Trail committee for discussion.
- 8 The Finance and Audit committee agreed to recommend to Council that the decision on how to fund the trail to date be consulted on as part of the 2018-28 Long term Plan. They also noted that their preferred option on which to consult was funding by way of a 30 year loan collected by a fixed amount per rating unit.
- 9 The Around the Mountains Cycle trail Committee met after the Finance and Audit Committee. The committee agreed the same resolutions as passed by the Finance and Audit Committee.
- 10 The resolutions in this report reflect the recommendations of both committees.

## Recommendation

### That the Council:

- a) **Receives the report titled “Options for Funding the Around the Mountains Cycle Trail” dated 17 November 2017.**
- b) **Determines that this matter or decision be recognised as significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Resolves to consult on how to fund the \$4.6 million as part of the 2018/2028 Long Term Plan consultation document as prescribed in terms of Section 93C of the Local Government Act 2002.**
- e) **Resolves that the options to be consulted on for funding are:**
  - i) **The preferred option is funding by way of loan over 30 years, with loan repayments collected by way of the uniform annual general rate.**
  - ii) **Funded by the Strategic Asset Reserve, with no repayments of the reserve.**
  - iii) **Funded 50% by way of a loan over 30 years, with repayments collected by way of the uniform annual general rate and 50% funded by the Strategic Assets Reserve, with no repayments of the reserve.**
- f) **Resolves to amend the Revenue and Financing Policy to include funding of the loan repayments for the Around the Mountains Cycle Trail from the uniform annual general rate.**

**Background**

- 11 In preparing the 2016/17 Annual Plan, Council agreed to complete the Deloitte review and wait for the decision from the Environment Court prior to making any decisions on the future of the project and its funding.
- 12 Since then the Deloitte review and the decision from the Environment Court have been received. The decision of the Environment Court has resulted in the proposed route up the Oreti River Valley no longer being a viable option.
- 13 Council agreed at its meeting on the 19<sup>th</sup> May to *“further investigate the “Heartland Ride” option including consideration of the Walter Peak to Centre Hill section of the Trail being developed as either, A Great Ride; or A “Heartland Ride”*. This is being discussed in a separate report.
- 14 As the decision on how to complete the trail is still progressing, Council staff are recommending that any funding decisions are now split into two decisions. The first decision being that of how Council wants to fund the balance of costs incurred to date. The second funding decision being made when the decision on how to complete the trail is made.
- 15 A version of this report was considered at the Finance and Audit committee on 6 September 2017. The committee discussed options for funding and also the method of collection. The resolutions that the committee approved are reflected in the resolutions in this report and formed the basis for the ATMCT committee to consider.
- 16 In making the amendments the finance and audit committee thought about the activity to which the cycle trails belongs now and in the future, the most appropriate way of funding the \$4.6 million and from what rate they would collect the loan repayments
- 17 In considering the activity to which the cycle trail belonged, the committee discussed what the trail is now and what it will be in the future. The discussion was around is it a community facility, a roading asset or part of parks and reserves. The decision was that any ongoing promotion is incidental to providing a cycleway to provide the ability of getting from A to B and as such in their view forms part of the roads and footpaths activity.
- 18 In discussing how to fund the trail the committee agreed that the preferred option to be consulted on was by way of a loan over 30 years. Some members felt that the use of the strategic assets reserve given its historical background was not appropriate for the funding of this project. Others noted there comfort with the 50%loan and 50% strategic assets reserve. The consensus at the end was loan funding as the preferred option.
- 19 In considering how the loan repayments should be recovered it was felt by one member that using the roading model was not appropriate if a portion was to be assigned to heavy traffic and that a portion was from capital value. Members thought it was more appropriate to have a fixed amount per rating unit and to do this by way of the uniform annual general rate. In doing so it was acknowledged that the Revenue and Financing policy needed to be updated to reflect this funding change.
- 20 A version of the report was also considered by the Around the Mountains Cycle Trail Committee on the 15 November 2017. The committee make the same recommendations to Council as the Finance and Audit Committee.

**Issues**

- 21 Council needs to decide how it wishes to fund the balance of the development cost of the trail incurred to date. At the 30 June 2017, the balance of costs was \$4,601,165 (after interest has been charged for 2016/17 of \$235,279).
- 22 Council also needs to consider if it wishes to make the decision to fund on the basis of past discussions with the community or if it wishes to undertake further consultation.
- 23 Council has still to decide how and if it will complete the trail. As such additional costs will be incurred but the quantum will depend on the choices made.
- 24 A funding decision can be made at any time. It could be made now, given the trail is substantially complete or when the total costs are known. In the meantime, interest will continue to be accrued on the negative reserve from which the project has been funded.
- 25 Additionally, Council still has a number of contractual obligations with external funders to complete development of the trail as originally envisaged. Council needs to work through its options and at the same time enter into discussions with these funders over the implications that any proposed change it makes to completing the trail has on the contractual obligations it has with the funders.

**Factors to Consider**

**Legal and Statutory Requirements**

- 26 This report recommends the use of the uniform annual general rate as the funding choice to repay any loan repayments. This is contrary to the current Revenue and Financing policy and as such will require us to amend the Revenue and Financing policy as part of the Long Term plan Section 80 requires that if this decision were to be made, Council as part of the decision making needs to clearly identify the inconsistency, the reasons for the inconsistency and any intention Council has to amend the policy or plan to accommodate the decision.
- 27 Section 100 of the Local Government Act, requires Council to ensure that each years projected operating revenues are set at a level sufficient to meet that years projected operating expenses.
- 28 Section 101(1) of the Local Government Act states Council must manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community.
- 29 Section 101(3) of the Local Government Act, states that the funding needs of the local authority must be met from those sources that the local authority determines appropriate, following consideration of:
  - (a) In relation to each activity to be funded, -
    - (i) The community outcomes to which the activity primarily contributes; and
    - (ii) The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals and
    - (iii) The period in or over which those benefits are expected to occur; and

- (iv) The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
- (v) The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities and
- (vi) The overall impact of any allocation of liability for revenue needs on the community.

### **Community Views**

- 30 Submissions on the trail have been received as part of previous Long Term Plans and Annual Plans. These submissions were mixed in their support. A number supported the construction of the trail on the basis that it supports active healthy communities and would provide recreational opportunities for residents and visitors. Submissions noted the likelihood that the Around the Mountains Cycle Trail will also attract new visitors and present opportunities for vibrant and successful Southland District communities. Additionally, submissions discussed the funding of the trail and noted the plan's lack of detail in regards to funding and on-going maintenance. A submitter also queried how future resources would be sourced and allocated to continue to support active communities, protect the local environment and maintain the trail.
- 31 It would be fair to say that a number are concerned about the increase in projected costs, beyond the original \$8 million cost that was communicated to ratepayers, and the financial implications that these increases will have for ratepayers.
- 32 In recent months a number from within the community have made representations to Council on the issues relating to the way in which development of the ATMCT has been managed to date and the options that exist for its future development and funding.
- 33 Some of those speaking to Council have questioned the appropriateness of Council's indication in its Long term Plan and Annual Plan to use the Strategic Assets Reserve (formally known as the Southroads Reserve) to partially fund the balance of costs. They have also asked how this fund would be repaid.

### **Costs and Funding**

- 34 The actual costs of the trail to the 30 June 2017 is \$10.4 million, including interest for 2016/17 of \$234,000.
- 35 The actual income received to the end of June 2017 is \$5.8 million. This excludes the balance of funding yet to be received from NZ Lotteries of \$500,000. This funding was to be received on completion of the trail. As discussed previously, discussions with funders about monies received and to be received are yet to be undertaken.
- 36 The balance to be funded at the 30 June 2017 is \$4.6 million (costs \$10.4 million less income \$5.8 million).
- 37 In the accounts to the 30 June 2017, \$1.8 million was expensed, with the balance capitalised (made into a fixed asset and depreciated over the life of the asset). The \$1.8 million is the cost of the consent, Environment Court and appeal costs in relation to the Oreti River stage. Because Council has decided not to pursue the Oreti River option, the costs incurred in relation to this stage need to be expensed as they no longer meet the definition of an asset as defined within the accounting standards.

- 38 It is generally considered good practice to fund any expensed item from funds collected in the year or cash held particularly given the section 100 requirement to operate a balanced budget. This also reflects the fact that the expense does not have any long term benefits. Council does, however, have the option of funding these costs over a longer timeframe if it considers that to be desirable.
- 39 Options for funding the capital costs incurred to date include:
- (a) Loan, repayments funded from rates over a 30 year term.
  - (b) Reserves, payment from existing cash reserves.
  - (c) Combination of a loan and reserves.
- 40 Council has indicated previously in its Annual plans that it is considering funding the balance of costs, half from a loan over 30 years and the remainder from the Strategic Assets reserve (previously called the Southroads reserve). The loan was to be repaid from rates.
- 41 At the 30 June 2017, the balance of this reserve was \$8,507,783. There is no change budgeted to this reserve in the year to 30 June 2018. Interest on this loan is used to offset the roading rates. There was no intention to repay the reserve.
- 42 Council has indicated in its Annual Plans/Long Term Plans to date that the purpose of the Strategic Assets Reserve was to offset rates.

### **Policy Implications**

- 43 Council has included the cycle trail as part of its Roading activities. Council's current Revenue and Financing policy states that the rates funding of roading will be from the roading rate.
- 44 As part of the Long Term Plan process, Council will be reviewing its Revenue and Financing Policy and hence any proposed changes to funding sources may be considered. Additionally, as part of the preparation of the Long Term Plan Council may also review the activity to which the cycle trail is allocated.

### **Analysis**

#### **Options Considered**

- 45 In considering options for funding of the balance, Council needs to consider:
- The timing of the funding decision. Although the Deloitte report and the Environment Court verdict is back, a decision on how to complete the trail is still required.
  - The funding option. Loan, reserves or a combination.
- Loan:
- \$4.64 million funded from a loan over 30 years at 4.65% would be \$285,214 of repayments per year. Currently the maintenance costs of the trail are collected through the roading rate which is a combination of a targeted fixed rate and a rate in the \$ in CV.
  - The collection of the loan repayments is recommended to be collected from the Uniform Annual General Rate (UAGR) at \$18.33 per rateable unit. The Revenue & Financing policy will need to be updated to reflect the change in funding methods as it is contrary to the current policy.

- The below table illustrates the impact of collecting through the roading rate or using the same tools but from the General Rate. This is based on the 2017/18 roading rate model.

<b>Impact if Roothing Rate used</b>						
	<b>General Rate</b>	<b>Share of General rate</b>	<b>Roading Rate</b>	<b>Share of Roading rate</b>	<b>Variance</b>	
UTR	19,313	7%	19,313	7%	-	
Commercial	3,740	1%	7,432	3%	- 3,692	
Dairy	78,981	28%	105,884	37%	- 26,903	
Farming Non Dairy	127,828	45%	96,547	34%	31,281	
Forestry	1,714	1%	15,809	6%	- 14,095	
Industrial	4,310	2%	7,812	3%	- 3,502	
Lifestyle	14,495	5%	9,652	3%	4,844	
Mining	206	0%	5,390	2%	- 5,184	
Other	12,192	4%	2,435	1%	9,757	
Residential	22,430	8%	14,935	5%	7,495	
	<b>285,210</b>	<b>100%</b>	<b>285,210</b>	<b>100%</b>		

- 46 Reserves: The most likely reserve to use, given Council's indication in the past to use this reserve to offset rates is the Strategic Assets Reserve. The current balance is \$8.5 million. In using this reserve Council needs to decide if it would look to recover the funds used. To not recover the funds would mean a reduction on the interest earned on this reserve that is used to offset the roading rate. This amounts to \$151,378, if the reserve was used to fully fund the project. To recover the principal monies over say 30 years would mean \$153,372 per year.
- 47 Combination: The combination could be whatever Council chose. To date Council has indicated repayment of 50% Loan, 50% reserves. This would mean \$142,605 in repayments of the loan over 30 years assuming Council would not seek reimbursement of the Strategic Assets Reserve.
- 48 The level of consultation, if any, Council wants to undertake with the community over the funding choice. Given the level of discussion on this issue, Council may consider undertaking further consultation on how to fund the balance of costs as part of the Long Term Plan.

49 **Analysis of Options**

**Option 1 – Consult on the funding option for the repayment of \$4.64 million as part of the 2018-2028 Long Term Plan. Consultation on 3 options:**

- i) Funded from a loan over 30 years with loan repayments being collected from the uniform annual general rate over 30 years.**
- ii) Funded from the Strategic Assets reserve, no repayment of the reserve being sought with no impact on future rates.**
- iii) Funded 50% from a loan over 30 years and 50% from the Strategic Assets reserve. With loan repayments being collected from the uniform annual general rate over 30 years.**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• Greater transparency on the decision making process</li> <li>• Decisions on the completion of the trail and potential costing of such will be more certain.</li> <li>• Can provide details of the impact of various options to the ratepayers.</li> </ul>	<ul style="list-style-type: none"> <li>• Further delays the certainty for ratepayers.</li> </ul>

**Option 2 - Council could decide the option of how to fund the balance of costs now based on the feedback it had received previously.**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• Certainty for ratepayers now.</li> </ul>	<ul style="list-style-type: none"> <li>• Could face criticism from ratepayers given the level of recent submissions received over Council's current proposed funding option.</li> <li>• The total costs to completion are unknown at this time.</li> </ul>

**Option 3 - Council could delay the decision on how to fund the current balance of costs until the decision is made on how it is going to complete the trail**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• The total costs would be known and a decision on how to fund the total cost could be made at one time.</li> </ul>	<ul style="list-style-type: none"> <li>• Continued lack of certainty for ratepayers</li> </ul>

**Assessment of Significance**

- 50 In terms of Council's Significance and Engagement policy, the financial implications of developing the Around the Mountain Cycle Trail are significant. There has also been a high level of interest in the issues relating to it. As such a decision on the Trail is to be funded is considered to be significant.

- 51 Council has previously consulted on the trail as part of its Long Term Plans and Annual Plans. In these it proposed a funding option of 50% from a loan and 50% from the Strategic Assets Reserve.
- 52 Given the level of community interest and recent representations by some members of the community Council may consider it appropriate to further consult as part of the 2018-2028. This consultation would focus on how to fund the current balance of costs and provide ratepayers with the impact of each option.

### **Recommended Option**

- 53 Option One - Consult on the funding option for the repayment of \$4.64million as part of the 2018-2028 Long Term Plan.

### **Next Steps**

- 54 The decision made by council, will be if agreed incorporated into the options in the consultation document of the 2018-2028 Long Term Plan.

### **Attachments**

There are no attachments for this report.



## Proposed Rate Increase for 2018-28 Long Term Plan

Record No: R/17/11/27545  
Author: Susan McNamara, Management Accountant  
Approved by: Anne Robson, Chief Financial Officer

Decision  Recommendation  Information

### Purpose

- 1 For Council to review the draft overall rate increases proposed for the 10 years of the 2018-28 Long Term Plan and determine the level of grants and donations to be provided to community organisations. This includes providing direction to staff for any changes required.

### Executive Summary

- 2 This report provides an overview of the proposed rates increases for the 10 years of the 2018-28 Long Term Plan (LTP) along with reasons where changes are greater than 3.5%. District rates have been shown individually with local rate information grouped together.
- 3 The draft overall rates increases over the ten years are currently between 1.56% and 3.76%. The draft increase for 2018/19 is 3.01%. The budgets that support these increases still need to have external investment income, external debt funding and potential infrastructure insurance included. Other adjustments may be required as final decisions are made by boards and committees and staff continue to undertake final reviews of the financial data.
- 4 A number of funding requests have been received from various organisations for Council to consider. The requests are a combination of increases in grants from 2017/18 and requests for new grants.

## Recommendation

That the Council:

- a) **Receives the report titled "Proposed Rate Increase for 2018-28 Long Term Plan" dated 17 November 2017.**
- b) **Determines that this matter or decision be recognised as significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Approves the following changes to grants and donations be included in the draft long term plan:**
  - i) **Increase funding to Emergency Management Southland in 2018/19 to \$295,843, 2019/20 \$317,715 and \$334,715 in 2020/21 and following seven years.**
  - ii) **Increase funding to the Southland Regional Heritage committee of**
  - iii) **Retain the grant to the Southland Indoor Leisure Centre at \$75,000 per year.**
  - iv) **Increase community services awards by \$200 to \$1,200 per year**
  - v) **Increase funds for the debating competition by \$200 to \$800 per year**
  - vi) **Increase funds for miscellaneous grants by \$7,917 to \$9,400 per year**
  - vii) **Provide funding to Southern REAP at \$9,600 per year**
  - viii) **Increase funding for the Safe Swim program by \$3,000 to \$23,000 per year**
  - ix) **Reduce funding to Toimata Foundation by \$517 to \$10,000 per year**
  - x) **Increase funds for Santa Parade by \$4,200 to \$5,000 per year**
  - xi) **Increase funds for holiday programmes by \$10,000 to \$30,000 in 2018/19, increased by inflation in the following years**
  - xii) **Reduce Iwi funding by \$526 to \$40,711 in 2018/19, increased by inflation in the following years**
  - xiii) **Remove funding to the Environment Enhancement Fund**
  - xiv) **Remove funding for Southland Coastal Heritage**
  - xv) **Remove funding for Southern Rural Fire Authority.**
- e) **Resolves to include in the consultation document for the 2018-28 Long Term Plan on the changes to the following grants**
  - **Southland Regional Heritage**
  - **Southland Indoor Leisure Centre Trust**
- f) **Endorses the proposed overall rates increase plus any amendments to be included in the draft Long Term Plan for consideration as part of the consultation document and supporting information.**

**Background**

- 5 The financial budgets have been prepared in conjunction with activity management plans (AMPs) and reflect the work identified to implement the strategic framework. These budgets have generated the draft rate requirement for each year.
- 6 Council and Council staff have subsequently reviewed the draft budgets as part of reviewing the draft AMPs and the overall financial position.
- 7 Local rate information has been reviewed by the relevant community boards, community development area sub committees, ward committees and water committees during October. During these meetings the committees have made adjustment as required and a passed resolution recommending the relevant local rates to council.
- 8 The financial considerations raised in this report are the result of the revised position. The report also includes discussion around and the seeking of approval for the level of

**Issues - Rates**

- 9 The 2017/18 Annual Plan required rates of \$44,764,752 (GST exclusive) to be collected. Based on the financial budgets prepared, rates are projected to increase to \$46,113,736 (GST excl) in 2018/19, an overall increase of \$1,348,984. By 2027/28 rates are proposed to increase to \$59,086,121 (GST excl).
- 10 Currently the increase in total rates over the 10 years of the LTP is as follows. This has been compared to the current mandatory measure that Council has set. Further discussion on the mandatory measure is included in para 24 below:

	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Rate increase	3.01%	2.73%	2.88%	1.56%	3.76%	2.48%	3.36%	2.39%	3.20%	2.79%
LGCI	2.00%	2.20%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.60%	2.70%
LGCI plus 2%	4.00%	4.20%	4.20%	4.20%	4.30%	4.30%	4.40%	4.50%	4.60%	4.70%

- 11 As staff are still working through the implications of the proposed changes on the financial statements, the following costs have yet to be include, which will alter the proposed rate increase noted in this report:
- Repayment of any external debt. It is expected that external debt will be required in 2019/20 with the construction of the Te Anau wastewater scheme along with a number of the later years as significant capital work is completed
  - Interest from any cash investments available to be invested. Currently it is projected that Council will still have funds available during 2018/19.
- 12 Additionally staff are seeking quotes for the insurance of infrastructure assets and hope to have a range on which base an estimate within the LTP budgets.

- 13 The table in attachment B outlines the reasons for changes to the district general rate in 2018/19 and 2019/20.
- 14 Attachment A contains a breakdown of the draft proposed rate by rate type and by year. Proposed rates movements are between 1.56% and 3.76%. Where any individual rate type alters by greater than 3.5%, it is highlighted in the table and discussed further below.

**General rate**

- 15 The district general rate increases by \$1,387,431 (9.55%) in 2018/19. The reasons for this are:
- the transfer of library costs from local funding to district funding as part of proposed revenue and financing policy \$302,083
  - increased employment costs (including inflation) \$298,051
  - increase in funding for economic and community development \$71,664
  - redistribution of community engineer costs \$127,661
  - increased software license fees \$68,672
  - funds available for work as a result of the open spaces strategy \$150,000
  - funds available for community futures work \$120,000
  - increased funding for Emergency Management Southland \$38,872.
  - Around the Mountains Cycle trail loan repayments of \$285,214
  - grants increases of \$57,438. There is net additional grants of \$26,638 (discussed below) additionally in 2017/18 \$30,000 of grants were funded from the district operations reserve.
  - increase in depreciation funding \$46,191
  - reduction in costs for the Services and Assets group \$63,006.
  - other combined reductions \$115,409
- 16 In 2019/20 and 2022/23 rates increased by 4.08% and 4.66% respectively. The key reasons in 2019/20 are:
- increases in funding for economic and community development \$100,000
  - additional funds for community futures work \$50,000
  - inflation on employment costs \$190,724
  - increased costs for Service and Assets group \$32,860
  - additional funds for work as a result of the open spaces strategy \$28,850
  - additional funding for Emergency Management Southland \$21,872

- increase in depreciation funding \$90,697
- other increases \$33,844

17 In 2022/23 the main increases are for inflation and loan repayments on the potential upgrade or replacement of the Invercargill head office building. These increases have been offset by the reduction in loan repayments where a loan was fully repaid in 2021/22.

### **Regional Heritage rate**

18 The regional heritage rate increases by \$79,027 (16.55%) in 2018/19 and 4.93% in 2020/21, due to the request for funding received from Southland Regional Heritage Committee. Further discussion on this grant request is included below.

### **Roading**

19 In 2022/23 and from 2024/25 onwards roading rate increases are higher than 3.5%. These increases reflect the level of capital expenditure included in the budgets.

### **District wastewater rate**

20 District wastewater has increases above 3.5% in:

- 2020/21 with the loan repayment required for the work completed in the previous year at Te Anau
- 2022/23 with the loan repayment required for the work completed in the previous year at Riversdale combined with additional funding of depreciation
- 2023/24 due to additional funding of depreciation
- 2024/25 with the loan repayment required for the work completed in the previous year at Manapouri and Winton combined with additional funding of depreciation

### **District water rate**

21 The district water rate increases by 5.71% in 2024/25 mainly due to the impact of fully funding depreciation in that year.

### **Wheelie bin rate**

22 In 2018/19 the wheelie bin collection rates increase 3.51% as a result of an increase in operational costs from the 2017/18 budgets to reflect the actual costs incurred in 2016/17. There is an increase of 4.54% in 2027/28 due to loan repayments on the anticipated replacement of wheelie bins in 2026/27.

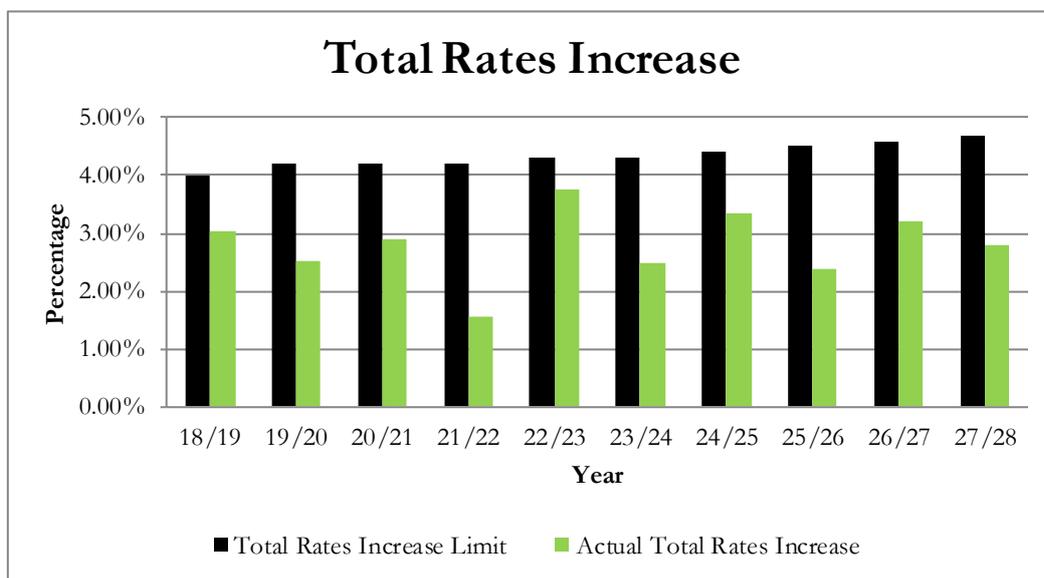
### **Local rates**

23 Local rates have been reviewed by community boards, community development area sub committees, ward committees and water committees.

- 24 The significant drop in 2018/19 is due to the proposed change in the revenue and financing policy for libraries to be funded at a district level.
- 25 The increase in 2019/20 is mainly due to an allowance for increased stormwater monitoring costs in a number of communities as a result of the Water and Land Plan, along with loan repayments for Winton replacing part of its stormwater mains.

**Mandatory benchmark measure for rates**

- 26 As part of the mandatory measures Council is required to set a financial benchmark in relation to capping of rates increases. Council still needs to formally adopt the benchmark however it is not envisaged to change from the current measure of the local government cost index (LGCI) plus two percent. The graph below details how the proposed rates compares to this measure.



- 27 The rates increase shown in the benchmark graph is based on rates included in the forecasted statement of comprehensive revenue and expenses (the statement). The rates number included in the statement includes the amount rates to collect from all ratepayers, along with rates penalties and water meter charges. The proposed rates increase of 3.01% in 2018/19 discussed in this report is the amount of rates to be collect from all ratepayers.

**Issues - Grants**

- 28 Further to discussion with Council and Council staff a number of recommendations are made in this report in relation to grant requests received.
- 29 Included in attachment C is a table showing the amounts included in the 2017/18 annual plan and the amount currently recommended to be included in 2018/19 of the LTP with commentary where appropriate.
- 30 Additionally attachments D to G include the supporting documentation for the grant requests received from Southern REAP, Regional Heritage Committee and Southland Indoor Leisure Centre Trust

Commentary

- 31 Council's holiday programme in summer is run by Venture Southland. Funding for this has been \$20,000 for several years. It is proposed to increase this by \$10,000 to allow more programmes to be run and new programmes to be developed.
- 32 The request for funding for the ten years of the LTP from Southland Regional Heritage Committee is included in attachment E. The request includes continuation of the funding from previous years for cataloguing. In 2017/18 the cost of \$4.35 plus GST per rateable unit was funded from district operations reserves. In 2018/19 it is proposed to continue to fund the request but rate for the increase. Additionally in 2020/21 a new cataloguing rate at a cost of \$1 per rateable unit has been included.
- 33 Emergency Management Southland (EMS) adopted a new five year plan earlier this year. This plan recognises the new national legislation and guidelines for welfare and recovery that need to be met. The five year plan includes a new focus on readiness and being prepared for emergencies. EMS has requested additional funding of \$77,743 per annum to fund the operation of this new plan. As part of the prioritisation review staff have phased the increase over a period of three years, \$38,872 in 2018/19, \$60,744 in 2019/20 and \$77,743. This however means that if approved EMS may need to revisit their budgets and service delivery levels.
- 34 The Southland Indoor Leisure Centre Trust presented in public forum to the Policy and Community Committee on 15 November 2017. The presentation prepared by the trust is provided in attachment G. Attachment F is the letter received from the Trust following the presentation. The trust has requested total operational funding of \$150,000 per year to cover additional costs. In 2017/18 funding to the Southland Indoor Leisure Centre Trust was \$75,000 per annum. At this stage there has been no change to this level of funding.

**Factors to Consider**

**Legal and Statutory Requirements**

- 35 The draft budgets (including rates required) will be form part of the activity statement and financials in the councils LTP 2018-28. The LTP (and associated consultation document) is a requirement of the Local Government Act 2002.
- 36 There is a statutory requirement to adopt an LTP before rates can set in accordance with the provisions of the Local Government (Rating) Act 2002.

**Community Views**

- 37 The community's views on the proposed rate increases (and underlying budgets) for 2018-28 will be consulted with the community through the consultation document and supporting information in March 2018.

**Costs and Funding**

- 38 There are various costs incurred in compiling the budgets and supporting information to determine the proposed rates increases included in the LTP and supporting documentation. These costs are included in council budgets and funded accordingly.

**Policy Implications**

- 39 Rates are one funding source available in the Revenue and Financing policy to fund the expenditure in individual activities. The funding impact statement (rates) shows how the mechanisms used to collect the rates and the impact to an individual ratepayer.

**Analysis**

**Options Considered**

- 40 The options considered are to endorse the rates increase for inclusion in the LTP, with amendments as discussed or to request staff to undertake additional work in relation to the proposed rate increases.

**Analysis of Options**

**Option 1 – endorse the proposed overall rates increase to be included in the draft Long Term Plan and grant changes as proposed**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• Council are aware of the forecast rates increases and a high level understanding of reasons for the changes before any work is undertaken by the auditors and a draft document is brought back to Council in December for approval before it is given to the auditors to</li> <li>• Certainty provided to organisations for future funding sources.</li> </ul>	<ul style="list-style-type: none"> <li>• None identified.</li> </ul>

**Option 2 – not endorse the draft rates increase and direct staff as to make changes Council wants to make a consider before endorsing a draft rates increase**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• May result in further savings and a reduction in rates</li> </ul>	<ul style="list-style-type: none"> <li>• Council will not be aware of the information included in the activity management plans that are provided for audit review</li> <li>• Changes may impact on levels of service that are not reflected in the documents provided to audit for review beginning 20 November.</li> </ul>

**Assessment of Significance**

- 41 Council’s Long Term Plan is considered significant to the community and will be consulted on during March/April 2018.

### **Recommended Option**

- 42 Option 1 endorse the proposed overall rates increase to be included in the draft Long Term Plan and grant changes as proposed for inclusion in the consultation document and supporting information for the 2018-28 LTP.

### **Next Steps**

- 43 Staff to change budgets to include any external debt funding and repayments, insurance premiums for infrastructure assets as discussed. The proposed rates increase to be reported to Council in December with financial statement information.

### **Attachments**

- A Draft proposed rates increases for Long Term Plan 2018-28 [↓](#)
- B Analysis of movement in general rate included in 201 28 Long Term Plan for Council 23 November 2017 [↓](#)
- C Grants and donations included in the 2018-28 Long Term Plan for Council 23 November 2017 [↓](#)
- D Southern REAP request for funding for 2018-28 Long Term Plan [↓](#)
- E Southland Regional Heritage Committee request for funding 2018-28 Long Term Plan LTP) [↓](#)
- F 2018-28 Long Term Plan request for funding from Southland Indoor Leisure Centre [↓](#)
- G Southland Indoor Leisure Centre Presentation for funding request in 2018-28 Long Term Plan [↓](#)



**Proposed Rate Increases for  
LTP 2018 - 2028**

**Detailed \$ comparison**

Rate	AP 17/18 Total Rates (Excl GST)	<sup>1</sup> LTP 18/19 Total Rates (Excl GST)	<sup>2</sup> LTP 19/20 Total Rates (Excl GST)	<sup>3</sup> LTP 20/21 Total Rates (Excl GST)	<sup>4</sup> LTP 21/22 Total Rates (Excl GST)	<sup>5</sup> LTP 22/23 Total Rates (Excl GST)	<sup>6</sup> LTP 23/24 Total Rates (Excl GST)	<sup>7</sup> LTP 24/25 Total Rates (Excl GST)	<sup>8</sup> LTP 25/26 Total Rates (Excl GST)	<sup>9</sup> LTP 26/27 Total Rates (Excl GST)	<sup>10</sup> LTP 27/28 Total Rates (Excl GST)
District General	14,522,520	15,909,951	16,458,798	16,880,016	17,073,011	17,868,756	18,452,511	18,245,860	18,510,721	19,073,674	19,432,895
Roading	13,851,105	13,732,491	13,956,714	14,406,504	14,664,902	15,287,131	15,531,887	16,749,770	17,353,001	18,306,707	19,068,867
Waste Management	1,824,862	1,852,086	1,897,229	1,842,969	1,850,377	1,796,936	1,843,397	1,862,909	1,895,824	1,933,004	1,965,928
Regional Heritage	477,576	556,603	568,831	596,872	610,234	623,943	638,009	652,440	667,246	682,438	698,024
<b>Total District Rates</b>	<b>30,676,064</b>	<b>32,051,131</b>	<b>32,881,572</b>	<b>33,726,361</b>	<b>34,198,524</b>	<b>35,576,766</b>	<b>36,465,804</b>	<b>37,510,979</b>	<b>38,426,792</b>	<b>39,995,823</b>	<b>41,165,714</b>
Rate Increase from Prior Period	3.10%	4.48%	2.59%	2.57%	1.40%	4.03%	2.50%	2.87%	2.44%	4.08%	2.93%
District Sewerage	3,729,800	3,810,105	3,907,743	4,279,256	4,316,040	4,553,595	4,808,126	5,120,727	5,245,484	5,351,005	5,475,065
District Water	3,144,563	3,219,683	3,272,878	3,373,581	3,470,043	3,568,473	3,572,960	3,777,030	3,858,053	3,841,120	3,911,134
Wheelie Bin Collection	2,535,780	2,624,775	2,677,473	2,746,673	2,809,932	2,882,329	2,964,399	3,034,044	3,094,281	3,166,494	3,310,234
<b>Total Service Rates</b>	<b>9,410,143</b>	<b>9,654,563</b>	<b>9,858,094</b>	<b>10,399,510</b>	<b>10,596,015</b>	<b>11,004,397</b>	<b>11,345,485</b>	<b>11,931,801</b>	<b>12,197,818</b>	<b>12,358,619</b>	<b>12,696,433</b>
Rate Increase from Prior Period	7.46%	2.60%	2.11%	5.49%	1.89%	3.85%	3.10%	5.17%	2.23%	1.32%	2.73%
<b>Total Local Rates</b>	<b>4,678,546</b>	<b>4,408,042</b>	<b>4,631,004</b>	<b>4,610,797</b>	<b>4,700,525</b>	<b>4,775,766</b>	<b>4,820,154</b>	<b>4,957,601</b>	<b>5,075,260</b>	<b>5,127,233</b>	<b>5,223,974</b>
Rate Increase from Prior Period	0.67%	-5.78%	5.06%	-0.44%	1.95%	1.60%	0.93%	2.85%	2.37%	1.02%	1.89%
<b>Total Rates</b>	<b>44,764,752</b>	<b>46,113,736</b>	<b>47,370,670</b>	<b>48,736,668</b>	<b>49,495,064</b>	<b>51,356,929</b>	<b>52,631,443</b>	<b>54,400,381</b>	<b>55,699,870</b>	<b>57,481,675</b>	<b>59,086,121</b>
Rate Increase from Prior Period	3.73%	3.01%	2.73%	2.88%	1.56%	3.76%	2.48%	3.36%	2.39%	3.20%	2.79%
BERL		2.00%	2.20%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.60%	2.70%
Financial Benchmark		4.00%	4.20%	4.20%	4.20%	4.30%	4.30%	4.40%	4.50%	4.60%	4.70%

**Proposed Rate Increases for  
LTP 2018 - 2028**

**Detailed % comparison**

Rate	AP 17/18 Total Rates (Excl GST)	<sup>1</sup> LTP 18/19 Total Rates (Excl GST)	<sup>2</sup> LTP 19/20 Total Rates (Excl GST)	<sup>3</sup> LTP 20/21 Total Rates (Excl GST)	<sup>4</sup> LTP 21/22 Total Rates (Excl GST)	<sup>5</sup> LTP 22/23 Total Rates (Excl GST)	<sup>6</sup> LTP 23/24 Total Rates (Excl GST)	<sup>7</sup> LTP 24/25 Total Rates (Excl GST)	<sup>8</sup> LTP 25/26 Total Rates (Excl GST)	<sup>9</sup> LTP 26/27 Total Rates (Excl GST)	<sup>10</sup> LTP 27/28 Total Rates (Excl GST)
District General	14,522,520	9.55%	3.45%	2.56%	1.14%	4.66%	3.27%	-1.12%	1.45%	3.04%	1.88%
Roading	13,851,105	-0.86%	1.63%	3.22%	1.79%	4.24%	1.60%	7.84%	3.60%	5.50%	4.16%
Waste Management	1,824,862	1.49%	2.44%	-2.86%	0.40%	-2.89%	2.59%	1.06%	1.77%	1.96%	1.70%
Regional Heritage	477,576	16.55%	2.20%	4.93%	2.24%	2.25%	2.25%	2.26%	2.27%	2.28%	2.28%
<b>Total District Rates</b>	<b>30,676,064</b>	<b>4.48%</b>	<b>2.59%</b>	<b>2.57%</b>	<b>1.40%</b>	<b>4.03%</b>	<b>2.50%</b>	<b>2.87%</b>	<b>2.44%</b>	<b>4.08%</b>	<b>2.93%</b>
District Sewerage	3,729,800	2.15%	2.56%	9.51%	0.86%	5.50%	5.59%	6.50%	2.44%	2.01%	2.32%
District Water	3,144,563	2.39%	1.65%	3.08%	2.86%	2.84%	0.13%	5.71%	2.15%	-0.44%	1.82%
Wheelie Bin Collection	2,535,780	3.51%	2.01%	2.58%	2.30%	2.58%	2.85%	2.35%	1.99%	2.33%	4.54%
<b>Total Service Rates</b>	<b>9,410,143</b>	<b>2.60%</b>	<b>2.11%</b>	<b>5.49%</b>	<b>1.89%</b>	<b>3.85%</b>	<b>3.10%</b>	<b>5.17%</b>	<b>2.23%</b>	<b>1.32%</b>	<b>2.73%</b>
<b>Total Local Rates</b>	<b>4,678,546</b>	<b>-5.78%</b>	<b>5.06%</b>	<b>-0.44%</b>	<b>1.95%</b>	<b>1.60%</b>	<b>0.93%</b>	<b>2.85%</b>	<b>2.37%</b>	<b>1.02%</b>	<b>1.89%</b>
<b>Total Rates</b>	<b>44,764,752</b>	<b>3.01%</b>	<b>2.73%</b>	<b>2.88%</b>	<b>1.56%</b>	<b>3.76%</b>	<b>2.48%</b>	<b>3.36%</b>	<b>2.39%</b>	<b>3.20%</b>	<b>2.79%</b>



Analysis of movement in district general rate			
	LTP 2018/19	LTP 2019/20	Comment
Total district general rate to collect	\$ 15,909,951	\$ 16,458,798	
dollar variance from previous year	1,387,431	548,847	
percentage variance from previous year	9.55%	3.45%	
<u>Significant Variations</u>			
transfer of library costs from local funding	302,083	190,724	
increased employment costs	298,051	-	
funding for economic and community development	71,664	100,000	
redistribution of community engineer costs	127,661	-	
software license fees	68,672	-	
open spaces strategy work	150,000	28,850	
community futures work	120,000	50,000	
costs for services assets group	- 63,006	32,860	
funding of Emergency Management Southland	38,872	21,872	additional funds requested of \$77,743 phased in over 2018/19; 2019/20 and 2020/21
loan repayments for funding Around the Mountain Cycle trail	285,214	-	
costs in relation in grants	57,438	-	see table in attachment C
impact of depreciation funding	46,191	90,697	
other combined changes	- 115,409	33,844	

Grants included in 2018-28 Long Term Plan				
Organisation	Amount in 2017/18 Annual Plan	Amount included in 2018/19	Variance between 2017/18	Comment
<b>Organisation with new funding</b>				
Southern REAP	-	9,600	9,600	request for three years funding; letter dated 10 July 2017 included in attachments
<b>Organisations with changes to funding</b>				
Southland Coastal Heritage	15,000	-	- 15,000	Inventory project on hold, no funding is requested this year
Loss & Grief Centre	10,000	-	- 10,000	one off grant request in 2017/18
Environment Enhancement Fund	10,000	-	- 10,000	
Southern Rural Fire Authority	10,000	-	- 10,000	no expected ongoing costs with entities merger with FENZ
Iwi funding	41,237	40,711	- 526	
Toimata Foundation	10,517	10,000	- 517	
Community Service Award	1,000	1,200	200	
Debating Competition	600	800	200	
Safe Swim program	20,000	23,000	3,000	
Santa Parade	800	5,000	4,200	
Miscellaneous Grants	1,483	9,400	7,917	
Holiday Programmes	20,000	30,000	10,000	to allow more programmes to be run and new ones developed
Southland Regional Heritage Committee	544,149	556,603	12,454	letter dated 28 August 2017 included in attachment E
Emergency Management	256,972	295,843	38,871	currently budget has request phased in over three years
<b>Organisations with no changes to funding</b>				
Bursaries	7,000	7,000	-	
Citizens Advice Bureau	2,200	2,200	-	
Gore Counselling Service Iwi Funding	1,000	1,000	-	
Life Education Trust	5,000	5,000	-	
Cycling Southland Incorporated	3,000	3,000	-	
High Values Area	15,000	15,000	-	
Hollyford Conservation Trust	10,000	10,000	-	
Southland Indoor Leisure Centre (Stadium maintenance)	75,000	75,000	-	powerpoint presentation to Community and Policy Committee included in attachments
Southland Safer Communities	10,000	10,000	-	
Waituna Partnership	25,000	25,000	-	
Warm Homes Trust	35,000	35,000	-	
Outward Bound	8,000	8,000	-	
St Johns' Ambulance	1,400	1,400	-	

Making a difference in our Rural Communities...



## RURAL EDUCATION ACTIVITIES PROGRAMME

10 July 2017

Southland District Council  
PO Box 903  
15 Forth Street  
Invercargill 9840

Dear Louise

### Southland District Council – Application for Funding

Thank you for your response to our Funding Application for our NCEA 4 U programme.

As discussed, we would very much appreciate if this initiative could be applied for under the long term plan process for an ongoing grant of \$ 9600.00 per year for a three year period for the Winton and Nightcaps NCEA 4 U Programme.

I have attached additional supporting documentation in the form of an article that is being published in the next edition of the ACE Aotearoa Newsletter and also a copy of a presentation we shared at our recent REAP conference.

The financials and application documentation submitted with the initial application still stand.

This is a highly valued programme with a wide range of positive impacts on individuals, families and community and we appreciate your support.

Please contact me if there is any further information you require to assist in your decision making.

Yours faithfully

Janine Walker  
Southern REAP  
ACE Manager



[www.reap.co.nz](http://www.reap.co.nz) SOUTHLAND • FIORDLAND • WAKATIPU [enquiries@reap.co.nz](mailto:enquiries@reap.co.nz)

31<sup>st</sup> March 2017

Southland District Council  
P.O. Box 903  
INVERCARGILL 9840



### Community Initiatives Fund

Thank you for the opportunity to submit an application seeking support for our NCEA4U Young Mums and Caregivers programme.

### SOUTHERN REAP NCEA4U PROGRAMME – Parents and Caregivers

#### **C. Project Details**

##### **2(a) For what purpose does your organisation seek a Community Initiatives subsidy**

Southern REAP identifies adult learners in **Winton** who have had unsuccessful results and negative experiences in their past learning. They have not achieved NCEA Level 1, 2 or 3 and need support in completing these NCEA levels in order to make the next step towards employment, or further learning and achievement both personally and academically. Southern REAP is supported to provide these formal learning opportunities through Te Aho o Te Kura Pounamu (The Correspondence School) under the supervision of a Southern REAP qualified teacher who positively engages these learners. A critical factor in the engagement and success of this learning includes the provision of quality childcare for the duration of the classes, where children are supported in their learning and parents in their parenting.

Most of these learners have very limited funds available and would not otherwise be able to access this programme without support.

##### **3 How will your project benefit the organisation or community?**

#### Expected Outcomes

##### *Outcome 1*

To provide an opportunity for parents and caregivers (over 18) to achieve NCEA Levels 1, 2 or 3, to open further learning or employment possibilities.

##### *Outcome 2*

Success leads to further success. Participants will gain confidence in their ability to learn and set goals, career pathways for their future.

##### *Outcome 3*

Participants will gain the skills required to re-engage in the learning process. They gain valuable skills to learn as part of a group and the discipline, time management and motivation to study at home as an individual.

##### *Outcome 4*

Participants engage with others and find a place to contribute in their community.

Page 1 of 7

Additional Programme Benefits:

It is important that rural communities have the opportunity to have learning take place in their own community. This eliminates barriers around learning including isolation, travel costs and motivation to travel for learning. It enables learners to have the support of their community around them and to use community resources.

The benefits to this programme reach far wider than the 10 learners in class. The families of these learners benefit hugely from the programme. By watching their parents study and work on their homework, children learn that study can be an integral part of gaining confidence and employment. Pre-schoolers in the childcare facility that runs alongside the NCEA4U programme grow in confidence and independence, benefit from language development, social skills acquisition and early identification of needs.

How do we address the need...

By providing guidance, support, tutoring, mentoring and childcare to ensure learners gain NCEA Level 1, 2 and 3 credits.

Name of Programme: NCEA4U for Parents and Caregivers (over 18) – Childcare provided

- Central Southland: NCEA4U programme – WINTON
- N.B. We provide a parallel programme in Western Southland and Gore.

The centre for the programme is as follows:

- WINTON

2 x 2 hour sessions per week

A total of up to 160 supervised learning hours per student per centre per year

The students are required to continue their learning in their own time at home, which could be up to 30 hours.

Correspondence School material is free for learners up to the age of 20. Most of the learners are over this age and the cost incurred by Southern REAP is \$110 per subject.

- 4**     **Start Date of Your Project:** Funding sought for Start of Term 2 2017–1<sup>st</sup> May 2017  
           **Finish Date of Your Project:** Funding sought until End of Term 4 2017–12<sup>th</sup> Dec 2017

Additional InformationProgramme Process...

An initial interview with learners identifies if they have acquired any NCEA credits, their areas of interest and strengths, or any gaps which need to be plugged to enable participants to proceed to further learning and/or employment opportunities.

From this interview subjects and levels are chosen for study with Southern REAP paying up to 2 subjects per student, per year to Te Kura for each student over 20 years of age.

Weekly classes and regular tutor contact provides the opportunity for up to 10 learners to gain NCEA credits.

Support is given to debug papers; overcome life's hurdles and help students remain engaged in learning when they would otherwise give up.

Tutors keep track of credits gained by each learner, learning stories and other information and outcomes. This is fed forward to Southern REAP Management verbally on a regular basis and as a written report twice annually.

Achievements include:

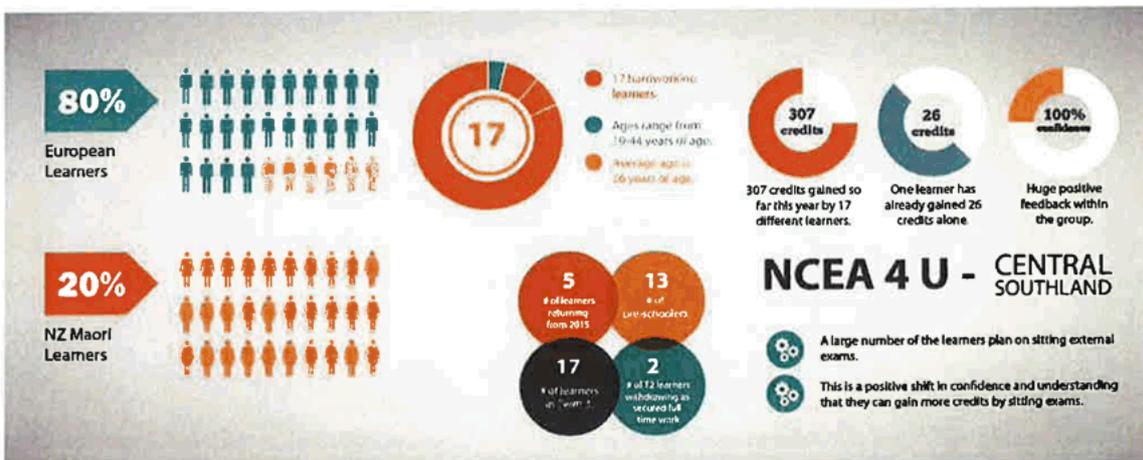
- NCEA level 1, 2 or 3 credits
- Employment
- Increased confidence
- Community participation
- Social cohesion
- Mind-set changes
- Learners have been incentivised and given real hope for their futures
- Class numbers have increased since we began this programme in Winton in 2015. Classes began with 2.5hrs contact time and increased to meet student demand. As learner numbers grew we ran a third class session in 2016 to keep student tutor ratio at an optimum to ensure effective learning.

**Quick Stats about the Programme**

**Levels and Subjects studied in 2016:**

**NCEA**

- Level 1 English, Maths, Business Studies, Digital Technology, Science, Accounting, Horticulture, Technology, Digital Technology
- Level 2 English, Maths, Health & Physical Education, Digital Technology, Agriculture, Biology
- Level 3 English, Accounting, Photography



### Central Southland Programme – based at WINTON

#### **Individual Stories**

- As part of English Level 2 a number of students have completed or are currently working on speeches. This has brought a measure of healing for major life issues including miscarriage, adoption and accidental fatal shooting of family member. It has also moved each student from not being able to speak in front of anyone else in a formal situation, to being able to speak for at least 4 minutes to an audience of at least 10 people. This is a vital life skill which the students now have.

- Learner A - breast cancer and treatment last year. Course is building her confidence, stimulating her brain and self-esteem as she gains horticulture and accounting skills in preparation for her vision to start a community garden.

- Learner B – long-term breadwinner for her family currently working 60-70 hours per week. Up skilling so that she can retrain in a higher paying job, so she can work fewer hours and create quality time to spend with her family and care for her husband whose medical needs may increase over time. Circumstances meant she was put out from school when she was a young teenager. Actually she's very bright academically and her Te Kura teacher has recognised this and is encouraging her to aim high.

- Learner C - a young mum gaining practical support through the course as she networks with other mothers and gaining self-esteem as she gets credits and feedback from tutors.

- Learner D- new to town, meeting other mothers, breaking the isolation. One subject is building common ground and building relationship with her mother in law. Studying English is an opportunity for this creative academically able student to express herself. She has entered a national poetry competition through the course.

- Learner E – on track for gaining qualifications for her chosen career.

- Learner F – has had her world view expanded from white middle class Winton through the power of literature. She now knows when something is her personal belief and is not so judgemental about other people's experiences. This is a very satisfying shift, building the qualities and skills she will need for her future career. This learner has been accepted into Teachers College beginning in 2017.

- Learners G and H both joined us at the start of Term 2 and are dyslexic, so we are in the process of ensuring our support for them as students with dyslexia is appropriate to ensure successful learning.

- Learner I – has taken time to settle into productive study as she didn't have much self-belief that she could cope academically. There is nothing like the taste of success and credits to motivate these learners! 😊

- Learner J – a quiet studious lady who is consistently collecting "Merit" passes and growing in confidence as she interacts with other students in the group.

This year we have had 1 student who has been studying with us for the past 3 years begin a Business Admin course at a local campus. She has continued on with us also as she wishes to complete her Level 3 Accounting.

1 student applied for Bachelor of Early Childhood Teaching but was declined this time as she needed to get some more level 3 credits. She did not let a NO stop her and is working on her level 3 this year with much determination.

1 student has had her second child this year. He was a premature baby but she did not let this stand in her way and continued on with her required reading whilst still in the hospital with her wee man.

#### Student Stories

- Learner K read her first ever book in 2015. As a result of the programme Learner K was assisted with a suitable subject choice and encouraged to give reading a go. Learner K has read several books and is so excited at the prospect of this new world that has been opened up to her. Her partner told us that he cannot sleep at night because Learner K is reading. Learner K has told us, *"Being part of the programme has made a huge impact on my life, the tutor brings out the best in everyone; you don't find people like her. The tutor backs me up and she thinks I'm brainier than I am. The tutor is always there for me"*.
- Learner L who was a defensive, difficult, sombre, sceptical participant at first told the tutor of her dream to be a nurse and is now one of the programme's most successful participants. After one year of being part of the programme Learner L has now applied to Nurses College and is back this year to complete some biology credits before starting her nursing training. Learner L's words are as follows; *"The tutor goes the extra mile. She rings us to encourage us in our work and encourages me to participate. She makes me want to be the best that I can be"*. Thank you Southern REAP.

#### Quotes from emails from Te Kura Correspondence School Staff to/from our Southern REAP Tutor

- English Teacher Justin Paul: *"These girls are bloomin' amazing. Your work must be so rewarding."*
- Shirley to Southern Region Relationship Coordinator Eileen Kerr: *"I wish your teachers could have heard the buzz in class last week. It's such a privilege to be part of the learning and growth in the girls' lives!"*

Eileen to Shirley: *"I hope the Nightcaps group goes as well as the Winton and Gore groups. I think the teachers here can almost hear the buzz when your students' work arrives!"*

- English Teacher Justin Paul to a student: *"My colleague and I were very moved by your speech and the courage it obviously took to deliver it. I suspect you will have grown as a person throughout the writing and speaking process. Pretty much what education is all about! Well done."*

Student response to Shirley, forwarded on to Justin. *"Her text after reading your letter says "Woo-hoo. Aw, that's so nice. I'm very proud."*

He replied, "That's lovely. Your students are pretty inspirational."

**Childcare Benefits**

- Children that may have never engaged in any Early Childhood facility become part of the crèche and therefore benefit from all that Early Childhood participation provides. Schools benefit as the children of these caregivers learn to integrate into routines and systems prior to starting school.
- We see the children of students grow in confidence, security and independence as they thrive in the crèche setting. The practical skills they develop as they cook and create each session are lovely.

**In Summary**

We are highly committed to running such significant programmes in low to medium populated rural areas where there is a real need and usually no other providers available or prepared to do the work.

Unfortunately, the high cost of the NCEA4U programme (tutors, venues, crèche staff) is an all too familiar issue for Southern REAP and is the reason why such valuable programmes often come to an end while the need still exists.

Once again thank you for the opportunity to apply to the Community Initiatives Fund. We are seeking support funding for tutor and crèche costs thus subsidise the cost for the attendees.

Onwards and Upwards

Dawn and the TEAM at Southern REAP

Happy Parents: Happy Children: Happy Home: Happy Community

**More Student Stories Hot Off The Press ...**

Learner AA says "It's made a huge difference for me. Last year I had a major illness. Since I've been introduced to this course my positivity has improved. My brain is working again."

Learner BB

"Last year I wasn't that confident in my learning and I didn't believe in myself to do it. This year I've had so much success through Te Kura Correspondence School and now I know I can help my kids now and when they are older too. I've got much further along than last year; I've already got 22 credits in half a year, more than I got for the whole of last year."

Learner CC

"It's given me the confidence that I can do it and I can see it will open up a future for me, one where I won't need to scrape plates for the rest of my life. "

Learner DD

Leaving school at a young age, this has given me an opportunity to get the things I didn't get in school. As a person new to town it has been a good way to meet people and build up some social contacts.

Learner EE

It's taught me some efficient ways to get my work done.

Learner FF

It's teaching me how to work my brain again. I haven't studied in ten years. The children get social time and get to interact with others.



# CERTIFICATE OF INCORPORATION

**SOUTHERN REAP INCORPORATED**  
**527891**

This is to certify that SOUTHLAND RURAL EDUCATION ACTIVITIES PROGRAMME INCORPORATED was incorporated under the Incorporated Societies Act 1908 on the 27th day of November 1991 and changed its name to SOUTHERN REAP INCORPORATED on the 11th day of August 2004.

Neville Harris  
Registrar of Incorporated Societies  
11th day of August 2004



1 OF 1

CLASS # NCEA 4 U - Parents and Caregivers

www.reap.co.nz

# NCEA 4 U

## Parents and Caregivers



**Do you have gaps in your NCEA Qualification you would like to fill?**

*We offer options in Winton, Gore & Nightcaps for parents and caregivers, to study in a relaxed environment allowing you to obtain Level 1, 2 or 3 NCEA credits.*

*Classes run during the school term, childcare provided during the class (Winton & Nightcaps).*



**Classes run during the school terms**



**\$20 each term**



**Salvation Army Lounge**  
7 Dejoux Rd, WINTON



**Southern REAP Gore**  
6 Fairfield St, GORE



**St Patricks Primary School**  
11 Digger Street, NIGHTCAPS



**For more information about NCEA 4 U please phone**

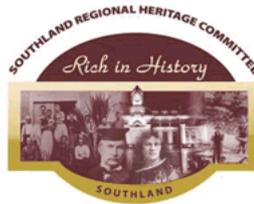
Janine 03 236 6008 - WINTON & NIGHTCAPS

Jonelle 03 208 0614 - GORE



Southern REAP Inc





28 August 2017

**To: Contributing Local Authorities to Southland Regional Heritage Committee**

Dear Sir/ Madam

**Southland Regional Heritage Committee Strategic Priorities and Associated Funding for 2018-2028 Long Term Plan processes**

I am writing to you in my capacity as Chair of the Southland Regional Heritage Committee (hereafter SRHC).

SRHC is in receipt of correspondence seeking further certainty regarding future strategic priorities and associated requested funding requirements in relation to regional heritage for 2018-2028 LTP budgetary and consultation purposes.

SRHC discussed this at its meeting on Friday, 2 June 2017.

It was agreed that the two key strategic priorities with regard to regional heritage which SRHC wishes to progress are:

- 1) **Continuation of current work-streams to develop a regionally consistent Collection Management System and collection management protocols across all museums and to seek to have all collection items catalogued within this system**

A key benefit of this work is to ensure that catalogued items have been assessed and recorded and can be made more readily available via digital media. At this stage it is envisaged that this work can be progressed via a continuation of regional heritage rate funding levels, as per the attached draft budget (Appendix II), Southland Regional Heritage - Long Term Plan & Regional Cataloguing Funding Proposal 2018 – 2028, provided that all councils include the \$4.35 towards cataloguing, consistent with ICC and SDC's contribution level for the past 2 years, for the lifetime of the LTP (with suitable inflationary adjustment).

Attached as Appendix I is a more detailed breakdown of how this project will be progressed. It should be noted that this also involves a significant contribution from current SRHC reserves and utilisation of existing resources as much as possible, so as to mitigate additional funding impacts on ratepayers. As can be seen, external funding will also be sought from funders such as ILT, MLT and CTOS to seek to ensure this work progresses in a timely fashion.

Regular reporting back on progress will be provided to contributing funders.

- 2) **Further work on developing a business case for a Regional Storage Facility/ Regional Knowledge Centre, which would be the hub for regional storage and regional heritage knowledge within Murihiku/Southland**

An initial scoping study has been undertaken by Mr David Luoni and presented to the SRHC on 2 June 2017. There was support from SRHC members for progressing this concept further to the detailed business plan development stage.

The SRHC will require funds to make a compelling business case for a Regional Heritage Storage Facility. It is generally intended that funding for the progression of investigations into the Regional Storage concept will be sought from external funders, rather than seeking a direct contribution towards this from the contributing councils at this stage, as cataloguing is seen as the greatest priority.

**An increase in the heritage rate of \$1.00 (plus GST) is requested from the 2020/2021 rating year onwards.** This will ensure the momentum of the cataloguing project; provide funding to enable detailed design and major project funding options to be explored should the business case determine a Regional Storage Facility is the way to go; and increase the amount of grant funding available for distribution to support heritage projects within the region, back to 2017 levels.

Obviously, progression of both of the above work-streams is not guaranteed and is subject to the outcome of public consultation processes which will occur through the 2018-2028 LTP processes.

However, hopefully by providing this budgetary and priority information in advance, SRHC can avoid making annual requests for additional funding through submission processes in the future.

I hope this is of assistance. SRHC is likely to make a more formal submission requesting this support through individual LTP processes as these are notified.

Yours faithfully



Cr Paul Duffy  
**CHAIR**  
**SOUTHLAND REGIONAL HERITAGE COMMITTEE**

## APPENDIX I

**Project Ark: Preserving Southland's Heritage**

The Southland Regional Heritage Committee's (SRHC) purpose is to establish and implement a collaborative strategy to preserve the regional heritage of Murihiku/Southland. It currently does this by funding practical 'hands on' support to Southland's small mainly volunteer run museums and heritage groups via the Southland Roving Museums Officer (RMO). Our RMO, Johanna Massey, supports heritage groups with collection management, displays and museum redevelopments. The SRHC also allocates contestable grants to our region's museums and heritage groups via the Southland Heritage Fund.

The SRHC is extending its strategic direction to advance solutions to three major heritage issues.

**Solution 1: Moving to online digital records**

Digital records open up heritage to the world providing instant public access. Southland's museums haven't had the resources to keep up with this revolution. Only one small museum collection has been fully digitised, the remainder are partially digitised or not at all. Some collections remain uncatalogued. The SRHC is going to help heritage groups address this by leading a long term project to:

- Digitally catalogue Southland's public heritage collections so that each museum will have a complete, up to date and searchable record of its holdings.
- Photograph or scan each item, or group of items, to provide a visual record.
- Where appropriate share collections online via searchable websites. A website called say *Museums of Southland* will function as a regional heritage database with 24/7 public access from anywhere in the world; a one stop shop for searching Southland's heritage collections.

This work will be co-ordinated via a regional strategy using common software and protocols. A key goal of the strategy will be to establish a regional Collection Policy to help guide what our museums collect, keep and let go. The overarching principle will be the historical and cultural significance of items to Southland and its communities.

**Solution 2: Preserving collections by proper packing**

A second major regional issue is that not all of our heritage collections are packed in a way that protects and preserves them. The cataloguing project provides the opportunity to do this work.

**Solution 3: Addressing insufficient storage spaces**

Right across the region Southland's museums do not have enough space to safely store their collections. This lack of space is putting collections at risk as are fluctuating climates in the majority of museum store rooms. Heritage collections are best preserved in a clean, stable environment with controlled temperature and humidity with limited exposure to light. The majority of our smaller museums do not have control of the temperature and humidity in their store rooms.

The solution is to build more heritage storage space with climate control. This could be done at each museum but a regional storage facility may be a more strategic and cost effective solution. Over the next two years the SRHC is going to investigate the merit of a regional storage facility for Southland's public heritage collections. If there is a mandate for such a facility the SRHC will develop a business case to advance it.

The above cataloguing and packing are prerequisites before collections can be sensibly organised in a regional storage facility. This is why that work is being prioritised in this order. The cataloguing and packing needs to occur anyway and will represent a major success in its own right.

## APPENDIX I

**A Pilot Programme within a Longer Term Project**

The digital cataloguing and packing strategy is a long term project. It will take 10+ years but it is essential work if our heritage groups are to perform their core role of preserving and sharing Southland's heritage. Cataloguers will be engaged to carry out this work using co-ordinated systems and best museum practices. Fair criteria will be used to determine the order in which the region's public heritage collections are catalogued.

The SRHC is going to fund a two year Pilot to start the cataloguing and packing project and prove its value. During the Pilot, one team is going to continue to digitise the Southland Museum & Art Gallery's large collection. A second three person team will work in a smaller museum to fully catalogue its collection. This Pilot will be funded by the Southland Regional Heritage rate. No additional funds are required to carry out the Pilot. But the Pilot will require a variation to the Southland Heritage Fund. This contestable fund currently makes available \$140,000 per year. This will be reduced to \$50,000 per year and the balance will be applied to the cataloguing and packing project. This reallocation will still provide significant assistance for heritage projects and also start to address the above issues in a strategic and co-ordinated way.

**Expected Outcomes**

1. A co-ordinated regional approach to heritage collection management.
2. Museums will have a complete, backed up record of their collections.
3. Each item will be photographed or scanned to provide a visual record.
4. Museum collections will be marked/labelled so they can be readily identified.
5. Museum collections will be packed in a way that protects and preserves them.
6. Cataloguing will increase the longevity of collections by reducing the need to physically handle collection items.
7. The cataloguing process is much more than museum housekeeping. Most importantly it will capture and share the histories and stories that give items their cultural significance. This entry from the Maitua Museum is a strong example of this:  
<https://ehive.com/collections/4033/objects/136052/footwear-ezywaukr-boots>
8. Collections will be fully searchable by museum staff/volunteers making it far easier to carry out the full range of museum activities. From planning exhibitions, answering public enquiries, sharing stories on social media and other digital platforms, tracking and locating items through to organising storage and carrying out inventories.
9. Publishing collections will make them fully available to and searchable by the public.
10. Publishing the collections to one website called say Museums of Southland will create a searchable regional heritage database. The collections can also be shared on national databases such as NZMuseums and DigitalNZ.
11. A regional Collection Policy will guide the items that Southland's museums collect, keep and let go (deaccession) in a co-ordinated best practice way.
12. During the cataloguing process items will be assessed for their historical and cultural significance. Insignificant items can then be evaluated for deaccession in a way that honours the obligations set out in Museum Aotearoa's Code of Ethics.
13. The project will help future proof collections in some of Southland's smaller volunteer museums who are experiencing funding pressure and a diminishing volunteer base.
14. Museums will meet core collection management standards enabling them to better care for their collections within their own museum while also preparing collections for storage in a regional storage facility should it eventuate.
15. The Pilot will also start to investigate the merits of a regional storage facility for Southland's public heritage collections and ascertain if there is a mandate for this

APPEND

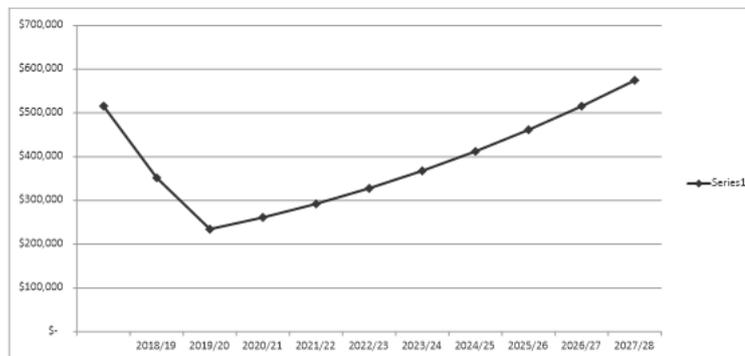
Southland Regional Heritage - Long Term Plan & Regional Cataloguing Funding Proposal 2018 - 2028											
Use reserves for the first 2 years and then starting raising for \$1 per ratepayer from year 3											
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	
	LTP year 1	LTP year 2	LTP year 3	LTP year 4	LTP year 5	LTP year 6	LTP year 7	LTP year 8	LTP year 9	LTP year 10	LTP year 11
Inflation (GCI) - BERL rate updated September 2016	2.50%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Inflation (CPI)	1.10%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%	1.90%	1
<b>Calculation of Levies</b>											
Invercargill City Council	\$ 31.54	\$ 32.33	\$ 33.14	\$ 34.00	\$ 34.89	\$ 35.79	\$ 36.72	\$ 37.68	\$ 38.66	\$ 38.66	\$ 3
Invercargill City Council (Additional funding for cataloguing at SMAG)	\$ 4.35	\$ 4.35	\$ 4.35	\$ 4.35	\$ 4.35	\$ 4.35	\$ 4.35	\$ 4.35	\$ 4.35	\$ 4.35	\$
<b>Invercargill City Council Regional Cataloguing Rate (New)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1.00</b>	<b>\$</b>							
<b>Invercargill City Council - Rate (GST Excl)</b>	<b>\$ 36.89</b>	<b>\$ 36.68</b>	<b>\$ 38.49</b>	<b>\$ 39.35</b>	<b>\$ 40.24</b>	<b>\$ 41.14</b>	<b>\$ 42.07</b>	<b>\$ 43.03</b>	<b>\$ 44.01</b>	<b>\$ 44.01</b>	<b>\$ 4</b>
Southland District Council	\$ 31.54	\$ 32.33	\$ 33.14	\$ 34.00	\$ 34.89	\$ 35.79	\$ 36.72	\$ 37.68	\$ 38.66	\$ 38.66	\$ 3
Southland District Council (Additional funding for cataloguing at SMAG)	\$ 4.35	\$ 4.35	\$ 4.35	\$ 4.35	\$ 4.35	\$ 4.35	\$ 4.35	\$ 4.35	\$ 4.35	\$ 4.35	\$
<b>Southland District Council Regional Cataloguing Rate (New)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1.00</b>	<b>\$</b>							
<b>Southland District Council - Rate (GST Excl)</b>	<b>\$ 36.89</b>	<b>\$ 36.68</b>	<b>\$ 38.49</b>	<b>\$ 39.35</b>	<b>\$ 40.24</b>	<b>\$ 41.14</b>	<b>\$ 42.07</b>	<b>\$ 43.03</b>	<b>\$ 44.01</b>	<b>\$ 44.01</b>	<b>\$ 4</b>
Gore District Council (Inflated by CPI in 2017/18)	\$ 31.54	\$ 32.33	\$ 33.14	\$ 34.00	\$ 34.89	\$ 35.79	\$ 36.72	\$ 37.68	\$ 38.66	\$ 38.66	\$ 3
<b>Gore District Council Regional Cataloguing Rate (New)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1.00</b>	<b>\$</b>							
<b>Gore District Council - Rate (GST Excl)</b>	<b>\$ 31.54</b>	<b>\$ 32.33</b>	<b>\$ 34.14</b>	<b>\$ 35.00</b>	<b>\$ 35.89</b>	<b>\$ 36.79</b>	<b>\$ 37.72</b>	<b>\$ 38.68</b>	<b>\$ 39.66</b>	<b>\$ 39.66</b>	<b>\$ 4</b>
<b>Budgeted Income</b>											
Original Regional Rate (GST Excl)											
Invercargill City Council	24,862	\$ 777,627.89	\$ 797,068.59	\$ 816,995.30	\$ 838,237.18	\$ 860,031.35	\$ 882,392.16	\$ 905,334.96	\$ 928,873.05	\$ 953,023.75	\$ 977,80
Invercargill City Council (Additional funding for cataloguing at SMAG)	\$	\$ 107,236.20	\$ 107,236.20	\$ 107,236.20	\$ 107,236.20	\$ 107,236.20	\$ 107,236.20	\$ 107,236.20	\$ 107,236.20	\$ 107,236.20	\$ 107,23
Invercargill City Council Regional Cataloguing Rate (New)	\$	\$ -	\$ -	\$ 24,652.00	\$ 24,652.00	\$ 24,652.00	\$ 24,652.00	\$ 24,652.00	\$ 24,652.00	\$ 24,652.00	\$ 24,65
<b>Invercargill City Council - Total Funding</b>	<b>\$</b>	<b>\$ 884,864.09</b>	<b>\$ 904,304.79</b>	<b>\$ 948,933.50</b>	<b>\$ 970,125.38</b>	<b>\$ 991,919.55</b>	<b>\$ 1,014,280.36</b>	<b>\$ 1,037,222.66</b>	<b>\$ 1,060,761.25</b>	<b>\$ 1,084,911.96</b>	<b>\$ 1,109,69</b>
Southland District Council	16,446	\$ 487,200.34	\$ 499,380.35	\$ 511,864.86	\$ 525,179.34	\$ 538,827.85	\$ 552,837.37	\$ 567,211.14	\$ 581,958.63	\$ 597,089.56	\$ 612.51
Southland District Council (Additional funding for cataloguing at SMAG)	\$	\$ 67,185.75	\$ 67,185.75	\$ 67,185.75	\$ 67,185.75	\$ 67,185.75	\$ 67,185.75	\$ 67,185.75	\$ 67,185.75	\$ 67,185.75	\$ 67.18
Southland District Council Regional Cataloguing Rate (New)	\$	\$ -	\$ -	\$ 16,446.00	\$ 16,446.00	\$ 16,446.00	\$ 16,446.00	\$ 16,446.00	\$ 16,446.00	\$ 16,446.00	\$ 16.44
<b>Southland District Council - Total Funding</b>	<b>\$</b>	<b>\$ 554,386.09</b>	<b>\$ 566,566.10</b>	<b>\$ 594,496.61</b>	<b>\$ 607,800.99</b>	<b>\$ 621,459.60</b>	<b>\$ 636,469.12</b>	<b>\$ 649,841.89</b>	<b>\$ 664,689.38</b>	<b>\$ 679,720.31</b>	<b>\$ 696.24</b>
Gore District Council	6,336	\$ 199,864.12	\$ 204,860.72	\$ 209,982.24	\$ 215,441.78	\$ 221,043.27	\$ 226,790.39	\$ 232,686.94	\$ 238,736.80	\$ 244,943.96	\$ 251.31
Gore District Council Regional Cataloguing Rate (New)	\$	\$ -	\$ -	\$ 6,336.00	\$ 6,336.00	\$ 6,336.00	\$ 6,336.00	\$ 6,336.00	\$ 6,336.00	\$ 6,336.00	\$ 6.33
<b>Gore District Council - Total Funding</b>	<b>\$</b>	<b>\$ 199,864.12</b>	<b>\$ 204,860.72</b>	<b>\$ 216,318.24</b>	<b>\$ 221,777.78</b>	<b>\$ 227,379.27</b>	<b>\$ 233,126.39</b>	<b>\$ 239,022.94</b>	<b>\$ 244,972.80</b>	<b>\$ 251,279.96</b>	<b>\$ 257.64</b>
<b>Total Funding Collected from Joint Council's</b>	<b>\$</b>	<b>\$ 1,635,114.30</b>	<b>\$ 1,675,731.61</b>	<b>\$ 1,755,697.35</b>	<b>\$ 1,795,707.25</b>	<b>\$ 1,840,757.41</b>	<b>\$ 1,882,874.88</b>	<b>\$ 1,926,087.39</b>	<b>\$ 1,970,423.44</b>	<b>\$ 2,015,912.22</b>	<b>\$ 2,062.58</b>

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	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027
<b>Budgeted Expenditure</b>										
<b>Grants</b>										
Southland Museum and Art Gallery (LGCI)	\$ 868,907	\$ 862,880	\$ 1,007,462	\$ 1,033,646	\$ 1,050,521	\$ 1,088,094	\$ 1,114,385	\$ 1,145,411	\$ 1,175,191	\$ 1,205
Additional ICC and SDC Grant - Cataloguing project	\$ 174,422	\$ 174,422	\$ 174,422	\$ 174,422	\$ 174,422	\$ 174,422	\$ 174,422	\$ 174,422	\$ 174,422	\$ 174
Gore Collections (LGCI)	\$ 178,170	\$ 182,624	\$ 187,190	\$ 192,097	\$ 197,050	\$ 202,174	\$ 207,490	\$ 212,823	\$ 218,367	\$ 224
Gore Galleries (LGCI)										
Bluff Museum (CP)	\$ 13,281	\$ 13,441	\$ 13,616	\$ 13,820	\$ 14,027	\$ 14,266	\$ 14,522	\$ 14,784	\$ 15,050	\$ 15
Riverton Museum (CP)	\$ 13,281	\$ 13,441	\$ 13,616	\$ 13,820	\$ 14,027	\$ 14,266	\$ 14,522	\$ 14,784	\$ 15,050	\$ 15
Roving Museum Officer (Uninflated)	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75
Administration Fund (Uninflated)	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10
Southland Regional Fund (Uninflated)	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50
<b>Total Original Grants</b>	<b>\$ 1,472,062</b>	<b>\$ 1,601,808</b>	<b>\$ 1,851,286</b>	<b>\$ 1,882,764</b>	<b>\$ 1,896,047</b>	<b>\$ 1,928,221</b>	<b>\$ 1,962,281</b>	<b>\$ 1,997,226</b>	<b>\$ 1,733,070</b>	<b>\$ 1,769</b>
<b>Regional Cataloguing Project</b>										
Initial Establishment Costs	\$ 52,326	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Co-ordinators salary (uninflated)	\$ 63,000	\$ 63,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Overheads (Coordinator)	\$ 12,600	\$ 12,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Staff Salary	\$ 135,000	\$ 138,375	\$ 141,624	\$ 145,522	\$ 149,306	\$ 153,186	\$ 157,170	\$ 161,257	\$ 165,440	\$ 169
Overheads (Staff)	\$ 13,600	\$ 13,638	\$ 14,163	\$ 14,652	\$ 15,131	\$ 15,619	\$ 16,117	\$ 16,615	\$ 17,114	\$ 17
Car Lease	\$ 6,520	\$ 6,683	\$ 6,850	\$ 7,028	\$ 7,211	\$ 7,398	\$ 7,591	\$ 7,788	\$ 7,991	\$ 8
Insurance & Fuel	\$ 3,785	\$ 3,785	\$ 3,785	\$ 3,787	\$ 3,788	\$ 3,789	\$ 3,790	\$ 3,791	\$ 3,792	\$ 3
Packing materials	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20
Tim Walker - Peer review during Pilot	\$ 2,500	\$ 2,500								
Media Liaison & advocacy	\$ 3,000	\$ 3,000								
Training for Photography	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15
Contingency sum for lease of work and storage space	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Scoping cost for the Regional Storage Facility	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Regional Cataloguing Project</b>	<b>\$ 329,733</b>	<b>\$ 291,281</b>	<b>\$ 201,664</b>	<b>\$ 205,889</b>	<b>\$ 210,236</b>	<b>\$ 214,884</b>	<b>\$ 219,268</b>	<b>\$ 223,982</b>	<b>\$ 228,777</b>	<b>\$ 233</b>
<b>Total Expenditure</b>	<b>\$ 1,802,795.35</b>	<b>\$ 1,793,089.58</b>	<b>\$ 1,732,949.04</b>	<b>\$ 1,768,653.77</b>	<b>\$ 1,805,282.30</b>	<b>\$ 1,842,914.65</b>	<b>\$ 1,861,549.74</b>	<b>\$ 1,921,185.17</b>	<b>\$ 1,961,846.91</b>	<b>\$ 2,003.56</b>

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		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Surplus or Excess Funds	Opening Balance	\$ (163,681.09)	\$ (117,366.97)	\$ 26,748.31	\$ 31,093.48	\$ 36,475.11	\$ 39,960.18	\$ 44,937.65	\$ 49,238.27	\$ 54,055.31	\$ 59,02
Reserve Balance		\$ 616,423	\$ 351,741.91	\$ 254,384.94	\$ 261,153.24	\$ 292,188.72	\$ 327,661.94	\$ 367,622.02	\$ 412,169.87	\$ 461,987.84	\$ 516,463.26



# Southland Indoor Leisure Centre Charitable Trust

16 November 2017

Gary Tong  
Mayor  
Southland District Council

P O Box 208  
INVERCARGILL 9840

email: [gary.tong@southlanddc.govt.nz](mailto:gary.tong@southlanddc.govt.nz)

cc: [steve.ruru@southlanddc.govt.nz](mailto:steve.ruru@southlanddc.govt.nz)

Dear Gary

Thank you for the opportunity to present the Stadium's operating and financial position to your Council members yesterday.

We are in need of additional funding that will ensure the continued operation of Stadium Southland as a quality venue which is well utilized by the people of Southland for both sporting and community events. Our presentation yesterday provided some details about both the operations and finances of the Stadium and SILCCT.

We are asking our community funders to consider providing additional funding towards:

1. Meeting additional annual operating costs of the Stadium.
2. Future large maintenance costs and asset replacements.
3. Funding to enable the repayment of our \$1.5 million loan.

Specifically, we are asking the Southland District Council to consider increasing their annual grant from \$75,000 to \$150,000.

If we can raise sufficient additional funding for these purposes we are confident that we can continue to operate the Southland Indoor Leisure Centre Charitable Trust and Stadium Southland Ltd ownership/operational structure that will ensure the future success of the Stadium in our community.

Your Council's provision of additional financial assistance, in any way that is suitable and appropriate for your Council, will be very much appreciated. Thank you once again for your consideration of our request for funding.

Kind regards



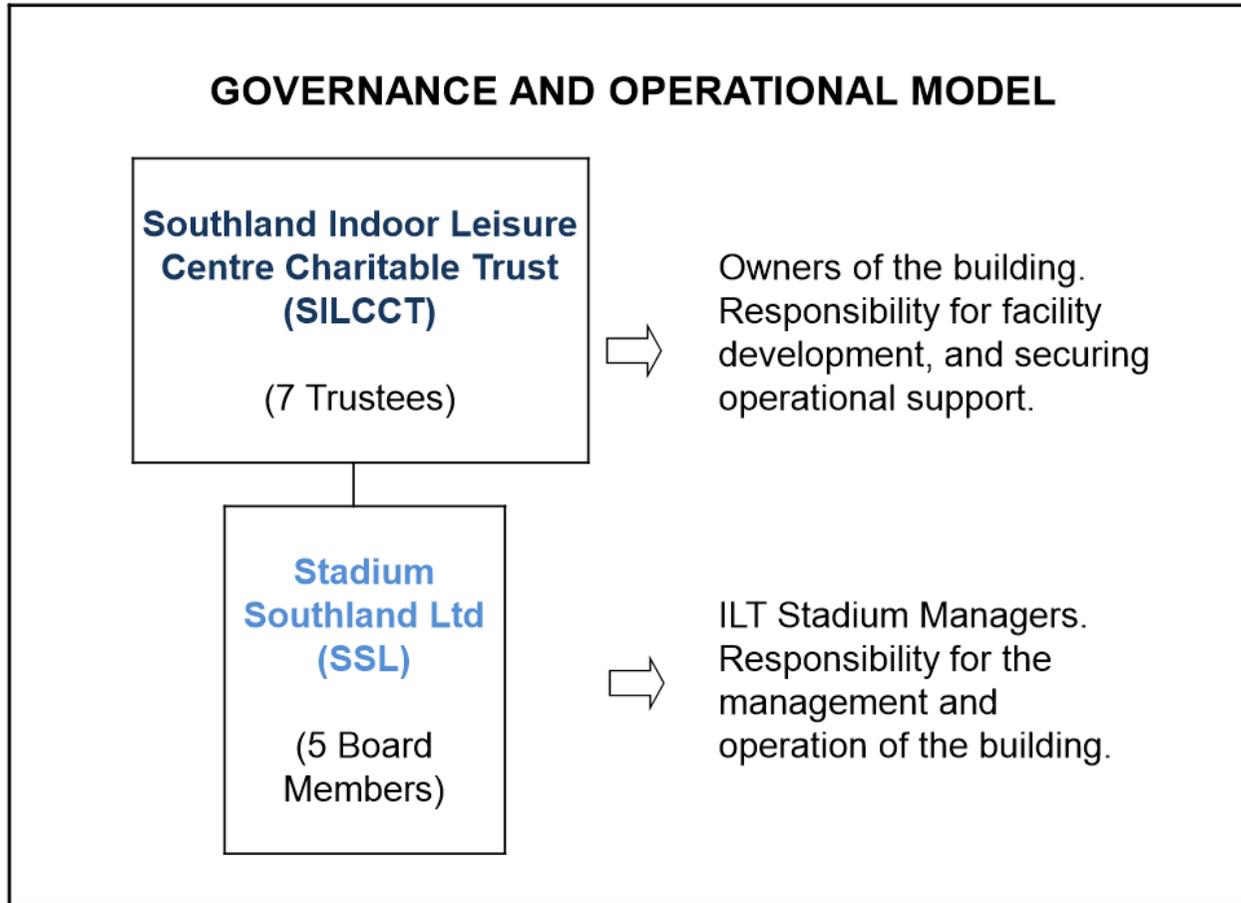
Neil Affleck  
**FINANCIAL ADMINISTRATOR**

P: (03) 211 3762  
E: [neil@ilt.co.nz](mailto:neil@ilt.co.nz)



## We are here today to:

1. Bring you up-to-date with
  - the Stadium operations
  - the Stadium finances
  - the Southland Indoor Leisure Centre Charitable Trust finances
  
2. Ask for some more Money!



## SILCCT

- Responsible for the operational and financial activities of the stadium.
- Secure funding from the community funders, annually:

ICC	\$400,000
ILT	\$400,000
CTOS	\$80,000
SDC	<u>\$75,000</u>
	<u>\$955,000</u>

## SILCCT

- Pass on funding to the Stadium company (SSL) to enable them to cover their operational needs

2016	\$880,000
2017	\$844,000
2018 (Budget)	\$950,000

- The balance of annual funding is held by SILCCT for the payment of future large repairs and maintenance costs and asset replacements.

**Southland Indoor Leisure Centre Charitable Trust****Trustee Members (as per Trust Deed)****Appointing Body**

<b>Invercargill City Council</b>	<b>-</b>	<b>Graham Lewis</b>
<b>Invercargill Licensing Trust</b>	<b>-</b>	<b>Alan Dennis</b>
<b>Southland Building Society</b>	<b>-</b>	<b>Richard Hutton</b>
<b>Southland District Council</b>	<b>-</b>	<b>Steve Ruru</b>
<b>Sport Southland</b>	<b>-</b>	<b>Dave Burnett</b>
<b>John McDowell Greg Mulvey</b>	<b>-</b>	<b>Independents – appointed</b>

# Stadium Southland Ltd

Responsible for the management and operation of the stadium.

- Strategic direction (with guidance from SILCCT)
- Business Planning
- Setting prices / rentals / hires
- Employing management and staff
- Maintain the property
- Run “the business”
  - Sporting
  - Events

Stadium Southland Ltd

## Company Directors

<b>Bruce Middleton</b>	-	<b>Company Manager (Chairman)</b>
<b>Karen Poff</b>	-	<b>Lawyer</b>
<b>Richard Smith</b>	-	<b>Quantity Surveyor</b>
<b>Gary Muir</b>	-	<b>Marketing</b>
<b>Kathryn Ball</b>	-	<b>Accountant</b>

## Stadium Southland Ltd

### Operating losses – before Community Funding

2016	Actual	\$880,000
2017	Actual	\$844,000
2018	Budget	\$950,000

1. Before larger repairs and maintenance costs
2. Before asset replacements

# Crowe Horwath Report

## “ILT Stadium Southland Review”

- Commissioned for use by the SSL Board

### Quote:

“The Stadium is a magnificent facility that provides a benefit, not only to Invercargill, but the entire Southland region. Overall, the venue is considered a significant community asset that would be the envy of many communities throughout New Zealand”

- Various recommendations were made for the SSL Board to consider:
  - Income opportunities
  - Staff roster changes
  - Communicate the strategic direction

<b>STADIUM SOUTHLAND LTD</b>		
<b>Cash Operating Results:</b>	<b>ACTUAL RESULTS</b>	
(excludes non-cash items and grants for assets)	<b>2016</b>	<b>2017</b>
<b>Total Income from operations</b>	<b>1,524,000</b>	<b>1,728,000</b>
<b>Total Operating Expenses</b>	<b><u>(2,449,000)</u></b>	<b><u>(2,569,000)</u></b>
<b>Operating Loss</b>	<b>(925,000)</b>	<b>(841,000)</b>
<b>Community Funding ( from SILCCT)</b>	<b>880,000</b>	<b>844,000</b>
<b>Net Cash Surplus (loss)</b>	<b><u>(45,000)</u></b>	<b><u>3,000</u></b>
<b>EQUITY - Brought Forward</b>	<b>48,000</b>	<b>3,000</b>
<b>CLOSING EQUITY</b>	<b>3,000</b>	<b>6,000</b>

<b>STADIUM SOUTHLAND LTD</b>			
<b>Cash Operating Results:</b> (excludes non-cash items and grants for assets)	<b>ACTUAL RESULTS</b>		<b>BUDGET</b>
	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Total Income from operations</b>	<b>1,524,000</b>	<b>1,728,000</b>	<b>1,479,000</b>
<b>Total Operating Expenses</b>	<b>(2,449,000)</b>	<b>(2,569,000)</b>	<b>(2,382,000)</b>
<b>Operating Loss</b>	<b>(925,000)</b>	<b>(841,000)</b>	<b>(903,000)</b>
<b>Community Funding ( from SILCCT)</b>	<b>880,000</b>	<b>844,000</b>	<b>950,000</b>
<b>Net Cash Surplus (loss)</b>	<b>(45,000)</b>	<b>3,000</b>	<b>47,000</b>
<b>EQUITY - Brought Forward</b>	<b>48,000</b>	<b>3,000</b>	<b>6,000</b>
<b>CLOSING EQUITY</b>	<b>3,000</b>	<b>6,000</b>	<b>53,000</b>

## SILCCT

Trustees are responsible for;

- a) the Stadium building; and
- b) the operation of the Stadium  
(delegated to SSL Board)

Trustees manage 3 activities:

1. Obtain community funding
2. Pay for Stadium operational costs and building ownership costs
3. Pay for large Repairs and Maintenance costs and Asset Replacements

<b>SILCCT Annual Cash Flow - Operations:</b>	
<b>(excluding Depreciation)</b>	<b>Actual 2017</b>
<b>Part 1.</b>	
Contributions from Funding Partners	955,000
Less funding provided to Stadium Southland Ltd for Operations	(844,000)
<b>Net Funding Contribution</b>	<b>111,000</b>
<b>Part 2.</b>	
Operating Income (includes rent from SSL, SIT and SBS Sports House)	224,500
Operating Expenses	(33,000)
Insurance	(125,000)
Interest on ICHL Loan	(138,000)
<b>Operating Surplus (loss)</b>	<b>(71,500)</b>
<b>Part 3.</b>	
Funding to the Stadium for large R&M and Asset replacements	(9,000)
ICHL - Loan Repayment	0
<b>Funding Costs</b>	<b>(9,000)</b>
<b>Overall Operating Gain</b>	<b>30,500</b>

<b>SILCCT Annual Cash Flow - Operations:</b>		
<b>(excluding Depreciation)</b>	<b>Actual 2017</b>	<b>BUDGET 2018</b>
<b>Part 1.</b>		
Contributions from Funding Partners	955,000	955,000
Less funding provided to Stadium Southland Ltd for Operations	(844,000)	(950,000)
<b>Net Funding Contribution</b>	<b>111,000</b>	<b>5,000</b>
<b>Part 2.</b>		
Operating Income	224,500	230,000
(includes rent from SSL, SIT and SBS Sports House)		
Operating Expenses	(33,000)	(57,099)
Insurance	(125,000)	(138,315)
Interest on ICHL Loan	(138,000)	(72,057)
<b>Operating Surplus (loss)</b>	<b>(71,500)</b>	<b>(37,471)</b>
<b>Part 3.</b>		
Funding to the Stadium for large R&M and Asset replacements	(9,000)	(115,208)
ICHL - Loan Repayment	0	0
<b>Funding Costs</b>	<b>(9,000)</b>	<b>(115,208)</b>
<b>Overall Operating Gains (Losses)</b>	<b>30,500</b>	<b>(147,679)</b>

# SILCCT

	<u>Bank Balance</u>	<u>Loan</u>
Cash held 31 March 2017	528,000	
Plus loan ICHL		(1,500,000)
2017/2018 Budgeted cash loss	-147,000	
Budgeted cash held 31 March 2018	381,000	
Plus loan ICHL		(1,500,000)
2018/2019 Budgeted cash loss	-199,000	
Budgeted cash held 31 March 2019	182,000	
Plus loan ICHL		(1,500,000)

(The ICHL loan is repayable by 30 June 2018)

**Future Stadium Expenditure (Maintenance Plan)****Large budgeted items are:**

<u>Annual provision</u> for Plant/Heating maintenance and replacements	58,000
<u>Annual provision</u> for exterior building maintenance	53,000
Resurface stadium Community courts	205,000
Paint exterior of the Velodrome	35,000
Refurbish Cycle Track	240,000
Replace Velodrome Concourse Carpet	100,000
Recoat Velodrome Community Courts	90,000
Replace Velodrome Court Lights	150,000

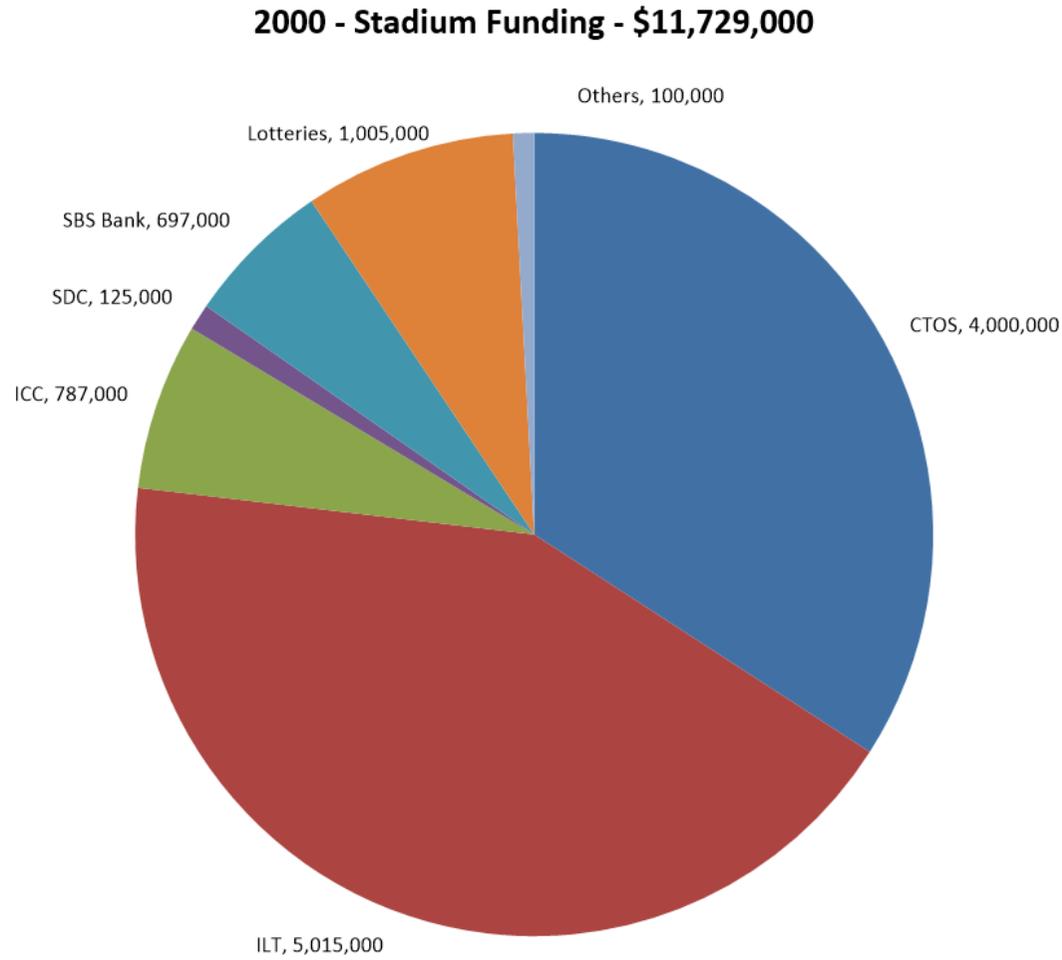
**Budgeted Annual Expenditure (over next 10 years) 480,000  
per annum**

### What are we looking for?

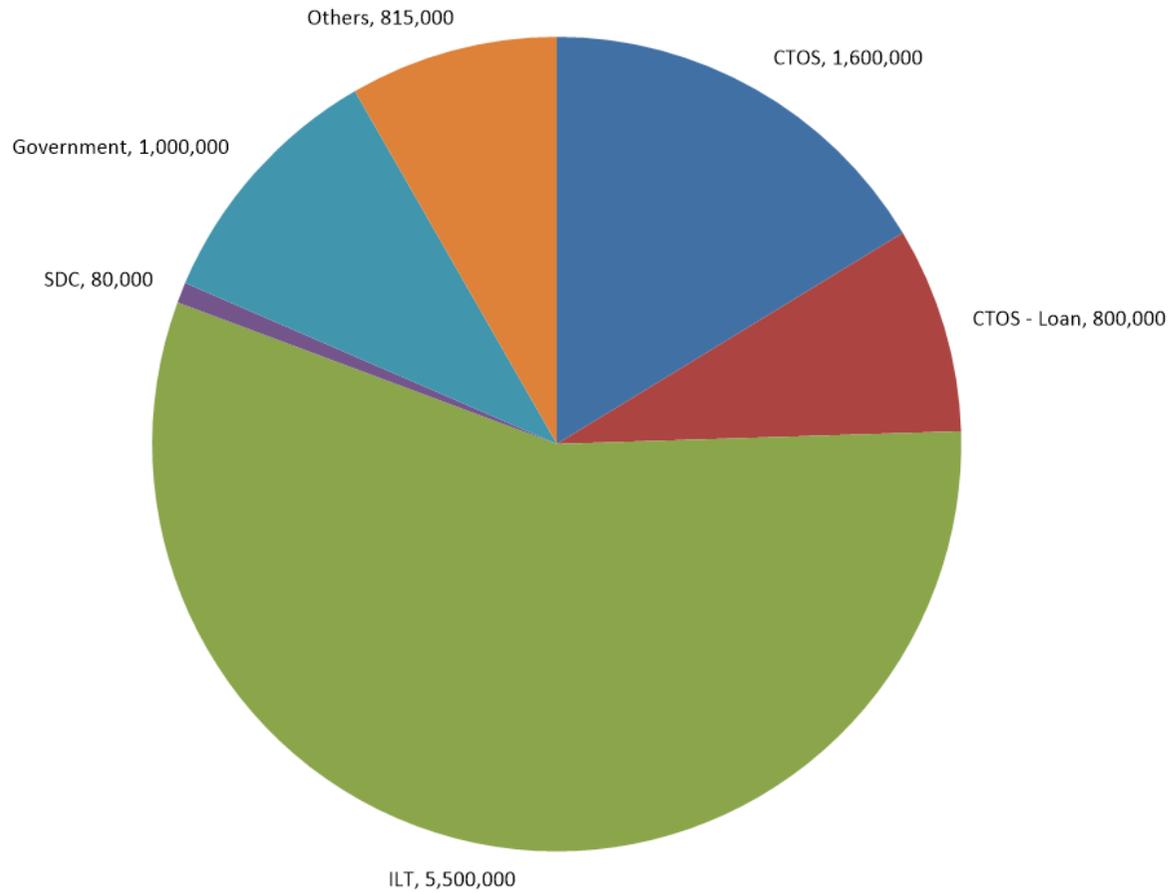
(a) An increase in the annual level of funding to cover:

	<u>Now</u>	<u>Proposed</u>	<u>Increase</u>
ICC	400,000	700,000	+300,000
ILT	400,000	550,000	+150,000
CTOS	80,000	?	?
SDC	75,000	?	?
	<u><b>955,000</b></u>		

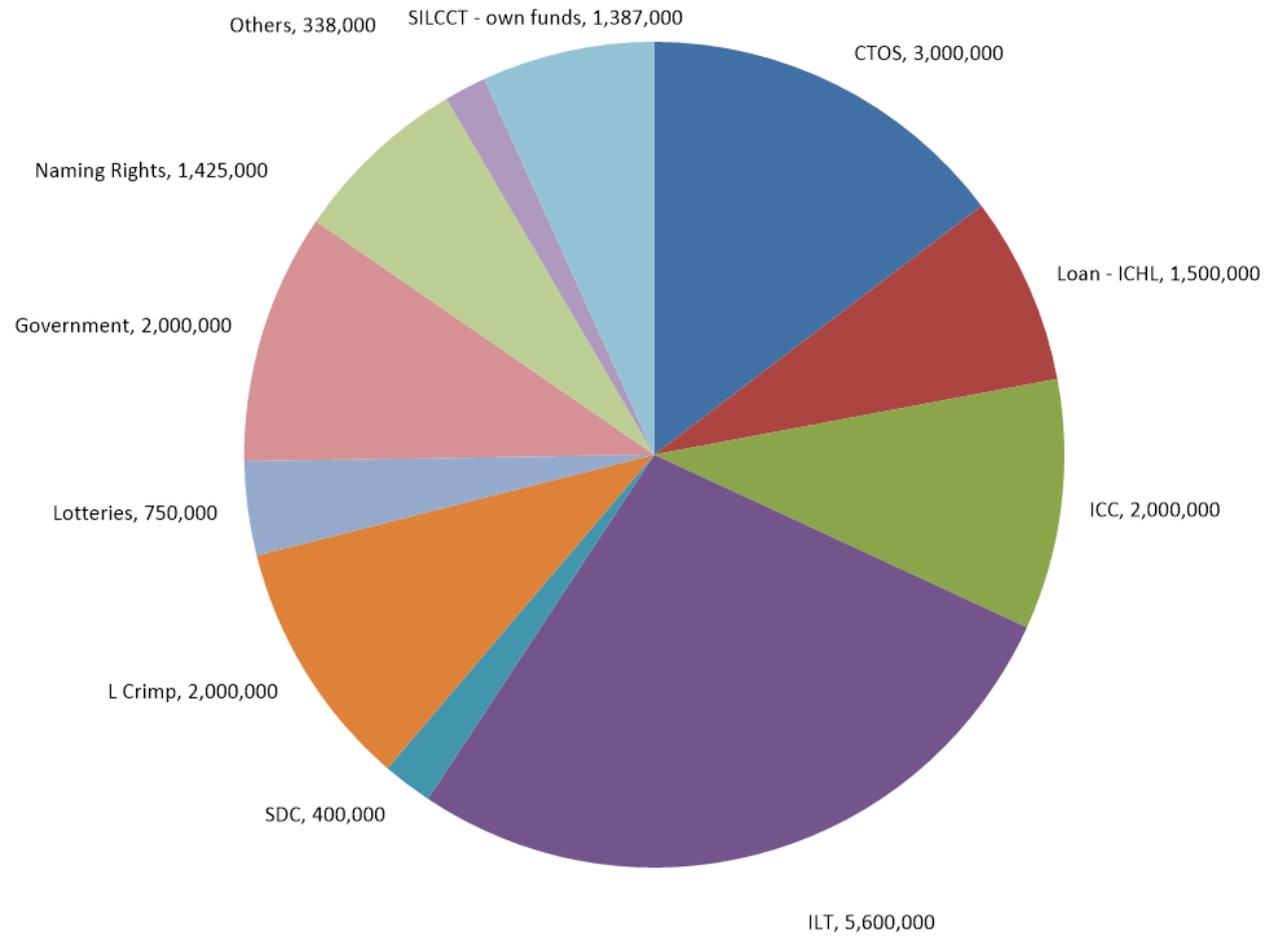
(b) **Funding for \$1,500,000** in order to repay the ICHL loan



2006 - Velodrome Funding - \$9,795,000



### 2011 - Rebuild Funding - \$20,400,000



Item 8.2 Attachment G



**Thank  
You!!!**

## Audit NZ Engagement Letter for the 2018-2028 Long Term Plan

**Record No:** R/17/11/27683  
**Author:** Nicole Taylor, Project Co-ordinator Corporate Planning  
**Approved by:** Rex Capil, Group Manager Community and Futures

Decision  Recommendation  Information

### Purpose

- 1 To seek formal approval for the signing of the audit arrangements letter for the 2018-2028 Long Term Plan.
- 2 This documents are required to be approved by Council.

### Executive Summary

- 3 Audit New Zealand requires Council to approve the terms of engagement for them to conduct the audit on behalf of the Auditor-General of the 2018-2028 Long Term Plan.
- 4 Audit New Zealand is the representative of the Auditor-General, who is the auditor of all “public entities”, including Southland District Council under section 14 of the Public Audit Act 2001.
- 5 Once Council has confirmed its acceptance of the terms, it will then be signed by the Mayor and returned to Audit New Zealand.
- 6 Attached is a copy of the audit engagement letter.

## Recommendation

### That the Council:

- a) **Receives the report titled “Audit NZ Engagement Letter for the 2018-2028 Long Term Plan” dated 17 November 2017.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Accepts the terms, conditions, arrangements and fees as set out in the 2018-2028 Long Term audit engagement letter attached.**
- e) **Authorises the Mayor to sign the 2018-2028 Long Term Plan audit engagement letter with any minor amendments that are made subsequent to this meeting.**

**Background**

- 7 The purpose of this report is to provide a summary of the 2018-2028 Long Term Plan audit engagement letter received from Audit NZ.
- 8 The Auditor General has appointed Audit NZ to carry out the audit of the Southland District Council for the Long Term Plan.
- 9 The audit engagement letter outlines:
- the terms of the audit engagement and the nature, and responsibilities of the governing body
  - the audit scope and objectives
  - the approach taken to complete the audit
  - the areas of audit emphasis
  - the audit logistics and
  - the professional fees.
- 10 Council staff have asked audit staff to make minor corrections to the timetable disclosed in the attached letter to reflect previous discussions on the expected delivery dates of the self-assessment and strategies. These changes have been unable to be made in time for this report to be completed, however the nature of the changes are considered to be minor.

**Estimated audit hours**

- 11 Audit NZ estimate the following hours will be required to carry out the audit (compared to that budgeted for the 2015-2025 Long Term Plan):

Audit team members	2015 budget	2018 budget
Appointed Auditor	48	50
Audit Manager	100	105
Other Staff	160	168
Sector specialist support	16	17
Staff not yet CA qualified	250	270
Total audit hours	564	610

- 12 The audit of the 2018-2018 Long Term Plan is proposed to be carried out in the following stages:

<b>November 2017</b>	Interim audit visit to: <ul style="list-style-type: none"> <li>• Understand the control environment</li> <li>• Review and test systems</li> <li>• Review the systems and process supporting the new mandatory Department of Internal Affairs performance measures.</li> </ul> Returning the self-assessment
<b>January 2018</b>	Second audit visit, with the consultation document ready for review
<b>February 2018</b>	Audit opinion on the consultation document Draft management report on consultation document

<b>March 2018</b>	Final Management letter received on the consultation document
	Proposed LTP for adoption available
<b>June 2018</b>	Audit opinion on adopted LTP given

Appendix 3 of the engagement letter sets out in detailed documentation requirements for each of the steps above along with the expected delivery date.

### **Issues and discussion**

- 13 Council staff have no issues with the content of the audit engagement letter attached.
- 14 Section 2 of the letter outlines the scope of the audit and describes that in reaching an opinion on the consultation document and the Long Term Plan, the focus will be in two parts. The first will be assessing that both documents meets their statutory purpose and the second will be to obtain evidence about the quality of the information and assumptions underlying the information contained in both documents.
- 15 In discussing their approach to the audit of the consultation document, the auditors will be looking to understand how the Council has considered the matters on which it will consult in having regard to its significance and engagement policy.
- 16 The auditors particular areas of audit emphasis will be
  - The financial strategy and infrastructure strategy, ensuring alignment, understand the impact of the infrastructure strategy on the prudence of the financial strategy and the reasonableness of the prepared forecasts.
  - Assumptions, recognising that the quality of the financial forecasts is significantly affected by the assumptions on which they are based.
  - Quality of asset related forecasting information, given that roading and water activities make up 20% of operational and 89% of capital expenditure, the auditors are looking to see that Council has a comprehensive understanding of these assets.
- 17 The purpose of an audit is to provide an objective independent examination of the financial statements, which increases the value and credibility of the financial statements produced by management and the public, thus increasing user confidence in the financial statements. As such, it is in Council's interest for Audit NZ to define the audit programme of work.

### **Factors to Consider**

#### **Legal and Statutory Requirements**

- 18 Section 93 requires that a local authority, at all times, must have a long term plan.
- 19 Section 93C(4), states that:

*The consultation document must contain a report from the auditor general on*

- (a) *Whether the consultation document effect to the purpose set out in section 93B and*
- (b) *The quality of the information and assumptions underlying the information provided in the consultation document.*

20 Section 93C(5) states that:

*The report under subsection (4) must not comment on the merits of any policy content of the consultation document.*

21 Section 93G states that:

*Before adopting a consultation document under section 93A, the local authority must prepare and adopt the information that,*

- (a) Is relied on by the content of the consultation document adopted under Section 93A and*
- (b) Is necessary to enable the Auditor-General to give the reports required by sections 93C(4) and 93D(4) and*
- (c) Provides the basis for the preparation or amendment of the long term plan*

22 Section 94 states that:

- (1) The long term plan must contain a report from the Auditor-General on
  - (a) Whether the plan gives effect to the purpose set out in section 93(6) and*
  - (b) The quality of the information and assumptions underlying the forecast information provided in the plan.**
- (2) In the case of an amended long term plan the report under section (1) must contain a report by the Auditor-General confirming or amending the report made when the long term plan was adopted.*
- (3) A report under subsection (1) must not comment on the merits of any policy content of the plan.*

### **Community Views**

23 The appointment of an auditor is a statutory requirement and does not require the community consultation.

### **Costs and Funding**

24 The cost associated with the audit of 2018-2028 Long Term Plan is proposed at \$85,000 plus GST and disbursements. The 2015-2025 Long Term Plan was \$80,000 plus GST and disbursements. The increase is equivalent to a 2% annual increase, not taking into account the change in overall hours and relevant resourcing.

### **Policy Implications**

25 There are no policy implications.

## Analysis

### Options Considered

#### Option 1 - Accept and sign the audit letter, with any minor changes to be made

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"><li>• Allows the Long Term Plan process to continue as proposed.</li><li>• Confirms the auditing process, responsibilities and key areas of emphasis.</li></ul>	<ul style="list-style-type: none"><li>• None, unless Council requires clarification and this is not sought before signing.</li></ul>

#### Option 2 - Request clarification or inclusion or amendment of any issue in the audit letter before accepting them

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"><li>• Council is able to seek the clarification it requires or discuss the inclusion or amendment of any issue it would like incorporated into the audit.</li></ul>	<ul style="list-style-type: none"><li>• Could delay the audit process if Council and Audit New Zealand cannot agree to appropriate arrangements.</li></ul>

### Assessment of Significance

- 26 The decision being made in this report is whether Council should agree to the audit engagement proposal as presented by Audit NZ. Given the administrative nature of this matter it is not considered significant in terms of Council's Significance Policy.

### Recommended Option

- 27 Option 1 - Accept and sign the audit engagement letter, with any minor changes to be made.

### Next Steps

- 28 If accepted, staff will arrange for the Mayor to sign.
- 29 Council staff will continue to compile the 2018-2028 Long Term Plan, recognising the terms of the engagement letter.

### Attachments

- A Audit Engagement Letter for 2018-28 Long Term Plan [↓](#)

4 October 2017

Gary Tong  
Southland District Council  
PO Box 903  
Invercargill 9840

Dear Gary

**Audit Engagement Letter: Audit of the consultation document and Long-Term Plan for the period commencing 1 July 2018**

This audit engagement letter is sent to you on behalf of the Auditor-General who is the auditor of all "public entities", including Southland District Council (the District Council), under section 14 of the Public Audit Act 2001. The Auditor-General has appointed me, Ian Lothian, using the staff and resources of Audit New Zealand, under section 32 and 33 of the Public Audit Act 2001, to carry out the audit of the District Council's consultation document and Long-Term Plan (LTP).

This letter outlines:

- the terms of the audit engagement and the respective responsibilities of the governing body (the District Council) and me as the appointed auditor;
- the audit scope and objectives;
- the approach taken to complete the audit;
- the areas of audit emphasis;
- the audit logistics; and
- the professional fees.

**1 Specific responsibilities of the District Council for preparing the consultation document and the Long-Term Plan**

Our audit will be carried out on the basis that the District Council acknowledges that it has responsibility for preparing its consultation document and LTP, by applying its own assumptions, in accordance with the Local Government Act 2002 (the Act) (in particular, the requirements of Part 6 and Schedule 10), and in accordance with generally accepted accounting practice in New Zealand. We assume that elected members are familiar with those responsibilities and, where necessary, have obtained advice about them.

For clarity we note the following statutory responsibilities as set out in the Act:

- Section 93 of the Act requires District Council to have an LTP at all times, and Part 1 of Schedule 10 governs the content of the LTP.
- Section 111 aligns the financial information with generally accepted accounting practice.
- Section 83 (with reference to section 93A) sets out the special consultative procedures that the District Council is required to follow to adopt the consultation document and LTP.
- Section 93C(4) requires an auditor's report on the consultation document and section 94 requires a separate auditor's report on the LTP.

Please note that the audit does not relieve the District Council of any of its responsibilities.

Other general terms are set out in the relevant sections of this letter and Appendix 1.

## 2 Our audit scope

The Act requires us to provide two separate reports as follows:

- On the consultation document, a report on:
  - whether the consultation document gives effect to the purpose specified in section 93B; and
  - the quality of the information and assumptions underlying the information in the consultation document.
- On the LTP, a report on:
  - whether the LTP gives effect to the purpose in section 93(6); and
  - the quality of the information and assumptions underlying the forecast information provided in the LTP.

We expect our work to assess the quality of underlying information and assumptions to be a single, continuous process during the entire consultation document and LTP preparation period.

Our focus for the first limb of each opinion will be to assess whether each document meets its statutory purpose. Given the different purposes of each document, we will assess the answers to different questions for each opinion.

Our focus for the second limb of each opinion will be to obtain evidence about the quality of the information and assumptions underlying the information contained in the consultation document and LTP respectively. How we obtain this information depends on our judgement, including our assessment of the risks of material misstatement of the information and assumptions underlying the information contained in the consultation document and LTP, whether because of fraud or error.

Our audit opinions do not:

- provide a guarantee of absolute accuracy of the information in the relevant document;
- provide a guarantee that the District Council has complied with all relevant legal obligations;
- express an opinion on the merits of any policy content; or
- include an opinion on whether the forecasts will be achieved.

### **3 Our approach to this audit**

#### **3.1 The content of the consultation document**

The Act emphasises the discretion of the District Council to decide what is appropriate to include in the consultation document and the associated consultation process. In deciding what to include in the consultation document, the District Council must have regard to its significance and engagement policy, and the importance of other matters to the district and its communities.

We will need to understand how the District Council has approached the task of applying its significance and engagement policy, and how it has considered the importance of other matters in deciding what to include in the consultation document. This will help inform our assessment of whether the consultation document achieves its statutory purpose.

#### **3.2 Adopting and auditing the underlying information**

Before adopting the consultation document, section 93G of the Act requires the District Council to prepare and adopt the information that:

- is relied on by the content of the consultation document,
- is necessary to enable the Auditor-General to issue an audit report under section 93C(4), and
- provides the basis for the preparation of the LTP.

The information to be prepared and adopted needs to be enough to enable the District Council to prepare the consultation document.

We consider that local authorities will need to have thought comprehensively about how best to meet the requirements of the Act. Consistent with the guidance of the Society of Local Government Managers' (SOLGM), our view is that core building blocks of an LTP will be needed to support an effective consultation document. This will include, but not be limited to, draft financial and infrastructure strategies and the information that underlies them, including asset management information, assumptions, defined levels of service, funding and financial policies, and a complete set of financial forecasts.

We will work with management to understand the information proposed to be adopted and assess whether it will enable us to issue an audit report under section 93C(4).

In addition, the time frames to consider and adopt the LTP after the consultation process will be tight. From a practical perspective, it will be important that the District Council is well advanced with the preparation of the full LTP when it issues the consultation document. Otherwise you may find it difficult to complete the work and adopt the full LTP before the statutory deadline. The same is true for the audit work. The more audit work that is able to be completed at the first stage of the process, the less pressure there will be on you and the audit team at the end of the process.

### 3.3 Control environment

The District Council is responsible for establishing and maintaining accounting and internal control systems (appropriate to the size of the District Council), supported by written policies and procedures, designed to prepare the consultation document and LTP, and to provide reasonable quality information and assumptions underlying the information contained in these documents.

Our approach to the audit will be to identify, confirm and assess the District Council's key processes and controls over the underlying information and the production of both the consultation document and the LTP. The purpose of this assessment is to enable us to plan the most effective and efficient approach to the audit work needed to provide our two audit opinions. Our assessment is not for the purpose of expressing an opinion on the effectiveness of the District Council's internal controls.

We will carry out a review of the control environment to help us understand the approach taken to develop the consultation document and LTP, develop expectations of what should be included in the consultation document and LTP, and identify areas of potential audit risk. This will involve discussions with elected representatives and selected staff throughout the District Council, review of publicly available information about the District Council, updating our knowledge of the District Council issues developed during recent years, and a review of District Council minutes since the last audit review.

Our review of your self-assessment response (see below), and key controls relating to the underlying information and development of the LTP is useful to our initial assessment of audit risk and so the nature and extent of our overall audit work.

### 3.4 Project management, reporting deadlines, and audit progress

The development of the consultation document and LTP is a significant and complex project and a comprehensive project plan is required for a successful LTP process. It is also essential that there is commitment throughout the organisation for the project, starting with the elected representatives. The involvement of senior management and elected representatives is important in deciding what to include in the consultation document.

The LTP has complex and inter-related information needs and draws together plans, policies, decisions and information from throughout the District Council and its community. We recognise that the District Council will be doing its LTP preparation over an extended period. A more efficient and cost effective audit can be achieved

when audit work and feedback is provided in “real time” or on an “auditing as you go” basis as the underlying information is developed.

Consequently, we will discuss with you and your staff the District Council’s approach to preparing and completing the LTP. We expect that the District Council is approaching its preparation on a project basis and recognise that ideally our audit work should “shadow” that project timetable. The success of this “auditing as you go” approach will depend on the District Council’s project management of the overall LTP process which should include time for audit work at appropriate points in the process. We have agreed key milestones in section 6 and a detailed schedule of deliverables in Appendix 3

### **3.5 Self-assessment**

To assist our audit planning we intend to use a self-assessment process to assist with our risk assessment process. The self-assessment requires you to reflect on your most significant issues and risks, governance of the LTP project, and the systems and processes you have in place (particularly to meet the purposes in the Act for the consultation document and the LTP), asset management, performance management and reporting, and financial management.

We will shortly be forwarding the self-assessment to you under a separate cover. We ask for your co-operation in completing this assessment for return to us by **31 October 2017**.

The self-assessment is similar to those used with our audit of previous LTPs. The information provided through the self-assessment will be confirmed with you through discussion after its completion.

## **4 Our particular areas of audit emphasis**

### **4.1 Financial strategy and infrastructure strategy**

The Act requires a local authority to prepare two key strategies as part of the LTP: the financial strategy and the infrastructure strategy. The purpose of the financial strategy is to:

- facilitate prudent financial management by the local authority by providing a guide for the local authority to consider proposals for funding and expenditure against; and
- provide a context for consultation on the local authority’s proposals for funding and expenditure by making transparent the overall effects of those proposals on the local authority’s services, rates, debt, and investments

The purpose of the infrastructure strategy is to:

- identify significant infrastructure issues for the local authority during the period covered by the strategy; and
- identify the principal options for managing those issues and the implications of those options.

The Act expects close alignment between the two strategies and section 101B(5) allows for them to be combined into a single document.

Although the Act clearly sets the minimum requirements for these strategies, it does not define the only things that can be in a strategy. A good strategy should include what is needed to be a good quality strategic planning document. In the case of the infrastructure strategy the principles of ISO55000 should be considered, particularly where the District Council is seeking to prepare a best practice strategy.

Our focus when reviewing both strategies is to assess whether the District Council has met the purpose outlined in the Act and presented the strategies in a coherent and easily readable manner. Specifically, we will:

- confirm that the two strategies are appropriately aligned; and
- understand the impact of the financial forecasts included in the infrastructure strategy on the prudence of the financial strategy; and
- assess the reasonableness of the prepared forecasts by:
  - understanding how the District Council has applied the effect of its assumptions (for example, allowing for changing demographics) and levels of service on expenditure decisions, and outlined the implications of these decisions in the strategies;
  - reviewing the District Council's relationship between its renewal capital expenditure and depreciation expenditure forecasts; and
  - checking that the infrastructure strategy is appropriately inflated.

The District Council's financial modelling is a significant component of the underlying information that supports both the financial strategy and infrastructure strategy. We will place particular emphasis on the integrity and effectiveness of the financial modelling of all local authorities.

An additional role played by these strategies is to facilitate accountability to the community. It is critical that these strategies are presented in such a way that they are engaging and informative, and support the presentation of issues, options and implications presented in the consultation document.

#### 4.2 Assumptions

The quality of the District Council's financial forecasts is significantly affected by whether the assumptions on which they are based are defined and reasonable. The Act recognises this by requiring all local authorities to clearly outline all significant forecasting assumptions and risks underlying the financial estimates in the LTP (Schedule 10, clause 17). PBE FRS 42 *Prospective Financial Statements* also requires the disclosure of significant assumptions.

Category	Assumptions
Planning	Catastrophes
	Changes in the Southland Economy
	Climate Change
	Delivery of Service
	Government - Legislation
	Local Authority Boundaries
	Population - Employment Opportunities
	Population – Growth
	Population - Household Composition and Size
	Resource Consents
	Useful Lives of Assets and Depreciation Rates
Financial	Cost Change Factors
	Existing Funding Renewal
	Expected Interest Rates on Borrowing
	Forecast on Return on Investments
	Other Income
	Sources of Funds for Future Replacement of Significant Assets
	Fixed Assets Valuations
	Government - Subsidies
Non-financial	Life Cycle of significant assets
	Sources of funds for future replacement of significant assets
	Projected growth change factors
	Approach to potential climate change impacts
	Approach to potential societal changes, particularly the impact of the ageing population within the period of the 30 year Infrastructure Strategy
	Future price changes (inflation)
	NZTA subsidy rates
	Revaluation of non-current assets
	Forecast return on investments
	Expected interest rates on borrowing
	Changes to District Council's business dictated by as yet unknown/unconfirmed legislation or central government policy change.
	Depreciation rates on planned asset acquisitions
	Resource Consents
Currency movements and related asset values	

	Renewability or otherwise of external funding
	Emissions Trading Scheme (ETS)
	That planned costs include/exclude any financial implications of natural disasters

We will review the District Council’s list of significant forecasting assumptions and confirm that they are materially complete. We will also test the application of selected assumptions in the financial forecasts to check they have been reasonably applied. Finally, we will confirm that:

- all significant forecasting assumptions disclose the level of uncertainty associated with the assumption; and
- for all significant forecasting assumptions that involve a high level of uncertainty, the uncertainty and an estimate of the potential effects of the uncertainty on the financial forecasts are appropriately disclosed in the LTP.

We consider that the significant forecasting assumptions are crucial to the underlying information for the consultation document and will complete our review during our audit of the consultation document.

**4.3 Quality of asset-related forecasting information**

A significant portion of the District Council’s operations relates to the management of its infrastructure: the roading network and the “three-waters” of water supply, sewerage, and stormwater drainage. These activities typically make up about 20% of operational expenditure and 89% of capital expenditure.

To prepare reasonable quality asset information, the District Council needs to have a comprehensive understanding of its critical assets and the cost of adequately maintaining and renewing them. An important consideration is how well the District Council understands the condition of its assets and how the assets are performing.

In reviewing the reasonableness of the District Council’s asset-related forecasting information, we will:

- assess the District Council’s asset management planning systems and processes;
- understand what changes the District Council proposes to its forecast levels of service;
- understand the District Council’s assessment of the reliability of the asset-related information;
- consider how accurate recently prepared budgets have been; and
- assess how matters such as affordability have been incorporated into the asset-related forecasts prepared.

Depending on what we identify in completing the above, we may have to complete further detailed testing on the District Council's asset-related information.

## 5 Other matters

### 5.1 Our independence

It is essential that the audit team and Audit New Zealand remain both economically and attitudinally independent of the District Council (including being independent of management personnel and the District Council). This involves being, and appearing to be, free of any interest that might be regarded, whatever its actual effect, as being incompatible with integrity, objectivity and independence.

### 5.2 Publication of the consultation document and adopted LTP on the District Council's website

The District Council is responsible for the electronic presentation of the consultation document and LTP on its website. This includes ensuring that there are enough security and controls over information on the website to maintain the integrity of the presented data. Please ensure that your project plan allows time for us to examine the final electronic file version of the respective documents, including our audit report, before their inclusion on the website.

We need to do this to ensure consistency with the paper-based documents that have been subject to audit.

## 6 Audit logistics

### 6.1 Audit timing

The key dates in the audit timetable are as follows:

Self-assessment provided to the District Council	4 October 2017
Self-assessment returned to audit team for consideration <sup>1</sup>	31 October 2017
First interim visit (initial assessment)	20 November 2017
Second interim visit (see project plan for key dates and number of visits)	22 January 2018
Proposed consultation document available	22 January 2018
Audit opinion on consultation document required	19 February 2018
Draft management report on consultation document engagement	19 February 2018
Finalised management report on consultation document engagement	5 March 2018
Proposed LTP for adoption available	TBC
Audit opinion on adopted LTP required	30 June 2018

<sup>1</sup> Include as appropriate depending on how you plan to use the self-assessment.

Draft management report on LTP engagement	30 June 2018
Finalised management report on LTP engagement	30 June 2018

Should we encounter any significant problems or delays during the audit, we will inform you immediately.

We have an electronic audit management system. This means that our auditors will complete most their work on their laptops.

Therefore, we would appreciate it if the following could be made available during our audit:

- A suitable workspace for computer use (in keeping with the health and safety requirements discussed in **Appendix 1**).
- Electronic copies of key documents.

As noted in section 3.4, our audit work needs to be done as you develop your underlying information and prepare your consultation document and LTP, to ensure the timely completion of our audit.

To ensure that we meet agreed deadlines, it is essential that the dates agreed are adhered to.

## 7 Professional fees

Our audit fee, covering both the consultation document and the LTP for the period commencing 1 July 2018, is \$85,000 (excluding GST and disbursements) as outlined in Appendix 2

The proposed fee is based on the following assumptions:

- Information required to conduct the audit is complete and provided in accordance with the agreed timelines, including the draft consultation document and the full draft financial strategy and draft infrastructure strategy that supports it.
- There will be an appropriate level of assistance from your staff.
- All documentation (consultation document, LTP and all other underlying documentation) provided will be subject to appropriate levels of quality review before submission for audit.
- The consultation document and LTP will include all relevant disclosures.
- We will review, at most, two drafts of each of the consultation document and LTP during our audit.
- We will also review one printer's proof copy of the consultation document and LTP and one copy of the electronic version of the consultation document and LTP (for publication on your website).

- There are no significant changes in the structure or level of operations of the District Council.
- The local authority is preparing forecast financial statements for the “District Council parent” only, rather than including consolidated forecast financial statements for the District Council and any controlled entities in the adopted LTP.

If the scope and/or amount of work changes significantly (such as a change in direction during the development of the consultation document or between the development of the consultation document and the LTP), we will discuss the issues with you at the time.

If information is not available for the visits as agreed, or the systems and controls the District Council uses to prepare the underlying information and assumptions cannot be relied on, we will seek to recover all additional costs incurred as a result. We will endeavour to inform you as soon as possible should such a situation arise.

This fee is exclusive of any subsequent amendments the District Council might make to the adopted LTP under section 93D.

We wish to interim bill as work progresses. We propose the following billing arrangements:

	\$
December 2017	25,000
February 2018	35,000
June 2018	25,000
Total	85,000

## 8 Personnel

Our personnel involved in the management of the audit are:

Ian Lothian	Director
Jenna Hills	Manager

We have endeavoured to maintain staff continuity as far as possible.

## 9 Agreement

Please sign and return the attached copy of this letter to indicate that:

- it is in accordance with your understanding of the arrangements for this audit of the consultation document and LTP for the period commencing 1 July 2018; and
- you accept the terms of the engagement set out in this letter that apply specifically to the audit of the consultation document and LTP and supplement the existing audit engagement letter dated 3 May 2017.

If there are any matters requiring further clarification please do not hesitate to contact me.

Yours sincerely



Ian Lothian  
Director

cc Steve Ruru, Chief Executive  
Anne Robson, Chief Financial Officer

*I acknowledge that this letter is in accordance with my understanding of the arrangements of the audit engagement. I also acknowledge the terms of the engagement that apply specifically to the audit of the consultation document and LTP, and which supplements the existing audit engagement letter dated 3 May 2017.*

Signed: \_\_\_\_\_  
Gary Tong  
Mayor

Date: \_\_\_\_\_

## Appendix 1: Terms of the engagement that apply specifically to the audit of the consultation document and LTP

### Objectives

The objectives of the audit of the consultation document and LTP are:

- to provide independent opinions on the consultation document (under section 93C(4) of the Act) and on the LTP (under section 94(1) of the Act) about:
  - whether each document gives effect to the relevant statutory purpose; and
  - the quality of the information and assumptions underlying the information included in each document; and
- to report on matters relevant to the District Council's planning systems that come to our attention.

Our audit involves performing procedures that examine, on a test basis, evidence supporting assumptions, amounts and other disclosures in the consultation document and LTP, and evaluating the overall adequacy of the presentation of information.

We also review other information associated with the consultation document and LTP to identify whether there are material inconsistencies with the audited consultation document and LTP.

### Provision of a management report to the District Council

At a minimum, we will report to the District Council at the conclusion of the engagement. The management report communicates matters which come to our attention during the engagement and that we think are relevant to the District Council. For example, we will report:

- any weaknesses in the District Council's systems; and
- uncorrected misstatements noted during the audit.

Please note that the Auditor-General may refer to matters that are identified in the audit of consultation documents and LTPs in a report to Parliament if it is in the public interest, in keeping with section 20 of the Public Audit Act 2001.

### Materiality

Consistent with the annual audit, the audit engagement for the consultation document and LTP adheres to the principles and concepts of materiality during the 10-year period of the LTP and beyond (where relevant).

Materiality is one of the main factors affecting our judgement on the areas to be tested and the nature and extent of our tests and procedures performed during the audit. In planning and performing the audit, we aim to obtain assurance that the consultation document and LTP, and

the information and assumptions underlying the information contained in these documents, do not have material misstatements caused by either fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence a reader's overall understanding of the forecast financial statements and performance information.

Consequently, if we find material misstatements that are not corrected, we will refer to them in the audit opinion. Our preference is for any material misstatement to be corrected, avoiding the need to refer to misstatements in our opinion.

### **The standards applied when conducting the audit of the consultation document and adopted LTP**

Our audit is carried out in accordance with International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and International Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information* that were consistent with those requirements.

### **Responsibilities**

#### **General responsibilities**

The general responsibilities of the District Council for preparing and completing the consultation document and LTP are consistent with those for the annual report, as set out in the audit engagement letter dated 3 May 2017– but noting that the consultation document and LTP include forecast information.

These responsibilities include those set out in Appendices 1 and 2 of that audit engagement letter as detailed below:

- Appendix 1: Respective specific responsibilities of the District Council and the Appointed Auditor:
  - Responsibilities for compliance with laws and regulations.
  - Responsibilities to establish and maintain appropriate standards of conduct and personal integrity.

#### **Specific responsibilities**

The District Council is responsible for:

- maintaining accounting and other records that:
  - correctly record and explain the forecast transactions of the District Council;
  - enable the District Council to monitor the resources, activities and entities under its control;
  - enable the District Council's forecast financial position to be determined with reasonable accuracy at any time; and

- enable the District Council to prepare forecast financial statements and performance information that comply with legislation.
- providing us with:
  - access to all information and assumptions relevant to preparing the consultation document and LTP, such as records, documentation and other matters;
  - additional information that we may request from the District Council for the purpose of the audit;
  - unrestricted access to District Council members and employees that we consider necessary; and
  - written confirmation concerning representations made to us in connection with the audit.

### **Health and safety of audit staff**

The Auditor-General and Audit New Zealand take seriously their responsibility to provide a safe working environment for audit staff. Under the Health and Safety at Work Act 2015, we need to make arrangements with you to keep our audit staff safe while they are working at your premises. We expect you to provide a safe work environment for our audit staff. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment, where required. We also expect you to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.

## Appendix 2: Team mix and hours for the audit of the consultation document and LTP for the 10-year period commencing on 1 July 2018

	Total hours
Appointed Auditor	50
Sector Specialists	17
Audit Manager	105
Other CA staff	168
Staff not yet CA qualified	270
<b>Totals</b>	<b>610</b>

### Fee calculations

	\$
Net fee	85,000
OAG overhead contribution*	<b>NIL</b>
<b>Total fee (including overhead contribution)</b>	85,000
GST	12,750
<b>Audit fee for the LTP for the period commencing 1 July 2018</b>	<b>97,750</b>

\* No OAG overhead is charged in relation to the audit of the LTP.

We will charge disbursements, including travel, on an actual and reasonable basis.

### Appendix 3: Audit's 2018 LTP information and documentation requirements

Information required	Relevance to our audit	Timing considerations	Agreed deliverables	Agreed date
<b>Audit planning phase</b>				
The District Council's timetable	So we can understand and assess the District Council's planning processes and plan our workflows.	As soon as possible son we can populate key sign-off dates and deliverables into the audit arrangements letter. We also need this information to plan our resourcing of the audit given the major impact of LTP audits on our organisation.	The District Council's LTP timetable	31 October 2017
Signed audit arrangements letter	To agree expectations, fee and timeframes.	Once timing and deliverables are agreed.	Signed audit engagement letter for LTP	31 October 2017
Description of the District Council's higher level planning processes (from self-assessment plus discussions)	So we can assess the robustness of the District Council's overall LTP preparations processes.	Initial phase of Audit's engagement with the District Council.	The District Council completed self-assessment	31 October 2017
Description of the state of progress in updating the District Council's AMPs and in particular a description of the significant issues/ changes that have arisen since 2015	So we can understand the state of the District Council's knowledge about its assets and the robustness of the forecasts that flow from the AMPs.	Initial phase of Audit's engagement with the District Council as the AMPs drive the large and critical service components of the LTP.	Description of the state of progress in updating the District Council's AMPs and in particular a description of the significant issues/ changes that have arisen since 2015	13 November 2017

## Item 8.3 Attachment A

Information required	Relevance to our audit	Timing considerations	Agreed deliverables	Agreed date
Description of the District Council's processes for preparing its forecasts (including its QA process) for non-asset based activity forecasts	So we can assess the robustness of the District Council's overall financial forecasting processes.	Initial phase of Audit's engagement with the District Council as our audit approach is built on our assessment of the robustness of the District Council's forecasting processes.  If they are not sufficiently robust then there will likely be issues for our audit opinion.	Description of the City District Council's processes for preparing its forecasts (including its QA process) for non-asset based activity forecasts	13 November 2017
Financial model	We need to understand the functionality and controls in the model which applies the key forecasting assumptions to the raw forecasts from the planning and budgeting and the AMPs.	This could be done at an early stage, potentially even before we commence our work on the consultation document (CD) phase of the audit.	The City District Council's financial model that underlying the forecast financial information	No later than 13 November 2017
<b>CD audit phase</b>				
Underlying assumptions	Key assumptions drive the LTP and are important to our assessment and understanding of the District Council's forecasts.	Early advice on the nature (completeness) of assumptions as part of the initial phase of Audit's engagement with the District Council.  Support for the assumptions actually applied is required as part of our audit of the CD.	Complete significant assumptions used in the CD/LTP, and their supporting documentation	13 November 2017

Information required	Relevance to our audit	Timing considerations	Agreed deliverables	Agreed date
Financial Strategy (FS)	<p>To assess how well the FS communicates the District Council's financial strategy in terms of:</p> <ul style="list-style-type: none"> <li>• <b>The financial position</b> the District Council is starting in and what position it is aiming to be in at the end of the LTP period.</li> <li>• <b>The funding approach</b> and implications to achieve the position on key elements of the District Council's financial strategy – particularly investments, debt and rates?</li> <li>• How the District Council has <b>taken into account current and future ratepayers</b> when considering the funding of services and asset purchases.</li> </ul> <p>We also assess the financial prudence (including balanced budget) of the financial strategy.</p>	As with the infrastructure strategy, we expect the FS to be available relatively early in the process as it provides the high level, long-term context for the District Council's financial policies and forecasts.	District Council reviewed and approved draft Financial Strategy	13 November 2017

Information required	Relevance to our audit	Timing considerations	Agreed deliverables	Agreed date
Infrastructure Strategy (IS)	<p>To assess the IS which provides a long-term perspective on the District Councils infrastructure which is:</p> <ul style="list-style-type: none"> <li>• <b>Visionary</b> – tells the story about where the District Council is, where it expects to be, and how it intends to get there.</li> <li>• <b>Realistic</b> – includes assumptions and disclosures that are relevant and achievable.</li> <li>• <b>Relational</b> – creates the right debate and is credible because it connects to financial strategy and other relevant influences.</li> </ul>	<p>As with the FS, we expect the IS to be available relatively early in the process as it provides the high level, long-term context for the District Council's infrastructural assets which contribute the majority of the District Council's forecast expenditure and deliver core services to the community.</p>	<p>District Council reviewed and approved draft Infrastructure Strategy</p>	<p>13 November 2017</p>

Information required	Relevance to our audit	Timing considerations	Agreed deliverables	Agreed date
AMPs	The AMPs identify the key issues that drive the District Council's IS and also provide the financial forecasts for the asset based activities. They also provide the underlying information for a large portion of the District Council's financial forecasts.  Also provides the underlying information on which the 30 year forecasts in the FS are built.	As with the FS, we expect the updated AMPs to be available relatively early in the process. We use the information in and from the AMPs to understand the key issues facing the District Council and also to assess the proposed levels of service and financial forecasts in both the IS and the LTP.	District Council reviewed and approved draft AMPs	13 November 2017
Full financial forecasts	We need these so we can: <ul style="list-style-type: none"> <li>understand the overall <b>financial context</b> for the CD; and</li> <li>assess the <b>robustness of the financial forecasts</b> in the LTP.</li> </ul>	We require the financial model, populated with full financial forecasts, at least two weeks before sign-off on our CD audit.	District Council reviewed and approved draft financial forecasts including forecast financial statements and funding impact statements	15 January 2018
Funding and Financial policies	To assess their alignment with the FS and their prudence.	As with the FS, we expect these to be available relatively early in the process as they provide the framework for the District Council's financial forecasts.	District Council reviewed and approved draft Funding and Financial Policies	15 January 2018

## Item 8.3 Attachment A

Information required	Relevance to our audit	Timing considerations	Agreed deliverables	Agreed date
Draft performance framework	<p>We are required to form a view about whether the District Council has complied with its performance reporting obligations as set out in the Local Government Act 2002.</p> <p>We assess whether the forecast performance report:</p> <ul style="list-style-type: none"> <li>constitutes an adequate performance reporting framework;</li> <li>provides an adequate basis for presenting fairly, in all material respects, the performance of the District Council; and</li> <li>complies with generally accepted accounting practice.</li> </ul> <p>For key performance measures we also assess whether the District Council has adequate systems and controls in place to appropriately record and report its performance.</p>	<p>We need a clear understanding of the proposed levels of service (and, in particular, significant proposed changes) in the LTP before we complete our audit of the CD. However, a complete draft performance framework is not required at this stage.</p> <p>It would be helpful, however, to at least have a reasonable understanding of the proposed structure and format of the performance framework at this stage.</p> <p>We will need to have substantially completed our work on the performance framework by the time the District Council completes its consideration of submissions.</p>	District Council reviewed and approved draft performance framework	15 January 2018

Information required	Relevance to our audit	Timing considerations	Agreed deliverables	Agreed date
Significance and engagement policy	We need to understand how the District Council has approached the task of applying its significance and engagement policy, and how it has considered the importance of other matters in deciding what to include in the consultation document. This will help inform our assessment of whether the CD achieves its statutory purpose.	We expect this to be available relatively early in the process as it provides the basis for the District Council determining the significant issues it wishes to consult on with its community.	District Council reviewed and approved draft Significance and engagement policy	15 January 2018
Draft Consultation Document (CD)	Our audit opinion on the CD provides assurance to the community: <ul style="list-style-type: none"> <li>that the CD gives effect to the purpose set out in section 93B; and</li> <li>on the quality of the information and assumptions underlying the information provided in the consultation document.</li> </ul>	At the commencement of our fieldwork we will need a clear understanding of what the District Council has identified as the key consultation issues. Where appropriate this should also cover those choices for the community to consider which the District Council has identified. We will need a good complete draft CD at least two weeks before we sign off on the CD audit.	District Council reviewed and approved draft CD	15 January 2018
Final version of (CD)	Our audit opinion on the final version of the CD must be included in the document that goes out for consultation.	The Local Government Act 2002 does not specify that the District Council needs to make a formal resolution to adopt the (audited) CD. However, the District Council must approve the CD before we can issue our audit opinion.	District Council reviewed and approved final draft CD	22 February 2018

Information required	Relevance to our audit	Timing considerations	Agreed deliverables	Agreed date
Supporting information for changes and how they have impacted the LTP	So we can assess the reasonableness of the changes.	After the District Council has confirmed its changes and management has updated the document to fully reflect the effect of these changes.	Supporting information for changes and how they have impacted the LTP	28 May 2018
Final version of LTP	So we can issue our audit opinion for inclusion as part of the document.	Our audit opinion is issued after the District Council has finalised the content of the LTP document but before the District Council formally adopts the LTP.	Final version of LTP with all audited information and changes updated	18 June 2018

## Confirmation of road stopping at Rocky Point near Mossburn

Record No: R/17/10/25293  
Author: Kevin McNaught, Strategic Manager Property  
Approved by: Ian Marshall, Group Manager Services and Assets

Decision  Recommendation  Information

### Purpose

- 1 To make final resolution that a portion of road is stopped so it can be disposed of to the adjoining landowner.

### Executive Summary

- 2 Council at its meeting on 20 July 2016 agreed to commence a road stopping process for road being land accredited to a road at Rocky point near Mossburn.
- 3 The process has progressed now to a stage where Council must make the required resolution that the road is stopped, so disposal to the neighbour can be completed.

### Recommendation

#### That the Council:

- a) **Receives the report titled "Confirmation of road stopping at Rocky Point near Mossburn" dated 24 October 2017.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Resolves pursuant to Section 4 of the Tenth Schedule to the Local Government Act 1974 to publish a notice that Section 1 SO Plan 512200 is stopped and shall thereafter cease to be road.**
- e) **Resolves that Section 1 SO Plan 512200 be sold to the adjoining owner Malton Farms Limited and be amalgamated with CFR SL6C/441**

### **Background**

- 4 Council at its meeting on 20 July 2016 resolved to commence the road stopping process for an area of legal road at Rocky Point near Mossburn.
- 5 The status report for the land confirmed it as road by virtue of being accretion to a road and the adjoining landowner wished to acquire the land, as it had been occupied and farmed as part of that property for years. The road to be stopped is Section 1 SO Plan 512200 containing 15.6265 hectares.
- 6 The Council resolution was that the Chief Executive was delegated to enter into a sale agreement on conditions suitable to the Chief Executive and that the net sale proceeds were to be credited towards the Around the Mountains Cycle Trail. The reason for this was that land left adjoining the Oreti River is remaining in Council ownership as road to provide public access to the Oreti River as it also contains the cycle trail.
- 7 The agreement has been entered into with the landowner but delays have been encountered due to issues with survey definition of the accretion as well as debate around the status of the land to be left along the bank of the River.
- 8 These issues have both been resolved and the public notification was given recently of the intention to stop the road and no objections were received. This means that the process can proceed without any further delays.
- 9 In terms of the Tenth Schedule to the Local Government Act 1974, Council must now resolve that the road is stopped, publish this decision in the newspaper, obtain title for the land and complete settlement.

### **Issues**

- 10 There are no known issues now the public notification has been completed and no objections received.

### **Factors to Consider**

#### **Legal and Statutory Requirements**

- 11 The process is being undertaken in accordance with the provisions of the Local Government Act 1974.

#### **Community Views**

- 12 Public notification was undertaken as required and no objections were received.

#### **Costs and Funding**

- 13 An agreement for Sale and Purchase has been entered into in line with the Council's expectations discussed at the 20 July 2016 meeting and to the satisfaction of the Chief Executive as delegated to him.

#### **Policy Implications**

- 14 None identified.

## Analysis

### Options Considered

- 15 Given there are no objections to the stopping and disposal the only real option available is to pass the resolution to stop road.

### Analysis of Options

#### Option 1 - Pass resolution that road is stopped

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"><li>• Allow stopping and disposal to be completed</li></ul>	<ul style="list-style-type: none"><li>• None identified</li></ul>

#### Option 2 -Don't pass resolution

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"><li>• There are no advantages in this given the land is occupied and farmed by the neighbour</li></ul>	<ul style="list-style-type: none"><li>• Likely to create legal issues around breach of contract, given there is no reason for Council not to proceed with disposal as previously resolved.</li></ul>

### Assessment of Significance

- 16 Not considered significant.

### Recommended Option

- 17 Pass resolution to stop road.

### Next Steps

- 18 Public notification of resolution, issue of title and settlement.

### Attachments

- A Title Plan SO 512200 for road stopping at rocky point [↓](#)



## Road Naming of Jameson Lane - a newly created Private Road

**Record No:** R/17/10/26067  
**Author:** Greg Erskine, Community Engineer  
**Approved by:** Ian Marshall, Group Manager Services and Assets

Decision  Recommendation  Information

### Purpose

- 1 This report is a request for Council's approval for the naming of a newly formed private lane in Riverton, created as part of a subdivision off Walker Street. The proposed name is Jameson Lane.

### Recommendation

#### That the Council:

- a) **Receives the report titled "Road Naming of Jameson Lane - a newly created Private Road" dated 4 November 2017.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Approves the newly created lane off Walker Street, Riverton to be formally named Jameson Lane.**

**Background**

- 2 In 2016, a subdivision off 76 Walker Street, Riverton gained resource consent. As part of the consent, Council requires a road name for every private way servicing more than eight properties. The developer has suggested the name, Jameson Lane. There are no duplications in the Southland District.

**Issues**

- 3 Not applicable.

**Factors to Consider**

**Legal and Statutory Requirements**

- 4 There are no significant legal implications associated with this decision.

**Community Views**

The proposal has been before the Riverton Community Board at its meeting held in August 2017 and resolved that the newly created private road off Walker Street, Riverton be formally named Jameson Lane.

**Costs and Funding**

- 5 Not applicable.

**Policy Implications**

- 6 The suggested name has to be approved by Council before it can be legalised. Council's guidelines for road names are as follows:
- Name duplications are to be avoided.
  - Similar sounding or spellings are to be avoided to reduce confusion.
  - Names are to be easily spelt and readily pronounced.
  - Long (no more than 25 characters maximum) names are to be avoided.

The proposed name, Jameson Lane, meets these guidelines.

**Analysis**

**Options Considered**

- 7 Not applicable.

**Recommended Option**

- 8 That the newly formed road off Walker Street be formally named Jameson Lane.

**Next Steps**

- 9 If this is approved by Council the landowner is notified and the conforming signage is put in place.

## Attachments

There are no attachments for this report.



## Colac Bay Foreshore Road Erosion - Level of Service

**Record No:** R/17/11/27699  
**Author:** Ian Marshall, Group Manager Services and Assets  
**Approved by:** Steve Ruru, Chief Executive

Decision  Recommendation  Information

### Purpose

- 1 This report was considered at a Council meeting on 18 October 2017 and was left to “lie on the table”. Councillors subsequently had a site visit to the affected area. The report is now re-presented to the meeting for a decision on the issue.
- 2 The purpose of this report is to seek Council’s decision on the on-going level of service to be provided by the Colac Foreshore Road. In particular, the management of the section of the road eroded by the action of the sea and the effect of closing a section of the road are the key issues.

### Executive Summary

- 3 The Colac Foreshore Road has been subject to coastal erosion for many years. Rock protection has been in place to prevent erosion along part of the road for many years. The existing protection is along a section of the road adjacent to developed properties.
- 4 The western end of the protection has been seriously affected by erosion and the road at this point is now closed. Discussions have been held with the community about the situation and the options for managing the problem in the future. There is strong desire in the local community for the road to be reinstated and to remain open.
- 5 Reports have been obtained from NIWA and MWH Stantec. These present information on coastal processes and engineering options respectively.
- 6 The option recommended is to carry out some remedial and modification work at the existing south western end of the rock protection where the erosion has occurred, to not reinstate the road, to have a permanent road closure, to obtain resource consent to carry out the work and continue to maintain the existing rock wall erosion protection infrastructure.
- 7 Funding for the work will be from the existing roading budgets.

## Recommendation

### That the Council:

- a) **Receives the report titled “Colac Bay Foreshore Road Erosion - Level of Service” dated 17 November 2017.**
- b) **Determines that this matter or decision be recognised not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Notes that the assumption is this work (option 2) will be subsidised by NZTA and the work will be funded from existing roading budgets.**
- e) **Resolves to implement option two of this report which involves reinstatement of the previous rock protection, replace the rock protection to the extent that existed in 2015 with an improved design so as to make it more resilient and reduce the risk of erosion extending westwards beyond the existing extent, and permanent closure of a section of the Colac Foreshore Road.**

## Background

- 8 Colac Bay is a coastal community located just west of Riverton in Southland District. The township is positioned at the west end of Colac Bay. Colac Foreshore Road is located immediately adjacent to the beach and runs both east and west of Colac Bay Road. Colac Bay Road connects State Highway 99 with the beach.
- 9 The west end of Colac Foreshore Road is a cul-de-sac providing access to the residential and holiday properties and a marae. The east end connects back to State Highway 99. The road is constructed immediately adjacent to the beach, but is not considered to extend into the coastal marine zone. Land behind the road in many places lies below the level of road.
- 10 Coastal erosion has been an ongoing issue at Colac Bay since the 1930s. In late 2015 Colac Foreshore Road was permanently closed due to the loss of approximately half of the road as a result of coastal erosion.
- 11 The following is taken from Section 3 of the attached MWH Stantec report (Attachment A):
- 12 “A comprehensive report entitled Coastal Erosion at Colac Bay, Southland was prepared for Environment Southland and Southland District Council by NIWA (Attachment B) dated July 2015. Rather than replicating the content of this report it is suggested that it should be read in conjunction with this text.
- 13 Of particular interest the report included the following:

- an explanation of the physical processes contributing to the ongoing erosion
- immediate, interim and long term mitigation options
- the identification of an ‘erosion hotspot’ comprising a 900 metre length of eroding coastline at the transition between the natural foreshore and the engineered foreshore at the eastern extent of the rock revetment.
- a commentary on the potential impact of sea level rise due to climate change highlighted
  - all fixed coastal protection structures will provide a reduced level of [future] protection as sea level rises.
  - the destructive effects of future storms are likely to be more severe and occur more frequently.

14 The NIWA report concluded:

“The present erosion issue at Colac Bay is a consequence of natural shoreline fluctuations exacerbated by human intervention. There are no simple long-term options to protect the access route along Colac Foreshore Road without incurring some construction cost or some adverse environmental effect.

Ultimately, the long-term coastal management approach is most likely going to need to involve the “managed retreat” option through road realignment or closure”.

### **Issues**

- 15 There are a number of issues relevant to the coastal erosion and the future management of the Colac Foreshore Road. This report focuses on the management of the eroded section of the road and the long term consequences of the strategy adopted.
- 16 The issues include the effect to the community, the effect to businesses, resource consent requirements, ongoing maintenance requirements, protection of the existing rock wall, and priority protection to private property at the village, affordability and safety.
- 17 The effect on the businesses is the issue that raised the strongest emotional responses from members of the community. Comments were made that since the road has been closed the number of visitors to the town has dropped significantly. This could be true if a high percentage of the visitors entered at the south end of the Colac Foreshore Road and upon finding the road is no exit they then drove back to the state highway and subsequently avoided the village all together. Any one coming south on the state highway would logically enter the village via the intersection at the north end. There are no statistics to support the debate.
- 18 Resource consent issues are relevant because of the wide variation of effects from the options. On the one hand the consenting issues are about regularising what has gone on for many years. On the other hand the consent requirements for an extension of rock armouring to at or about the surf beach will be extensive. Environment Southland have indicated extensive supporting evidence will be required to support and application for works of this extent. This would include oceanographic evidence that assessed the potential for changes to the beach break.
- 19 Whatever the extent of the rock protection at Colac Bay it will require ongoing maintenance. The quantum of that maintenance to a large degree is dependent on the weather and the sea level. It follows that the greater the length of wall there is the greater will be the maintenance requirements.

- 20 The majority of the existing rock protection is adjacent to the land that has been built on. The protection to the coast and the road, by default is protecting the land and the buildings on that land. The original intent and priority was protection of the road. This section of road is adjacent to the developed properties. Extending the protection as proposed in options three or four will mean a significant length of the wall is just protecting the road.
- 21 The capital cost of options varies widely. Option Two is estimated to cost \$200,000. Options three and four \$700,000 and \$800,000 respectively. This is the estimated capital cost of the options. The cost to ratepayers would be less for option two because the work would be subsidised by NZTA whereas the options three and four would not.
- 22 In the presentations and discussion with the community officers of the Council have consistently stated that the priority area where effort should be focused is the area adjacent to the village. This is the area where the rock wall is protecting the road which in turn is protecting the houses, the businesses and the marae.

### **Factors to Consider**

#### **Legal and Statutory Requirements**

- 23 The primary legal requirement relevant here is the Local Government Act 2002. Section 10 of the Act states the purpose:

#### *“10 Purpose of local government*

- (1) *The purpose of local government is—*
- (a) *to enable democratic local decision-making and action by, and on behalf of, communities; and*
  - (b) *to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.*
- (2) *In this Act, good-quality, in relation to local infrastructure, local public services, and performance of regulatory functions, means infrastructure, services, and performance that are—*
- (a) *efficient; and*
  - (b) *effective; and*
  - (c) *appropriate to present and anticipated future circumstances...”*

- 24 This purpose has to be applied in a holistic way across the District. The aspects of efficiency, effectiveness and appropriate should be considered in that global perspective as opposed to the micro or local community perspective.
- 25 The impact of the initial cost and ongoing maintenance across all District ratepayers has to be factored into the decision making.

#### **Liability**

- 26 On the argument of non-feasance the Council has no liability to adjoining property owners on account of water eroding first through the Council land and then causing loss or damage to neighbouring private land. The liability is less clear if the Council has taken action to protect its assets and others rely on that work to protect their assets. From that perspective constructing more rock wall increases the Councils liability.

**Community Views**

- 27 Meetings have been held with the community groups to discuss the situation. A public meeting was held in the Colac Bay Hall on 2 October 2014. This was well attended by the public. About 100 people attended.
- 28 A meeting was held with the members of the CDA and representatives of a Colac foreshore erosion group that had been setup to focus on this issue. This meeting was in the Takutai o Te Tīti Marae in September 2015. This meeting discussed the NIWA report. The need for an engineering report assessing the options was discussed. This initiated the MWH Stantec report.
- 29 A second meeting was held in the Takutai o Te Tīti Marae in August 2017. Once again representatives of the CDA and the Erosion Committee attended. The primary discussion document was the MWH Stantec report.
- 30 The feedback from all the meetings has been a strong local desire for the Council to keep the Colac Foreshore Road open. There is strong belief that the road provides high amenity value and helps attract visitors to the populated or town end of the bay.
- 31 There was acknowledgement that the Colac Foreshore Road is not essential to access the community because the State Highway (99) only a few hundred metres away fulfils that function. It was noted though that the intersection with the SH99 is not ideal and has some increased risk due to visibility constraints. This intersection is the responsibility of NZTA. They have been made aware of the concerns.
- 32 There was also acknowledgement that the surf break at the other end of the Colac Foreshore Road is an asset in that it attracts the surfing fraternity. It is considered one of the important assets of the bay.

**Costs and Funding**

- 33 Table 1 - Comparison of Cost shows the estimated one-off costs for the options considered. These estimates include professional services scaled to match the solutions (where resource consents maybe required the estimates have not included for hearing costs should these be required).

34 **Table 1 - Comparison of Cost**

**Option Description Cost**

Option 1	Do Nothing	\$4,000
Option 2	Reinstatement	\$200,000
Option 3	Managed Retreat	\$700,000
Option 4	Hold the Line	\$825,000

- 35 Funding any of the options has to come from the current roading budgets. Depending on the option chosen the work will either be subsidised by NZTA or it will not. In other words some of the options will not be able to attract NZTA subsidy and so would require 100% local or ratepayer funding.

- 36 Ongoing maintenance will also be a roading responsibility in conjunction with the local community (CDA). Maintenance to protect the road will be a straightforward roading issue but should the CDA which to enhance the asset in anyway then the funding for that would be the local communities responsibility. To clarify though the asset, the rock retaining wall, is an asset that is part of the roading assets.

### **Policy Implications**

- 37 The major policy document relevant to this issue is the Southland District Council's Roads and Footpaths Asset Management Plan. Section 1.2 of that plan states:
- 38 The primary objective of the Roads and Footpaths activity is:  
*To provide an interconnected and integrated transport network which allows individuals and communities to access their business and private destinations in a safe, responsive and sustainable manner.*
- 39 The most relevant part of this objective is *"access their business and private destinations in a safe, responsive and sustainable manner."*
- 40 The Colac Foreshore Road is connected at either end to SH99. So access to properties is available via one end of the road or the other. This does assume that the extent of any road closure is not such a length that an individual property is isolated. This would not be the case under option 1 or 2 in this report. The road closure resulting from either of these options would not span across more than one property.
- 41 That said there is no guarantee about the effect future erosion might have and to a degree this depends on future sea level rise too. There is also no guarantee that erosion will not effectively remove a section of the road corridor and progress into the privately owned land behind the road.
- 42 The Council does not have a formal policy in coastal erosion protection. The practice has been to be take a minimalist approach to protection works and to be quite clear that works are undertaken to protect Council infrastructure not to protect private property.
- 43 Examples of previous coastal erosion are Papatotara Coast Road, Ringaringa Road and Cosy Nook. In these examples only the Cosy Nook situation involved installing protection work. That work qualified for NZTA subsidy primarily because there was no alternative access to private properties.

### **Analysis**

#### **Options Considered**

- 44 The options are described in the MWH Stantec report. There is an extensive analysis of the options using a multi-criteria analysis in section 11 of the report. The options are titled:
- **Option 1: Do Nothing**
  - **Option 2: Reinstatement**
    - Reinstatement of the previous rock protection. Replace the rock protection to the extent that existed in 2015 with an improved design so as to make it more resilient and reduce the risk of erosion extending westwards beyond the existing extent. This option results in the permanent closure of the road.
    - This is the option recommended in this report.

- **Option 3: Managed Retreat**
  - Permanent realignment of Colac Foreshore Road inland through the former gravel pit with the existing road embankment planted with vegetation.
  - This is the option recommended in the MWH Stantec report. However that assessment was based on the benefits that would be gained from this option. It did not balance the cost of the options against those benefits nor did it consider the options from a value for money perspective.
- **Option 4: Hold the line**
  - Reinstatement of the road and extend the protection.

**Analysis of Options**

45 Option 1 - Do Nothing

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• Minimal cost. \$4,000.</li> <li>• No further work.</li> </ul>	<ul style="list-style-type: none"> <li>• No improvement in erosion protection at all.</li> <li>• The existing rock protection remains vulnerable to further damage.</li> <li>• Erosion will continue in both directions.</li> <li>• Permanent road closure.</li> </ul>

Option 2 – Reinstatement

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• Lowest capital cost of the options that involve some construction. \$200,000.</li> <li>• Can be funded from existing roading budgets.</li> <li>• Will qualify for NZTA subsidy.</li> <li>• Adds protection to the existing rock protection.</li> <li>• Protects the existing investment.</li> <li>• Lower ongoing maintenance cost.</li> <li>• Higher chance of gaining resource consent for works.</li> <li>• Less disruption to coastal area.</li> </ul>	<ul style="list-style-type: none"> <li>• Permanent road closure.</li> <li>• No protection offered to the existing road at the surf beach end.</li> <li>• No protection to the adjoining land.</li> <li>• Permanent road closure.</li> </ul>

46 Option 3 - Managed Retreat

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• Allows the road to be reopened.</li> <li>• Offers protection to some of the adjoining vacant land.</li> </ul>	<ul style="list-style-type: none"> <li>• Higher capital cost. \$700,000.</li> <li>• No NZTA subsidy.</li> <li>• Requires acquisition of land.</li> <li>• Extensive increase in protection works to maintain in the future.</li> <li>• Extent of rock protection works raises the risk of modification to the surf break.</li> <li>• Consent process more complex and will require significant supporting data which will have to be acquired.</li> <li>• May impose a greater liability for Council.</li> </ul>

47 Option 4 –Hold the Line

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• Allows the road to be reopened.</li> <li>• Offers protection to some of the adjoining vacant land.</li> <li>• Utilises the existing road corridor.</li> </ul>	<ul style="list-style-type: none"> <li>• Highest capital cost. \$825,000.</li> <li>• No NZTA subsidy.</li> <li>• Extensive increase in protection works to maintain in the future.</li> <li>• Extent of rock protection works raises the risk of modification to the surf break.</li> <li>• Consent process more complex and will require significant supporting data which will have to be acquired.</li> <li>• May impose a greater liability for Council.</li> </ul>

**Assessment of Significance**

- 48 This matter is not considered to be significant in accordance with Council’s Significance and Engagement Policy. The issue being considered is what level of service the Council should provide on Colac Foreshore Road and whether a permanent closure of a short section of the road is appropriate.

**Recommended Option**

- 49 The recommended option is option 2. Reinstatement of the previous rock protection. Replace the rock protection to the extent that existed in 2015 with an improved design so as to make it more resilient and reduce the risk of erosion extending westwards beyond the existing extent. This option results in the permanent closure of the road.

**Next Steps**

- 50 Apply for Resource consent.
- 51 Implement the approved option.

**Attachments**

- A Colac Foreshore Road Assessment- MWH Stantec [↓](#)
- B Coastal Erosion at Colac Bay. NIWA. [↓](#)



# COLAC FORESHORE ROAD ASSESSMENT

Prepared for Southland District Council

May 2017

Item 8.6 Attachment A

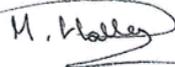




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			Prepared by	Checked by	Reviewed by	Approved by

## Executive Summary

Coastal erosion has been an ongoing issue at Colac Bay since the 1930s. In late 2015 Colac Foreshore Road was permanently closed due to the loss of approximately half of the road as a result of coastal erosion.

The road, and the embankment upon which it has been constructed, will continue to erode, particularly during storm events. The destructive effect of these storms is likely to increase in the future as a result of sea level rise.

To deal with this erosion four remedial works options have been assessed with associated costs estimated between \$4,000 and \$825,000. Each option has potential environmental and social benefits and dis-benefits but it is difficult to monetise these to provide a meaningful cost benefit comparison. A multi-criteria analysis was therefore adopted to compare these options.

The multi criteria analysis, when assessed against the investment objectives, favoured managed retreat as the preferred option.

The NZ Transport Agency provide financial assistance for road projects which need to be assessed under a consistent investment decision making system and investment assessment framework. In line with this framework, the Transport Agency were approached to determine whether any project to reinstate the road or prevent further coastal erosion would be supported.

The Transport Agency position was that it would be highly unlikely that they would support any remedial options as they consider it would provide little benefit against key Transport Agency criteria.

Without funding contribution from the Transport Agency, Southland District Council and the local community would need to fund the full cost associated with the progression of any remedial options.

The affordability and value for money of this option needs to be assessed against other Southland District Council priority projects to determine whether it is desirable for Southland District Council and the local community to fund.

## Southland District Council

### Colac Foreshore Road Assessment

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#### APPENDICES

Appendix A	Options Cost Estimates
Appendix B	Multi Criteria Analysis

### 1 Introduction

This document has been prepared for Southland District Council to investigate future options for the Colac Foreshore Road, in particular a section that was affected by storm damage in 2015 and has remained closed to traffic since that time.

### 2 Context

Colac Bay is a coastal community located just west of Riverton in Southland District. The township is positioned at the west end of Colac Bay, refer Figure 1 - Colac Bay. Colac Foreshore Road is located immediately adjacent to the beach and runs both east and west of Colac Bay Road. Colac Bay Road connects State Highway 99 with the beach. The west end of Colac Foreshore Road is a cul-de-sac providing access to the residential and holiday properties and a marae. The east end connects back to State Highway 99. The road is constructed immediately adjacent to the beach, but is not considered to extend into the coastal marine zone. Land behind the road in many places lies below the level of road.



Figure 1 - Colac Bay

Coastal erosion has been an ongoing issue at Colac Bay since the 1930s. In late 2015 Colac Foreshore Road was permanently closed due to the loss of approximately half of the road as a result of coastal erosion.



**Figure 2 - Extent of erosion, Q1 2017 (from drone footage)**

Prior to its closure, traffic use of the road was estimated at about 300 vehicles per day.

### 3 Background

A comprehensive report entitled Coastal Erosion at Colac Bay, Southland was prepared for Environment Southland & Southland District Council by NIWA dated July 2015. Rather than replicating the content of this report it is suggested that it should be read in conjunction with this text.

Of particular interest the report included the following:

- An explanation of the physical processes contributing to the ongoing erosion
- Immediate, interim and long term mitigation options
- The identification of an 'erosion hotspot' comprising a 900 metre length of eroding coastline at the transition between the natural foreshore and the engineered foreshore at the eastern extent of the rock revetment.
- A commentary on the potential impact of sea level rise due to climate change highlighted
  - all fixed coastal protection structures will provide a reduced level of [future] protection as sea level rises.
  - the destructive effects of future storms are likely to be more severe and occur more frequently.

The NIWA report concluded:

'The present erosion issue at Colac Bay is a consequence of natural shoreline fluctuations exacerbated by human intervention. There are no simple long-term options to protect the access route along Colac Foreshore Road without incurring some construction cost or some adverse environmental effect. Ultimately, the long-term coastal management approach is most likely going to need to involve the "managed retreat" option through road realignment or closure.'

### 4 Current Situation

Concurrent with the preparation of the NIWA report, significant storms in mid-2015 resulted in further erosion at the 'hot spot' previously identified.

Ongoing erosion in this area resulted in the Colac Foreshore Road being permanently closed to traffic in December 2015. Currently over half of the sealed road width has now been lost over approximately 500m and the road remains closed.

Closure of this section of Colac Foreshore Road has not directly affected access to property but there are concerns that the loss of connectivity along this road is negatively impacting on business and particularly tourist visitors to Colac Bay.

The remaining road and associated embankment is higher than the landward ground level and currently provides a degree of protection to the relatively flat land behind.

## 5 Future Considerations

It is certain that the road, and the embankment upon which it has been constructed will continue to erode, particularly during storm events.

As explained in the NIWA report the destructive effects of these storms are likely to increase in the future as a result of sea level rise.

Once the road embankment has been 'breached' the land behind is likely to be inundated resulting in standing water on the lower lying land behind. Without further assessment it is unclear what the extent of this inundation might be.

## 6 Proposed Remedial Options Considered

The remedial options considered are aligned with the long term options included by NIWA in Section 7.4 of their report. Given that there is currently no road access, Option 4 has included reinstatement of the road as part of the NIWA Option 4.

These options comprise:

- Option 1 – do nothing.
- Option 2 – reinstatement of the previous rock protection. Replace the rock protection to the extent that existed in 2015 with an improved design so as to make it more resilient and reduce the risk of erosion extending westwards beyond the existing extent. This option results in the permanent closure of the road.
- Option 3 – managed retreat. Permanent realignment of Colac Foreshore Road inland through the former gravel pit with the existing road embankment planted with vegetation.
- Option 4 – hold the line. Reinstatement of the road and extend the protection further east along the remaining length of the road.

## 7 Cost Analysis

Table 1 - Comparison of Cost shows the estimated one-off costs for the options considered. These estimates include professional services scaled to match the solutions. (Where resource consents maybe required the estimates have not included for hearing costs should these be required).

**Table 1 - Comparison of Cost**

Option	Description	Cost
Option 1	Do Nothing	\$4,000
Option 2	Reinstatement	\$200,000
Option 3	Managed Retreat	\$700,000
Option 4	Hold the Line	\$825,000

Cost estimates breakdowns are included in Appendix A - Options Cost Estimates.

## 8 Comparison of Proposed Options

In order to provide a meaningful comparison the parameters and framework under which any assessment is undertaken need to be defined.

It is difficult comparing options when potential benefits are non-monetised e.g. determination of the monetary dis-benefit from potentially losing the surf break.

To allow a meaningful comparison of the four options, a multi-criteria analysis (MCA), prepared in accordance with the Transport Agency Business Case approach<sup>1</sup>, has been used.

This method provides a structured, consistent and systematic process for assessing different options against different and often competing criteria allowing the identification of options to be ranked from best performing to worst performing based on a standardised MCA.

The MCA process compares each specific option against a set of high level investment objectives, implementability criteria and assessment of effects criteria.

The implementability criteria include consideration of feasibility, affordability and stakeholder customer acceptance.

The assessment of effects criteria include consideration of impact on safety, cultural, natural environment, community, systems integration and economy.

The MCA includes a subjective comparison of cost, considered under the affordability assessment.

As four specific options have already been identified, the analysis will follow the multi criteria approach.

It should be noted that if a cost benefit calculation was carried out on the road reinstatement options using the standard Transport Agency criteria, the benefits generated would be minimal when compared to the cost of implementation. The Transport Agency's criteria primarily consider travel time savings and safety, neither of which are materially affected by the road closure due to the close proximity of the State Highway and its use as an alternative route.

## 9 Stakeholder Involvement

The involvement of stakeholders is a core part of the business case process. Although there has been no recent formal consultation with stakeholders, the information contained in the NIWA report was considered sufficiently comprehensive to understand the views and perspective of the local community, in particular the Colac Foreshore Committee (CFC). The views reported in the NIWA report are reproduced below:

- Maintaining access along Colac Foreshore Road is seen as important to the survival of the community (tourism, surfing and walking) and is the primary goal of the CFC's actions and involvement in coastal management and protection options.
- The community members consider themselves pragmatic and do not expect the 'gold plated' option to be constructed, however they do consider a hard-engineering approach (of whatever form) as the solution.
- Losing the 'Trees' surf break through intervening with coastal processes would be unacceptable.
- The community acknowledged that any protection measure must be financed.
- Preventing the erosion of Colac Foreshore Road is more important than addressing the minor erosion along the boat ramp access road.

## 10 Investment Objectives

The views expressed by the CFC have been translated into the following investment objectives. These represent the objectives of any investment in solving the problems identified:

<sup>1</sup> Refer the Transport Agency's Business Case – MCA Guidance, August 2016



- To increase the number of tourist visits to Colac Bay
- To maintain the recreational opportunities provided in Colac Bay, i.e. surfing and walking
- Provision of ongoing protection to the inhabited areas adjacent to the Colac Bay foreshore
- To minimise any adverse environmental effects to Colac Bay.

In addition to these objectives, the consentability of the options has also been considered against the relevant regional and district policies and plans.

Ideally these objectives should be re-confirmed with the stakeholders, including Southland District Council, to ensure all current factors have been captured.

## 11 Multi Criteria Analysis Outcomes

When assessed in accordance with the Transport Agency’s MCA methodology against the investment objectives the following ranking of the options shown in Table 2 - MCA Output has been determined. Colour coding has been used to highlight the relativity ranking between options.

The full MCA assessment is included in Appendix B – Multi Criteria Analysis

**Table 2 - MCA Output**

Option No.	Option	Base Weightings Score (equal)	Sensitivity test 1 (remove duplications)	Sensitivity test 2 (50% on Inv Obj)	Sensitivity test 3 (50% on Imp)	Sensitivity test 4 (50% on AoE)
1	do nothing	-0.25	-0.22	-0.38	0.02	-0.19
2	reinstatement	-0.06	0.03	0.08	-0.08	-0.21
3	managed retreat	0.36	0.44	0.58	0.23	0.23
4	hold the line	0.06	0.19	0.17	-0.13	-0.04

The MCA is initially completed with all criteria unweighted to provide a base weighting. i.e. objectives, implementability and assessment of effects equally weighted at 33.3% each.

After the base weight has been calculated, sensitivity tests change the weightings of the individual criteria to understand the impact on the base score. Sensitivity tests considered the following scenarios:

- Test 1 – Removal of any criteria that double count the investment or activity objectives
- Test 2 – Double the weighting on investment objectives (50% inv obj, 25% others)
- Test 3 – Double the weighting on implementability (50% imp, 25% others)
- Test 4 – Double the weighting on assessment of effects (50% aoe, 25% others)

This MCA shows that, even when tested against most sensitivity scenarios Option 3 generates the highest relative score and is considered to have the most benefits when assessed against the investment objectives selected. This is followed by Option 4, Option 2 and lastly Option 1.

This is because managed retreat was assessed as generating the following benefits:

- Reinstatement of access along the foreshore for all users
- Ongoing protection to property, including the gravel pit
- Minimises potential impact on the surf break
- Meets stakeholder/customer expectations
- Reduces potential inundation of adjacent land

## 12 NZ Transport Agency Contribution

As Colac Foreshore Road has been effected by erosion, roading funding was investigated in the first instance as a potential funding source.

Under the Local Government Act local authorities are responsible for the provision of local infrastructure, including water, sewerage, stormwater and roads.

For large components of road infrastructure, including maintenance and improvements, local authorities can receive partial funding from central government, administered by the Transport Agency. As the Transport Agency's investment partners, Southland District Council currently receive a financial contribution of 52% for qualifying transport related activities.

To qualify for funding assistance all projects need to be assessed under a consistent investment decision making (IDM) system and investment assessment framework. This 'business case approach' for a project starts with a point of entry discussion with the Transport Agency as a gateway to determine whether a project is likely to be supported through the IDM process. Support at this stage allows further progression through the investment assessment framework that includes a cost-benefit appraisal. Without support, funding contribution is very unlikely to be forthcoming.

Reinstatement of the road was discussed with the Transport Agency during a point of entry discussion. The Transport Agency position was that it would be **highly unlikely that they would support the proposal** as it was considered that it provided little benefit against the following criteria:

- addressing any gap in customer levels of service
- improving efficiency of the overall land transport system

This was primarily due the close proximity of the state highway and alternative access it provided. This route provided a viable alternative with no significant reductions in safety, journey time reliability or resilience, key criteria of the investment assessment framework.

## 13 Funding Sources

Without funding contribution from the Transport Agency, Southland District Council and the local community would need to fund of the full cost associated with the progression of any remedial options.

## 14 Next Steps

It is recognised that the MCA assessment above only provides a subjective assessment of the benefits and dis-benefits of the options considered with cost being considered equally against other criteria. If an objective comparison of non-monetised benefits is required the involvement of an economist may be necessary.

The affordability of any remedial option to Southland District Council, and whether it is considered to provide value for money (when assessed against other competing projects), is considered outside of the scope of this work and it is recommended that Council progress this further having knowledge of the potential costs and comparison of the options produced through application of the MCA process.

## 15 Conclusions

The MCA showed that Option 3 – Managed Retreat, even when tested against most sensitivity scenarios, provided the most benefits when assessed against the investment objectives selected.



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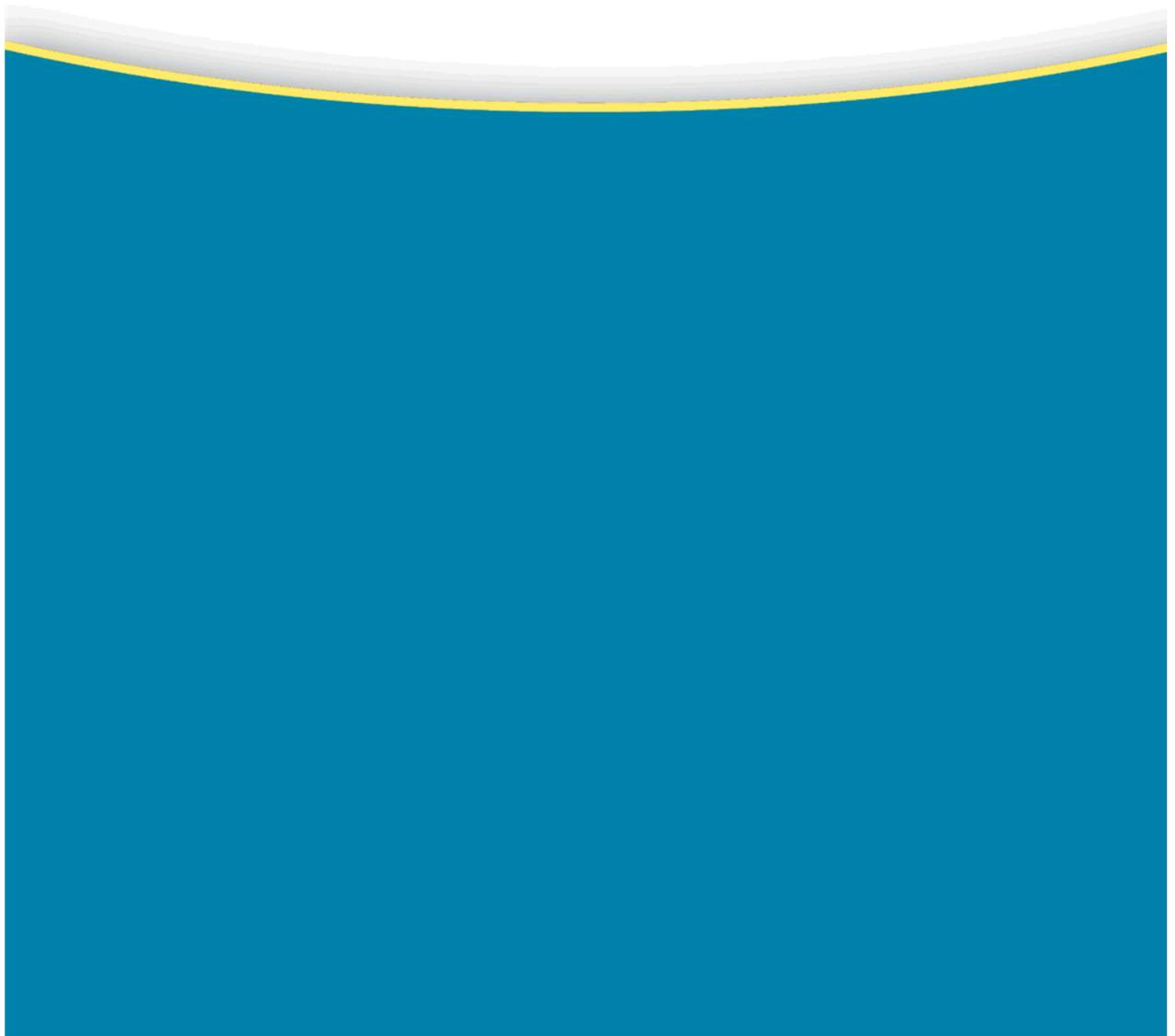
The estimated cost of implementing Option 3 is approximately \$700,000.

The affordability and value for money of this option needs to be assessed against other Southland District Council priority projects to determine whether it is desirable for Southland District Council and the local community to fund.



## Appendices

Item 8.6 Attachment A





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## Appendix A - Options Cost Estimates

Colac Foreshore Road

Indicative Costings - Option 1 Do Nothing

N°	Item	Quantity	Units	Rate	Cost	Notes
1	Preliminary and General	1	Item		\$250.00	Including establishment costs, traffic management, temporary fencing
2	Backfill localised slumping (shotrock)	13.5	m3	\$150.00	\$2,025.00	No maintenance period
					<b>Total</b>	\$2,275.00
					<b>20% Contingencies</b>	\$455.00
					<b>Total</b>	\$2,730.00

	Professional Services					
	Site Instructions	6	hr	\$150.00	\$900.00	Direct instruction by 2 no site visits
					<b>Total</b>	\$900.00
					<b>20% Contingencies</b>	\$180.00
					<b>Total</b>	\$1,080.00

Total \$3,810.00

Colac Foreshore Road

Indicative Costings - Option 2 Rebuild and Strengthen 2012 Emergency Works

N°	Item	Quantity	Units	Rate	Cost	Notes
1	Preliminary and General	1	Item	\$5,000.00	\$5,000.00	Establishment costs, traffic management, temporary fencing
2	Excavate to fill	179	m3	\$50.00	\$8,950.00	would not consider placing new over old as there is no certainty of base
3	Place new crest rock (0.7m d50x1m thick)	480	m3	\$55.00	\$26,400.00	Would include a filter fabric, does not include maintenance after storms
4	Bulkfill to subgrade levels (shotrock)	1050	m3	\$40.00	\$42,000.00	cheaper than option one due to increased volumes
5	New pavement	672	m3	\$90.00	\$60,480.00	350mm thick, 4m wide pavement on a good base
6	Surfacing	1920	m2	\$6.00	\$11,520.00	Single coat
7	Maintenance visits during defects liability	4	visits	\$180.00	\$720.00	Assume 6 month period - visit every 6 weeks, 2 people at 2hrs each
					<b>Total</b>	\$155,070.00
					<b>20% Contingencies</b>	\$31,014.00
					<b>Total</b>	\$186,084.00

Professional Services						
	MSCA	12	hr	\$150.00	\$1,800.00	4 no site visits, including defects
	CAD	8	hr	\$150.00	\$1,200.00	1 drawing with locations and details of works
	Documents	24	hr	\$150.00	\$3,600.00	3 days Tender document
	Tender Evaluation	8	hr	\$150.00	\$1,200.00	
					<b>Total</b>	\$7,800.00
					<b>20% Contingencies</b>	\$1,560.00
					<b>Total</b>	\$9,360.00

**Total** \$195,444.00

Coliac Foreshore Road

Indicative Costings - Option 3 Managed Retreat

N°	Item	Quantity	Units	Rate	Cost	Notes
1	Preliminaries and General	1	Item	\$5,000.00	\$5,000.00	Establishment costs, traffic management, temporary fencing, mtce visits
2	Land Purchase	15000	m²	\$2.50	\$37,500.00	
3	Bulkfill for gravel pit	8000	m3	\$40.00	\$320,000.00	Calculated at 9000 but utilising old road (item 4) as balance of fill
4	Cut existing road surfacing and metal to fill	1050	m3	\$15.00	\$15,750.00	Can be used as lowest layer in bulkfill
5	New Pavement	1225	m3	\$90.00	\$110,250.00	350mm deep pavement
6	New Surfacing	3500	m²	\$6.00	\$21,000.00	500m long, 7m wide
7	Remove existing fence	500	m	\$3.00	\$1,500.00	
8	New fence	500	m	\$15.00	\$7,500.00	7 strand
9	Maintenance visits during defects liability	4	visits	\$180.00	\$720.00	Assume 6 month period - visit every 6 weeks, 2 people at 2hrs each
					<b>Total</b>	\$519,220.00
					<b>20% Contingencies</b>	\$103,844.00
					<b>Total</b>	\$623,064.00

Professional Services						
	MSCA	24	hr	\$150.00	\$3,600.00	8 no site visits, including defects
	Survey	32	hr	\$100.00	\$3,200.00	2 days including processing
	Beach modelling	1	LS	\$20,000.00	\$20,000.00	OCEL estimates
	CAD	24	hr	\$150.00	\$3,600.00	3 drawing with locations and details of works
	Documents	40	hr	\$150.00	\$6,000.00	5 days Tender document and schedules
	Tender Evaluation	8	hr	\$150.00	\$1,200.00	1 day
	Resouce Consents	100	hr	\$200.00	\$20,000.00	Assumed no hearing required
					<b>Total</b>	\$57,600.00
					<b>20% Contingencies</b>	\$11,520.00
					<b>Total</b>	\$69,120.00

Total \$692,184.00

Item 8.6 Attachment A

Colac Foreshore Road

Indicative Costings - Option 4 Reinstatement of Road in Current Location plus extended revetment for 750m

N°	Item	Quantity	Units	Rate	Cost	Notes
1	Preliminaries and General	1	Item	\$5,000.00	\$5,000.00	Establishment costs, traffic management, temporary fencing, mtce visits
2	Excavate to fill	179	m3	\$50.00	\$8,950.00	would not consider placing new over old as there is no certainty of base
3	Place new crest rock (0.7m d50x1m thick)	336	m3	\$55.00	\$18,480.00	Would include a filter fabric, does not include maintenance after storms
4	Bulkfill to subgrade levels (shotrock)	1050	m3	\$40.00	\$42,000.00	Rate the same as for option 2 due to increased volumes
5	New pavement	672	m3	\$90.00	\$60,480.00	350mm thick, 4m wide pavement on a good base
6	Surfacing	1920	m2	\$6.00	\$11,520.00	Single coat
7	Excavate to stockpile for revetment platform	3750	m3	\$15.00	\$56,250.00	Assuming suitable location nearby
8	Geotextile	7500	m2	\$3.50	\$26,250.00	
9	Bedding gravels (from stockpile)	1500	m3	\$25.00	\$37,500.00	minimal travel and compaction requirements
10	Secondary Armour	960	m3	\$55.00	\$52,800.00	Allowed for shotshot, rate could increase if this needs to be screened
11	Primary Armour	4440	m3	\$55.00	\$244,200.00	Allowed for shotrock, rate could increase if this needs to be screened
12	Additional beach gravels	1125	m3	\$50.00	\$56,250.00	
13	Plantings	565	m2	\$10.00	\$5,650.00	allow two plants per m2
14	Maintenance visits during defects liability	4	visits	\$180.00	\$720.00	Assume 6 month period - visit every 6 weeks, 2 people at 2hrs each
				<b>Total</b>	\$626,050.00	
				<b>20% Contingencies</b>	\$125,210.00	
				<b>Total</b>	\$751,260.00	

Item	Quantity	Units	Rate	Cost	Notes
Professional Services					
MSCA	30	hr	\$150.00	\$4,500.00	10 no site visits, including defects
Survey	32	hr	\$100.00	\$3,200.00	2 days including processing
Beach Modelling	1	LS	\$20,000.00	\$20,000.00	OCEL estimates
CAD	32	hr	\$150.00	\$4,800.00	4 drawing with locations and details of works
Documents	40	hr	\$150.00	\$6,000.00	5 days Tender document
Tender Evaluation	8	hr	\$150.00	\$1,200.00	1 day
Resource Consents	100	hr	\$200.00	\$20,000.00	Assumed no hearings
			<b>Total</b>	\$59,700.00	
			<b>20% Contingencies</b>	\$11,940.00	
			<b>Total</b>	\$71,640.00	

Total \$822,900.00



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## Appendix B – Multi Criteria Analysis

Item 8.6 Attachment A

Colac Foreshore Road MCA

Option No.	Option
1	do nothing
2	reinstatement
3	managed retreat
4	hold the line

Objectives				
	To increase the number of tourist visits to Colac Eay	To maintain the recreational opportunities provided in Colac Eay	Provision of ongoing protection to the	To minimise any adverse environmental
	1	2	3	4
	0	0	-2	-1
	0	0	2	0
	1	0	2	2
	1	-2	2	1

Objectives

- 1 comparison between no change and access along the road
- 2 no change to existing compared to risk of losing surf break
- 3 positive protection compared to further loss of existing rock wall
- 4 protection to and risk of exposure of tip, risk of loss of surf break

Colac Foreshore Road MCA

Implementability					
Feasibility			Affordability		
Feasibility - Technical	Feasibility - Consentability	Feasibility - Safety in Design	Affordability - Operation and Maintenance	Affordability - Financial	Stakeholders / Customers
1.1	1.2	1.3	2.1	2.2	3
2	2	0	0	3	-2
1	-1	0	-1	2	-2
1	-2	0	-1	-1	2
1	-2	0	-2	-2	1

Implementability

- 1.1 all feasible but do nothing requires no input
- 1.2 options considered against coastal policy
- 2.1 comparison of no cost to on going replenishment and repair
- 2.2 straight comparison of cost
- 3 solutions that result in road closure considered unacceptable and those that risk loss of surf break

Item 8.6 Attachment A

Colac Foreshore Road MCA

Assessment of Effects					
Cultural	Natural Environment	Community - Social	Community - Property	System Integration	Economy
1	2	3	4	5	6
-1	0	0	-2	0	-2
-1	-1	0	0	0	-1
-1	-2	2	-1	1	1
0	-2	2	0	1	1

Assessment of Effects

- 1 some impact upon gravel pit (unsure of status - recommend further investigation)
- 2 the more significant the works the greater impact
- 3 reduced connection compared to reopening of road
- 4 property purchase or potential loss
- 5 economic growth and inundation effects on adjacent land

Colac Foreshore Road MCA

MCA Outputs				
Base Weightings Score (equal)	Sensitivity test 1 (remove duplications)	Sensitivity test 2 (50% on Inv Obj)	Sensitivity test 3 (50% on Imp)	Sensitivity test 4 (50% on AoE)
-0.25	-0.22	-0.38	0.02	-0.19
-0.06	0.03	0.08	-0.08	-0.21
0.36	0.44	0.58	0.23	0.23
0.06	0.19	0.17	-0.13	-0.04



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# Coastal Erosion at Colac Bay, Southland

*Prepared for Environment Southland & Southland District Council*

*July 2015*

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## Executive summary

This report investigates the causal processes and possible mitigation options of the coastal erosion occurring at Colac Bay, Southland. The scope of the work included review of past reports, a walkover site inspection and discussions with Southland District Council, Environment Southland and several Colac Bay residents.

### The situation

Coastal erosion at Colac Bay has been an ongoing issue since the 1930s and led to the construction of the extensive rock revetments. However, the construction of the protection works further destabilised the natural equilibrium between sediment supply, wind/wave conditions and shoreline position and ultimately exacerbated erosion along the beach front. There has been a cyclic process of erosion outflanking the protection works which has subsequently required extension of protection works along the beach. This has occurred to a point where all dwellings are adequately protected by the rock revetment, but the access route along Colac Foreshore Road is at risk.

The majority of the present revetments along Colac Foreshore Road currently provide adequate protection for the inhabited areas immediately behind the road. A large proportion of the sediment which has been stripped from the foreshore below the revetments of western Colac Bay has migrated east through longshore transport to the Tihaka end where the beach is now 40-50 m wide and accreting.

The main tension between local residents and the Council is maintaining access along Colac Foreshore Road; the road is a tourist route and is seen as important to the survival of the town but any constructed protection works require financing. This tension is complicated by the well-known "trees" surf break at the midpoint of the beach and a historic gravel pit which is partially landfill.

In the scenario that Colac Foreshore Road is removed/relocated and the beach erodes into the former gravel pit, it is unlikely that the beach erosion will accelerate after reaching the gravel pit as there is a sufficient volume of gravel remaining to resist erosion. Wholesale coastline retreat to reach the landfill in the north-eastern corner of the gravel pit is a highly unlikely outcome in the foreseeable future.

### Recommendations

There are no simple long-term coastal management options addressing the erosional problem, conflicting tensions and environmental sensitivities at Colac Bay without incurring some construction cost or some adverse environmental effect. Interim erosion mitigation measures are suggested which will "buy some time" as the community and councils decide on the appropriate long-term solution. Alongside the interim measure there is necessary maintenance and immediate intervention recommended to prevent further deterioration of the coastline while finances are deliberated. The suggested steps are:

**Ongoing maintenance:** The existing rock protection is in need of some preventative maintenance to ensure that its level of protection does not diminish without further maintenance. This type work should continue to be performed periodically to maintain the current state of protection and would be considered maintenance of existing structures for resource content.

A beach monitoring programme should be initiated to regularly profile and photograph Colac Bay to monitor the ongoing beach evolution and inform design for any long-term options.

- **Immediate mitigation:** It is recommended that an immediate intervention be undertaken to prevent deterioration of the beach and revetments before any interim erosion mitigation is selected or in place. The immediate actions include the one-off nourishment of a short section of beach followed by an aggressive planting regime and restrictions on development behind Colac Foreshore Road.
- **Interim mitigation:** Two interim mitigation options are suggested which will “buy some time” as the community and council decide on the appropriate long-term solution the funding model for any works. The options are:
  - A transitional revetment extension including road realignment within the existing legal boundary, construction of a revetment extension, nourishing the beach and planting vegetation. This revetment extension attempts to transition the beach from an artificial structure to a naturally wider and more resilient beach by interrupting the erosional tendency, phasing out the reliance on hard-engineering revetments and reducing ongoing maintenance/improvement costs.
  - A managed retreat option to allow the beach to naturally adjust to a new equilibrium shoreline position by relocating Colac Foreshore Road out of the erosion risk zone without changing the beach system itself. The realignment involves part-purchase of former gravel pit land and requires some backfilling to form a suitable road foundation.
- **Long term:** The council and community need to consider the consequences of long-term approaches with suitable compromises from both parties. Any long-term option will rely heavily on the evidence from ongoing beach monitoring and photographs. The long-term options include:
  - “do nothing” which is to allow the shoreline to retreat, causing uncontrolled erosion and undermining with eventual closure of Colac Foreshore Road.
  - “managed retreat” by i) pre-emptive closure of Colac Foreshore Road before a forced closure or ii) realignment of Colac Foreshore Road a conservative distance inland (say, 50 m).
  - “hold the line” by construction of further revetments with knowledge of the likely erosional consequences and commitments to future maintenance works.

Rough-order volumetric estimates of the material quantities required for construction and annual operational maintenance of each option have also been provided for cost estimation by Council.

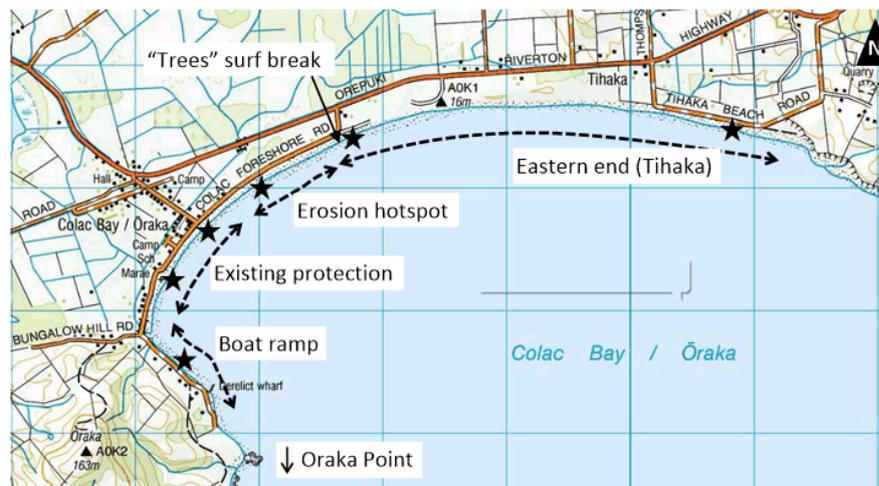
### Conclusion

The present erosion issue at Colac Bay is a consequence of natural shoreline fluctuations exacerbated by human intervention. There are no simple long-term options to protect the access route along Colac Foreshore Road without incurring some construction cost or some adverse environmental effect. Ultimately, the long-term coastal management approach is most likely going to need to involve the “managed retreat” option through road realignment or closure.

## 1 Introduction

This report addresses the request for advice about coastal erosion in Colac Bay, Southland, specifically to communicate the physical processes contributing to the ongoing erosion and provide practical mitigation options taking into account the perspectives of Southland District Council (SDC) and the Colac Foreshore Committee (CFC). This investigation included review of past reports<sup>1</sup>, a walkover site inspection and a discussion with SDC and Environment Southland (ES) staff and several Colac Bay residents. This study has been supported in part by a Small Advice Grant from the MBIE Envirolink Fund (ref: 1583-ESRC159, MBIE contract no. C01X1442).

Figure 1 illustrates the sections of Colac Bay described throughout this assessment.



**Figure 1 - Colac Bay site overview with beach sections shown and inspection locations indicated. Star indicates photograph location. Scale: 1 km squares.**

This report outlines previous coastal protection works at Colac Bay in Section 2 and summarises the site inspection and community meeting in Section 3. Sections 4-6 outline the coastal processes contributing to erosion, specific erosion concerns for Colac Bay and typical erosion management practices. Sections 7 and 8 discuss a recommended approach to erosion management at Colac Bay with an interim measure put forward along with immediate and long-term considerations.

Providing detailed design drawings, construction costs and recommending a funding model if any future works take place are beyond the scope of this investigation.

<sup>1</sup> The literature review was not exhaustive and predominantly included prior reports and photographs provided by SDC and ES.

## 2 Previous Work

### 2.1 History of Coastal Protection

There have been several periods of foreshore protection work at Colac Bay. These may be briefly summarised as:

- **Historic 1930s works** – believed to have been stakes and brushwood fences to trap wind-blown sediment and reduce sediment losses from the beach east of Colac Bay Road (T&T 1997). There is no evidence of how effective this measure was, and any remnants of this structure have been covered by the subsequent rock revetments.
- **1955 works** – Placement of rock protection on the foreshore for 900 m west of Colac Bay Road to Bungalow Hill Road. This protective rock was sourced from the intertidal flat and foreshore on the western side of Colac Bay between Bungalow Hill Road and the boat ramp (Figure 1). The revetment was to be placed at the 1947 shoreline position, with a front face slope of 1:1 and crest width of 0.6 m. The level of protection offered by these works was considered to be high at the 1997 site inspection (T&T 1997). These works are mostly still in place at 2015, but have been significantly improved and upgraded as part of subsequent protection efforts.
- **1991/1992 works** – Extension of the 1955 works 350 m east from Colac Bay Road. This work was performed in a manner less refined than the 1955 works, and involved randomly tipped rocks with no design criteria or foundation excavation. As a result of the poorer construction technique these works were in a worse condition than the 1955 works at the 1997 inspection (T&T 1997). It is believed that the rock placed during this period is still in place but has undergone improvement as part of the subsequent protection efforts.
- **2000 rebuild recommended by T&T (1997)** – The protection works installed were the most significant upgrade since the 1955 protection was installed, and followed some of the recommendations of the 1997 report (T&T 1997). The revetment was only rebuilt west of Colac Bay Road. The rock material was underlain by geotextile fabric and was sourced from local quarries. This phase also involved collecting rock which had migrated seaward and re-placing the protective layers, with additional rock used to infill gaps in isolated spots. The seaward face was constructed at 1:2 slope, with some toe-embedment and backfilling with gravel.
- **2000-2008 (exact date unavailable) protection works** - The design generally matched the 2000 rebuild revetment design and was extended east of Colac Bay Road by several hundred metres. This section was not underlain by geotextile fabric.
- **2008 Top-up works** – During these repair works, a line of the largest boulders (estimated diameter 0.8 m) was placed along the road verge for the whole revetment length, and additional rock was placed up to this level on the front face of the revetment. This work effectively increased the revetment crest to 0.8 m above road level.

- **2010 Extension works** – The rock protection was extended east by a further 150 m using locally sourced quarry rock (although a different rock material - darker grey compared with the brown 2008 rock – was used). The design matched the T&T (1997) revetment design.
- **2012 Emergency works** – After a period of erosion of the beach adjacent to (i.e., east of) the existing rock revetments, emergency works involved placing locally sourced quarry rock on the foreshore, extending the length of rock protection eastwards by a further 100 m. It is not known whether this rock was placed or tipped. The crest level of this rock work is approximately 0.3 m above the road level, and a single layer of rocks with diameters of 0.4-0.5 m was placed on the beach foreshore up to road level.

At the 2015 site inspection, the road verge adjacent to this section of protection had been backfilled with “rotten-rock” (pers. Comm. Greg Erskine, SDC area engineer) to fill in the scoured gaps. The level of protection offered by this section of protection is below that of the adjacent revetment as the rocks are smaller and in a single layer, the crest level is lower and there appears to have been little or no toe embedment.

- **Maintenance works** –SDC periodically sweeps Colac Foreshore Road of overwash gravel deposits. These are swept onto the road verge, and this serves to backfill some of the scoured gaps behind the rocks. SDC has also back-filled the eroded road verge and beach berm with “rotten-rock” and compressed this material into the roadside where visible.

## 2.2 Prior reports

The 1997 coastal protection design report (T&T 1997) is the only specific assessment of coastal erosion along the Colac Bay foreshore. Several subdivision consent submissions include descriptions of the physical processes in Colac Bay, which are then used to determine suitable coastal setback allowances (Todd 2004, 2005, 2005a, 2010, 2014). The key points identified in these documents which are relevant to this coastal erosion assessment are:

- The beach is composed of sand and gravel which is sorted across-shore, with sand below the high tide swash zone and a gravel berm above this elevation. The gravel is a mixture of greywacke and granite, ranging in size from 10 to 120 mm. The beach sand is medium-coarse grade.
- The beach material is either locally sourced from erosion of the unconsolidated outwash plain inland from Colac Bay and coastal cliff erosion on Oraka Point, or from a distant source (e.g., river, stream or cliff erosion) and transported around Oraka Point by waves (T&T 1997, Todd 2005).
- The longshore drift of beach sediment in Colac Bay is predominantly west-east in accordance with southwest wind and waves prevailing 75% of the time (T&T 1997, Todd 2005).
- The beach was considered to ‘pivot’ between erosion and accretion at about the midway point (Todd 2005).

- Accretion of sediment on the southern side of the boat ramp in the lee of Oraka Point was estimated at 4,600 m<sup>3</sup> between 1952 and 1983, which confirms that material does move into Colac Bay by longshore transport from the west (T&T 1997).
- The offshore wave climate is categorised as extremely high-energy, with the prevailing deep water waves being 3.5-4.5 m high with periods of 10-12 seconds (Todd 2005). These waves are depth-limited by the relatively shallow offshore bathymetry (the 5 m bathymetry contour is 300 m offshore from the beach).
- Up until 1947 the maximum erosion had occurred in in the far west of Colac Bay, and specifically west of the Maori urupa (cemetery).
- Erosion rates accelerated dramatically in the 8 year period following 1947, with maximum erosion occurring near Colac Bay Road.

The site history and previous erosion mitigation indicate that Colac Bay is a complex and dynamic beach compounded by human intervention.

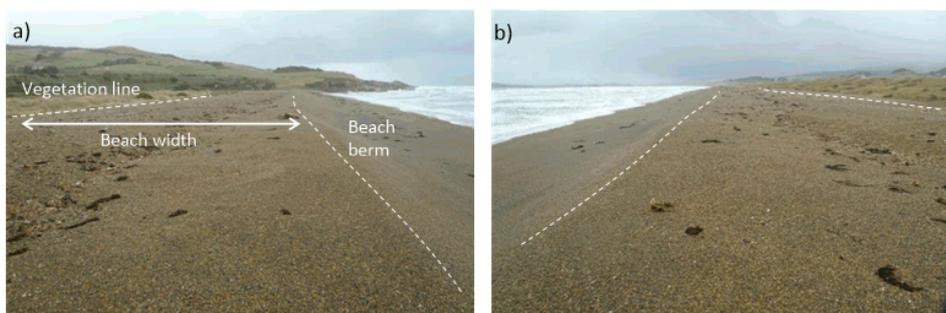
### 3 Site inspection and community meeting

#### 3.1 Site inspection

Colac Bay was visited on the 25-26<sup>th</sup> May 2015. Conditions during the inspection were very cold with gale south-westerly winds and sleet/hail showers. The evening high-tide of 25<sup>th</sup> May and the midday low-tide of 26<sup>th</sup> May were observed. Wave conditions were large and stormy (estimated surf height 1.5-2.5 m). My inspection moved from east to west along the beach. Refer to Figure 1 for a map of photograph locations and described sections of beach.

##### A. Tihaka to 'Trees'

The eastern half of the beach between the 'Trees' surfing spot (where Colac Foreshore Road meets the coastline near the junction with the SH99 Orepuki-Riverton Highway) and the Tihaka Cliffs is 30 - 50 m wide between the beach-berm crest and the vegetation line (Figure 2). The wide beach indicates that sediment is accreting at this end of Colac bay through longshore drift from west to east. Beach sediments are fine to coarse gravels with little or no sand, which is consistent with longshore drift characteristics and larger waves compared to the eastern end (i.e., less sheltered by Oraka Point).



**Figure 2 - view east (a) and west (b) along beach at Tihaka Beach Road. Beach width approximately 40 m between gravel berm crest and vegetation line (25 May 2015).**

##### B. Erosion hot-spot

This 900 m long eroding section of coastline forms the transition between the natural foreshore at the 'Trees' surfing location and the engineered foreshore at the eastern extent of the rock revetment (Figure 3). This section of the beach has a low-tide sandy flat which appears stable but the gravel section of the upper-beach is currently eroding and the beach-berm width is noticeably narrower than at Tihaka. The width of the upper beach-berm tapers from approximately 10 m at 50 m west of the 'Trees' (Figure 3a) to 0 m at the rock revetment (Figure 3b-c). The upper-beach erosion is worse immediately adjacent to the revetment, with no road verge remaining and loss of 0.5-1.0 m of the west-bound traffic lane (Figure 3c) leaving a 0.3-0.5 m vertical erosion scarp in places. Along this eroding stretch the slope of the upper-beach face from the sandy-intertidal flat to the beach berm crest is 1:3 to 1:4. The beach-berm crest is noticeably lower than at Tihaka, with the narrow tussock

grass verge approximately 0.5 m above road level (Figure 3a). There is no grassed verge/crest remaining along 100-150 m of the currently eroding stretch. There had been some gravel deposited onto the road by the waves of the previous days (a normal winter storm, < 1 year ARI).



**Figure 3 - Erosion hotspot between 'Trees' surf break and eastern extent of rock revetment showing a) view east from Trees, b) and c) view west where beach erosion has reached Colac Foreshore Road, and d) view west of transition between natural beach and 2012 emergency works rock (25 May 2015).**

### C. Rock revetment

The rock revetment currently extends about 1.4 km east from Bungalow Hill Road along Colac Foreshore Road and defends Colac Bay Township. Generally the rock revetment is in good condition and currently provides an adequate level of protection to the community and road. The revetment front face is at 1:2 slope, with 1-2 layers of armour stone of nominal diameter 0.5-0.8 m. The armour stone West of Colac Bay Road T intersection is underlain by gravels with an intermediate geotextile layer, while east of the intersection the geotextile is absent and armour stone is placed on the beach gravel (Figure 4a-d). A single line of the largest rocks appears to have been placed at the crest of the revetment (i.e., 1 rock wide) on the road verge to a level approximately 1 m above the road (Figure 4b). Several smaller boulders (up to 0.5 m diameter) have migrated seaward up to 5 m from the toe of the revetment due to wave action (Figure 4a). The beach below the revetment is now a wide and sandy low-tide flat, and the only gravel remaining is that retained within the revetment structures, although there is a thin wedge of gravel remaining below the eastern-most 120 m of revetment (Figure 3d, Figure 4a). The most recent protection works were the 2012 emergency works which extended the protection 100-120m eastwards beyond the houses at the eastern end of the village.

These emergency works rocks are smaller than the main body of the revetment and appear to be slumping, with backfill settling through the face of the rock.

The height of waves approaching the revetment increases eastward due to the protection provided by Oraka Point. During the site inspection the waves were breaking offshore, with the broken wave bore sweeping over the beach and reaching the revetment. Wave reflections were observed from the structure as a consequence of the steep revetment face. A series of long-period surges (wave period 40-80 seconds) were observed to reach the beach at an oblique angle ('normal' waves align roughly parallel to the beach face). The surges have more energy than normal waves and would transport more gravel alongshore than normal wind-waves.



**Figure 4 - Existing rock revetment along Colac Foreshore Road showing a) view west along 2012 emergency works with "rotten-rock" backfilling of road verge, b) view west at the eastern entrance to Colac Bay township with large 1 m boulders placed on road verge, c) view east from Colac Bay Road 'T intersection' with wider grass verge, and d) view west towards Bungalow Hill from near the 'Pavilion' restaurant (25 May 2015).**

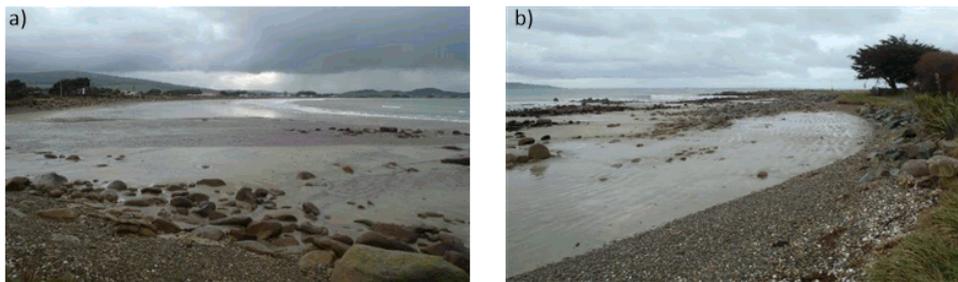
#### **D. Bungalow Hill Road – Boat ramp**

This stretch of coastline extends 1 km south from the intersection of Bungalow Hill Road, past the boat ramp to the end of Colac Foreshore Road some 400m beyond the boat ramp. It has a wide sandy low-tide flat interspersed with substantial rocky outcrops (Figure 5) and a gravel upper beach with rock/boulders that protect the adjacent road. This corner of the bay is protected from the worst southerly and south-west wind/waves by the rocky coastline, Oraka Point and the boat ramp, which results in finer sediments than at the Tihaka end with a higher proportion of shells present. Overall, this segment of coastline appears to be relatively stable, but localised erosion of the road verge has

been apparent in recent years. The erosion is likely due to this being the source location for the rock used in some of the earliest protection works (1955).

The small stream (Huraki Creek) which discharges into the western corner of Colac Bay will provide some additional sediment to the beach. At the site inspection on 25th May, this appeared to be predominantly sandy material (Figure 5a). The volume and frequency of this sediment input is unknown, but is likely to be small and irregular due to the small catchment size and relatively low gradient. Future sediment delivery is likely to be lower still as a result of improvements to land-use and runoff management reducing channel and bank erosion in the hinterland.

The boat ramp is located in the lee of a natural boulder field which has been further protected by a short (20-30 m) breakwater on its exposed southern side to allow deeper water access. There is a small sediment fillet which has accumulated to the south of the breakwater, however it is unclear how much additional sediment has been captured by the boat ramp and breakwater extensions beyond that which would have been captured naturally by the boulder field. The accumulated sediment appears stable, with vegetation advancing seaward. The gravels/sands present on the northern (lee) side of the boat ramp indicate that sediment bypassing now occurs naturally, so there is little ongoing interruption to longshore sediment transport by the boat ramp.



**Figure 5 - Coastline between Bungalow Hill Road and boat ramp showing a) view northeast along Colac Bay with Huraki Creek exiting to sea and b) view south along foreshore towards boat ramp and breakwater (annotation) with exposed rocky outcrops on inter-tidal flat visible (25 May 2015).**

### 3.2 Meeting with the Colac Foreshore Committee

Seventeen members of the CFC and one council staff member (Simon Moran) met at 5pm in the Pavilion Café on 25<sup>th</sup> May 2015 to discuss Colac Bay protection works, coastal erosion and to inform this report. The discussion focused primarily around three broad topics:

- a) Local history, with notable observations of:
  - The beach in front of the town used to have a wider and gently sloped sand and gravel berm with a grass verge about '2-3 cars wide'. Sand/gravel dunes were also present, like the current situation at the Tihaka end.
  - Sometime prior to 1952 the roadway was seaward of the old cemetery, whereas it currently passes behind. Coastal erosion was the cause of the realignment.

- The erosion has been ongoing for several years, and the community is aware that the current protection is 'chasing' the erosion eastward.
- The contractor who constructed some of the protection works (the 2000s revitalisation) suggested improvements could have been made to the revetment such as geotextile wrapping and deeper toe embedment.
- The former gravel pit along Colac Foreshore Road was partially infilled as a landfill, at times with unrestricted access.

b) Current state:

- The community acknowledged that the coastline naturally advances landward and seaward over long time scales on a regional scale and the current erosion is a consequence of defining a cadastral boundary and historic decision to protect the land.
- The revetment currently provides adequate protection for the inhabited areas immediately behind the revetment.
- There are approximately 4-5 episodes of gravel overwash across Colac Foreshore Road per year. The community regards the volume and frequency of gravel deposition as a nuisance but was not concerned with the operational use of the road provided it is swept away.
- There were some discussions about the lack of maintenance of the wall and that maintenance works would improve the effectiveness and longevity of the revetment. Maintenance works suggested included collecting the migrating boulders from the toe of the wall, reducing the time taken to sweep storm overwash debris from the road, and re-packing the revetment where it is slumping.
- The community would like improved public accessways to the beach at low-tide level and suggested concrete stairways.
- The quality and protection from the 2012 emergency works does not meet their expectation.
- The present state of the beach (at 25<sup>th</sup> May 2015) is a result of a month of higher than usual waves.
- The community is concerned that if the beach erosion reaches the former landfill it cause greater environmental damage to the beach.

c) Future options:

- Maintaining access along Colac Foreshore Road is seen as important to the survival of the community (tourism, surfing, rail trail and walking) and is the primary goal of the CFC's actions and involvement in coastal management and protection options.
- The community members consider themselves pragmatic and do not expect the 'gold plated' option to be constructed, however they do consider a hard-engineering approach (of whatever form) as the solution.
- Losing the 'Trees' surf break through intervening with coastal processes would be unacceptable.
- The community acknowledged that any protection measure must be financed.
- Preventing the erosion of Colac Foreshore Road is more important than addressing the minor erosion along the boat ramp access road.

Overall, the CFC considers that the revetment currently provides an adequate protection for the inhabited areas immediately behind the road but also considers that SDC should have a more active role in maintaining the revetment to address minor settlement, slumping and gravel debris. The community considers it unacceptable to lose road access along Colac Foreshore Road, have the landfill exposed/eroded by the sea, or adversely affect the surf break.

## 4 Coastal processes contributing to erosion

At the heart of the processes contributing to coastal erosion at Colac Bay are the complex balanced relationships of long-term changes in coastal drivers (storminess, sea level rise, wind/wave direction), long term sediment supply (streams, rivers, sub-tidal) and offshore bathymetry changes (bar movement, spit formation). These processes have created the beach in its current location by reaching a natural dynamic-equilibrium over centuries. During a phase of natural coastline retreat in western Colac Bay, this delicate natural balance was interrupted by the placement of coastal defences (either/both the 1930s brushwood fences or 1955 rock revetments) to protect a stretch of land immediately behind the road. This 'protection' was placed in an ad hoc manner with little knowledge of the long-term coastal processes or consideration of effects on the adjacent beach. The presence of the defences caused subtle changes in the near-shore morphodynamic interaction between the waves, sediment and resulting shoreline position. The steeper and harder coastal defence structures reflect more wave energy compared to the natural beach, which draws more sediment away from the beach face leading to beach erosion through longshore drift and results in an overall lowering of the beach level in front of the revetment. The expansion and extension of the protection works subsequently led to further erosion and necessitated further protection. As a result of the various protection works the beach along western Colac Bay is almost unrecognisable compared to its pre-intervention state, with rock revetments in the place of gravelly-sand berms and dunes.

This sequence of coastal protection works has been observed at many locations in New Zealand, and the processes and risks arising from this approach are described in flow-chart form in Figure 6. At Colac Bay, where all the houses are now protected but the access route is now at risk, this process is in the stage of cyclic outflanking and extension of the coastal defences. Colac Bay had previously reached the further stages of this as evidenced in the realignment of the Foreshore road to pass behind the urupa and associated revetment construction works.

The historic erosion (pre-1955) at Colac Bay appears to have been localised cross-shore sediment movement caused by short-term storm erosion which was addressed by the protective works, i.e., a back and forth movement of beach material onshore and offshore in response to storm conditions but with little overall sediment loss. Since this time there appears to have been a wholesale shift in beach erosion dynamics from localised cross-shore retreat to a wider-scale erosional regime where the primary sediment movement is a one-way flow eastward, causing the erosion to sequentially move along the beach. The shift in dynamics has been exacerbated by defence construction that has accelerated the overall changes to beach sediment transport.

The rate of shoreline retreat has been estimated in past reports. The following numbers represent the trends observed along Colac Bay and provide a guide to future erosion:

- a long-term average erosion rate of 0.1 to 0.25 m/yr over the 67 year period 1888 to 1955 (T&T 1997)
- an average erosion rate of 0.14 m/yr (using the vegetation line as a reference) for the period 1955 to 1997 (T&T 1997)
- anecdotally, the beach berm adjacent to the 2012 protection works appears to have retreated at least 1 m into the road-verge since then, indicating a rate of 0.3-0.4 m/yr.

These values indicate that erosion of 0.1-0.2 m/yr has previously occurred along Colac Foreshore Road in the area now protected, but the erosion may have recently accelerated along the unprotected stretch of coastline and particularly adjacent to the revetments.

At the transition from the revetment to natural beach it is clear that the revetment slope (1:2) is steeper than natural slope of the beach (1:3-1:4), e.g., Figure 3d. Consequently, in this location **the beach is trying to lay-back to its natural slope in response to the wind/wave action**. The toe position of the beach gravels will remain in a similar cross-shore location to the revetment toe, therefore to accommodate the 1:3 or 1:4 natural slope the beach crest will naturally retreat by eroding further into the roadway. It is difficult to predict the distance inshore that the beach will erode if left unchecked as this retreat is dependent on the material encountered, whether improvements to the end of the existing revetment are made and other changes in environmental conditions (vegetation, sea level, prevailing wind/wave direction). It is noted that if this shoreline retreat was to occur further along the beach past the "Trees" then it would not be a major problem because of the wide beach surface with ample sediment build up, absence of road on the backshore and the adequate building setback distance of the Oyster Lane development (approximately 50 m from the present beach) for building platforms. However the "Trees" surf break may be adversely affected.

Future climate changes will also influence the coastal processes contributing to erosion.

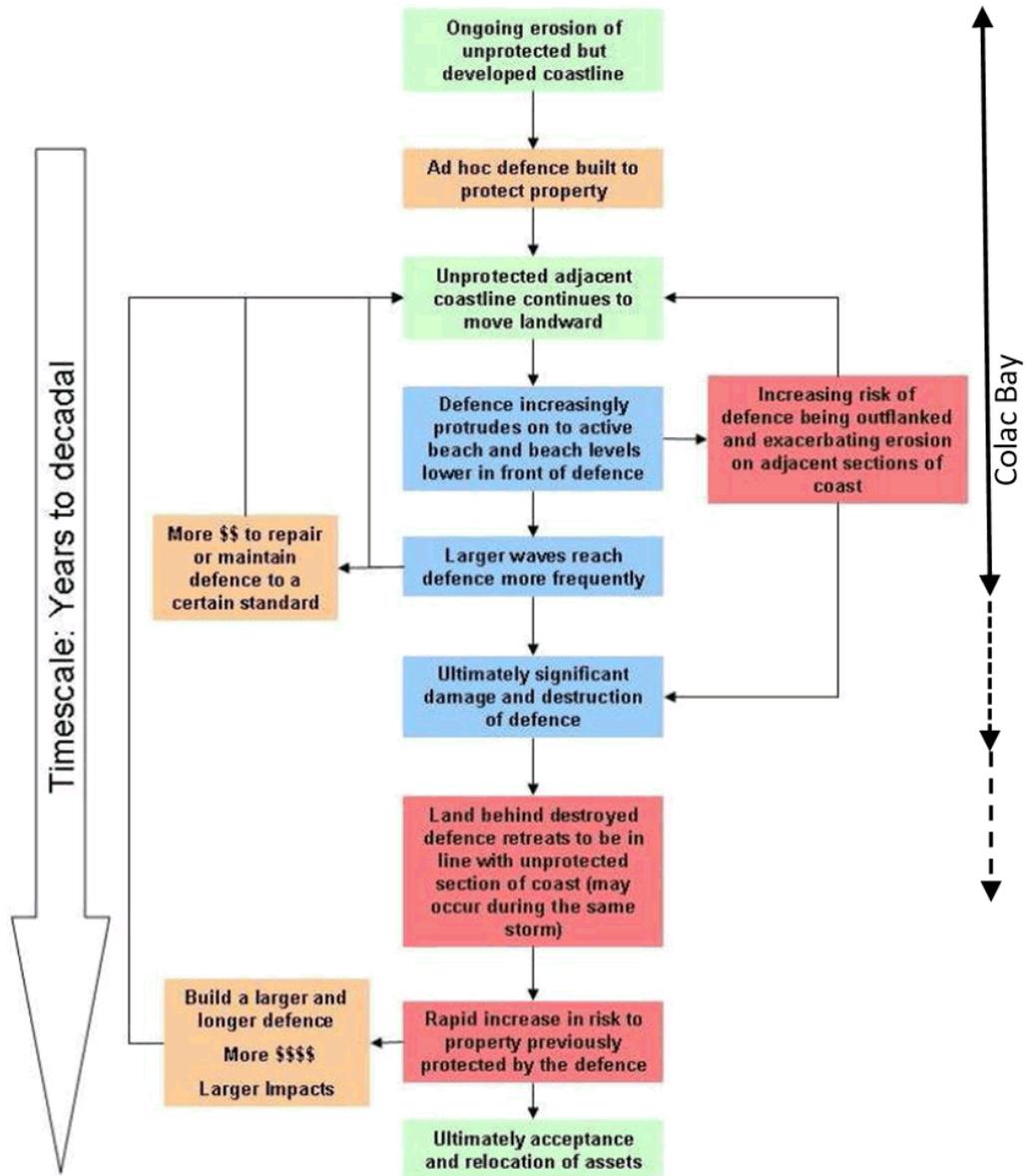


Figure 6 - Typical timeline of the protection offered by, and effects of, ad hoc coastal defences on an eroding coastline (courtesy Doug Ramsay, NIWA Client report HAM2007-007).

4.1 Climate changes

One of the key influences on long-term coastal stability is the ability of the beach system to respond to future climate changes such as sea-level rise, regional changes to wind/wave direction or storm intensity.

Regarding sea level rise, the latest Intergovernmental Panel on Climate Change (IPCC) 5th Assessment Report of Working Group I (Physical Sciences) was released with sea-level rise projections using different Representative Concentration Pathways (RCPs) for carbon emission trajectories. The plausible range of IPCC projections is for an increase of 0.5 to 1 m in global-mean sea level by 2100, with an additional caveat of several decimetres if an accelerated ice-sheet response ensues (Figure 10).

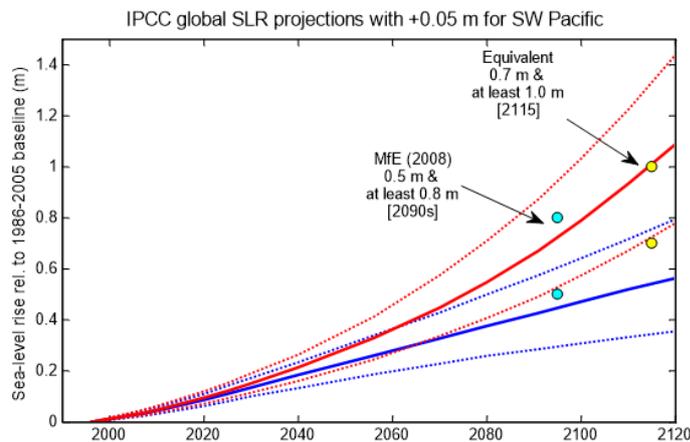


Figure 10 - IPCC (2013) sea-level rise projections out to 2120 that include an additional 0.05 m increase in the SW Pacific over and above the global-average. The blue lines are for the RCP2.6 scenario (severe curbs on emissions and zero by 2100) and the red line for RCP8.5 (business-as-usual global emissions). The two tie-points in the MfE (2008) sea-level rise guidance manual for the 2090s are marked (blue dots) along with the equivalent tie-points extended out to 2115 (100-year period).

The most-recent national guidance on sea-level rise values to use is the 2008 MfE Guidance Manual for Local Government on Coastal Hazards and Climate Change (MfE, 2008). The guidance is based around a risk-assessment framework where the consequences for any project or plan change should be investigated for a range of sea-level rises, starting with 0.5 m (by the 2090s) and at least considering 0.8 m (2090s). Given that the New Zealand Coastal Policy Statement (DOC, 2010) stipulates that **planning timeframes of at least 100 years need to be considered, the equivalent values start with a sea-level rise of 0.7 m and should at least consider 1.0 m by 2115**. Any future long-term 'solution' to coastal erosion must incorporate this guidance. It should be recognised that *all* fixed coastal protection structures will provide a reduced level of protection as sea level rises.

With climate change it is also likely that the storm-driven extreme sea-levels of the present day will occur more frequently as sea-level rises. For example in 50 years the elevated water levels from a 1 in 100 year storm event of 2015 (a 1% likelihood of occurring each year on average) may occur as often as every 10 years (a 10% chance of occurring each year). Essentially, without upgrading the protective structures the likelihood of larger overtopping events and destructive events is increasing (e.g., flow chart of Figure 6).

## 5 Specific concerns for Colac Bay

### 5.1 Historic gravel pit

A gravel reserve was designated on the 1881 survey, and although the exact dates of extraction are not known, aerial photos show gravel extraction began after 1955 and was completed by 1981 with total extraction area of approximately 55 Ha (Figure 7). The current floor level of the gravel pit appears to be 2-3 m below the surrounding land, although with rough depressions and mounds. The material extracted is assumed to be used for construction of the adjacent highway. A wetland appears to have naturally formed at the cessation of gravel extraction, as is common when extraction ceases upon reaching the water table. As shown in Figure 7 a small (approximately 80 m x 50 m) landfill is seen to be operational in 1981, 1993 and 2000 aerial photographs but appears to be closed as of 2007. The former landfill is set back approximately 100 m from Colac Foreshore Road, with access currently via a locked gate. A small amount of illegal 'out of bounds' dumping is expected within 20-30 m of the former landfill site especially as landfill access was at times unrestricted in its earlier years (pers. comm. CFC member 25-5-2015).



**Figure 7 - Former gravel pit site along Colac Foreshore Road showing partial infilling as wetland and landfill. The extracted gravel is thought to have been used to construct the nearby highway visible at the top of the image. White line indicates the approximate gravel pit boundary; white shading indicates approximate landfill extent. Aerial photograph source: SDC, dated 1993.**

In the scenario that Colac Foreshore Road is removed and the beach erodes into the former gravel pit, it is unlikely that the beach erosion will accelerate after reaching the gravel pit as there is a sufficient volume of gravel remaining to resist erosion. In this scenario a small amount of the illegally dumped landfill material is expected to reach the beach face, which may be tidied as needed. Wholesale coastline retreat of over 120 m to reach the landfill is a highly unlikely outcome in the foreseeable future.

## 5.2 Surf break

The 'Trees' surf break, midway along Colac Bay, is recognised regionally and its surf conditions are reported on various websites<sup>2</sup>. It is a sandy beach break with reliable surf. It can have good surfability at all tide stages and all times of the year, but is best with a southerly swell and northwest wind.

Being a beach break means the surf quality is strongly influenced by the state of the offshore bars and sand on the intertidal flat (as opposed to a point- or reef-break which is controlled by the fixed bedrock features). This means that any nearby changes to the nearshore dynamics, sand supply and beach sediments may alter the location, form and quality of the surf break. In the scenario that the rock revetment was extended along the remainder of Colac Foreshore Road (as desired by the CFC for road access protection), then the sediment stripping which has occurred at western Colac Bay is also likely to occur here. This change to sediment dynamics on the upper foreshore is likely to influence the surf break as an unintended consequence of any coastal protection works. Indeed, there are few options for complete road access protection without some risk to the surf break.

## 5.3 Beach amenity and access

Prior to construction of any rock protection measures the foreshore of Colac Bay was a wide grassed/tussock gravel and sand berm (pers. comm. CFC member 25-5-2015). The beach amenity at this time was good, with wide and easy access but little storm-erosion protection. Since the installation of the rock protection works, the wide grassed berm has disappeared and the beach itself is wide and sandy at low-tide but the water reaches the rocks during mid to high tide. Current beach access for the public is either scrambling down the often slippery and mobile rocks or one of two 'access points' where 'steps' are provided down the revetment (Figure 8).



Figure 8 - Current beach access (approximately 10m west of Colac Bay Road).

<sup>2</sup> E.g., [http://www.nzsurfguide.co.nz/surf\\_breaks/southland/colac-bay](http://www.nzsurfguide.co.nz/surf_breaks/southland/colac-bay) or <http://www.metservice.com/marine/surf/colac-bay>

At the meeting with the CFC the point was raised as to whether concrete steps could be placed to create more user-friendly access to the beach. A well-constructed and pre-cast concrete staircase (a straight and single flight) could be placed on top of the existing revetment and attached to some of the larger and more stable protective rocks. The key to successful installation would be the strength of pre-cast unit and site selection of large and immobile rocks. The structure may require a resource consent for placement/construction in the coastal marine area.

Such a stairway would increase the volume of water/gravel overwash onto the road, but the CFC considers this an acceptable consequence and the effects could be addressed as maintenance.

## 6 Erosion management practices

### 6.1 Common engineering approaches

Coastlines are dynamic areas, and trying to control how coastlines change is typically a very expensive and often futile activity which in many cases exacerbates problems along adjacent coastal areas. Engineered approaches do have a place as part of a successful coastal defence, but are often less successful at mitigating region-wide or long-term beach retreat (i.e., Colac Bay) than mitigating short-term storm damage (i.e., resisting the effects of the highest tides and largest waves of a storm). There are two general engineering approaches for management of coastlines where the overall trend is a beach/region-wide coastal retreat:

#### 1. “Hard” engineering:

Coastal defences such as seawalls built to “hold the line” or “advance the line” are often viewed as solutions to coastal erosion problems. Unfortunately such actions tend to be reactive, are rarely the most effective option in the long term, lead to a false sense of security, often permit further development behind the structures, and often lead to other environmental damage. Further, there is an expectation that such defences will be maintained *in perpetuity*, leading to ever-increasing financial commitments to maintain and upgrade such defences. Examples of hard engineering include revetments, groynes, breakwaters and seawalls. Colac Bay is an excellent example of hard engineering solutions causing adjacent erosion, changing the overall beach dynamics and exacerbating beach erosion. There is a place for these types of structures in the coastal environment, but they should be viewed as secondary defences or back-stops to a primary defence of improved management of the coastal environment through planning and development controls.

Several specific “Hard” engineering approaches were suggested by others for Colac Bay and are addressed on the following page.

#### 2. “Soft” Engineering:

“Softer” approaches including “managed retreat” or “wait and see” are most often viewed as interim measures, but can be more successful in the long-term when managed carefully in conjunction with proper planning and development controls. These options include beach nourishment and dune/vegetation management which work with the natural coastal processes to manage and mitigate erosion effects. Beach nourishment involves removing large volumes of sand and gravel from a suitable source and re-depositing it near the eroding stretch of coastline. This is likely to be required periodically, say every 5-10 years at a fairly substantial cost, with additional top-up required following storm erosion. An aggressive planting regime to naturally stabilise the upper beach foreshore should not be a stand-alone option as it takes time to develop into a coastal defence.

The cost of soft engineering works is often less than hard engineering, with an improved aesthetic compared to hard engineering. However, there is a trade-off to acknowledge that the solution may not be long-term and the coastline may naturally advance and retreat around this protection.

## 6.2 Options suggested by others

During discussions with the CFC and Council staff a number of specific engineering solutions were mentioned and discussed. Outlined below are the physical processes and risks associated with construction of these options at Colac Bay. The options put forward were:

- A. *A single groyne at the end of the existing wall:*  
Groynes are commonly used to control the longshore transport of sand and gravel. However, as they trap sand and gravel which moves along the coast they can cause some quite significant down-drift erosion impacts (i.e., exacerbated erosion along adjacent sections of coast). Where groynes are used they are often supplemented with beach nourishment, i.e., sand or gravel placed to increase the width of the beach, which changes the function of the groyne to hold the nourished sediment rather than interrupt the natural sediment transport. Given the scarcity of sediment availability, the history of intervention resulting in exacerbated erosion and the nearby surf break, a groyne is unlikely to prove a successful mitigation option for the coastal erosion at Colac Bay. Constructing a properly designed groyne is also likely to be prohibitively expensive and unsuitable for the Colac Bay physical environment.
- B. *An offshore breakwater near the end of the existing wall:*  
Offshore breakwaters are designed to interrupt the wave driven sediment transport by creating a wave-shadow on the beach and allow the shoreline to advance in the lee of the structure. However, as they trap beach material in the lee, they can cause down-drift erosion effects, and if improperly designed the sediment accumulation can be to the extent that it acts as a sand-groyne, with the same down-drift erosional consequences. If designed properly, the trapped sediment may widen the beach and combat the erosion. However, constructing such an offshore breakwater is often prohibitively expensive, and as the area of beach widened is proportional to the size of the structure, Colac Bay would require a large and costly structure.
- C. *Protect the remaining Colac Foreshore Road with a rock revetment:*  
Extending the existing rock revetment for another 1 km (including rebuilding the 2012 emergency works) would “hold the line” by extending the fixed barrier eastward. However, this approach would have similar consequences to the prior revetment works – sediment stripping from the beach face, beach level lowering and erosion of the adjacent beach. While the beach eastward beyond such a revetment is wide and capable of retreating, the most notable environmental effect of constructing this revetment is likely to be the loss, or irrevocable change to the “Trees” surf break. The extension works would be more costly than the prior works due to the need for larger rocks (because of the larger waves experienced in this more exposed part of the bay) and the absence of reusable existing rock.
- D. *Do nothing (close the road):*  
The “retreat” option is to accept that the regional-scale influences on coastline position are beyond the capability and affordability of council engineers to manage *in perpetuity*. This approach often involves relocation of houses and relinquishment of private land to the beach. **In the long term, if left un-hindered, the coastline along Colac Bay is likely to retreat inland beyond its current position and establish a new equilibrium position.** It should be noted that Colac Bay is in the unique position that there is an existing adjacent access route a safe distance from the shore and no development behind Colac Foreshore Road, so retreating is a reasonable option with the limited financial requirements. However, this approach is unacceptable to the CFC who wish to maintain road access.

Whilst there are many other types and combinations of engineering approaches that could be considered, in essence there are no simple feasible options that are either affordable, would not cause significant down-drift erosion effects, or are acceptable to all parties at Colac Bay.

## 7 Recommendations for managing future coastal change at Colac Bay

The community meeting highlighted a tension between the CFC and SDC with regards to the expectation for protection of road access and limited funding to build such protection, which is combined with the joint desire for limited environmental impacts to the bay. The CFC is of the opinion that Colac Foreshore Road should be protected and that an engineering solution is the main way to ensure access continues. However, SDC has limited funding for coastal protection works and cannot justify large expenditure on this roadway when there is a suitable highway some 300 m inland. As outlined in Section 4 and Section 5, **there is no single clear and long-term mitigation option for Colac Bay, especially considering the specific features of the Bay, and any reasonable middle-ground solution will involve a compromise between the two distant perspectives.** This will involve cooperation and compromise from both parties, i.e., a lower level of protection with some access and at some cost.

As outlined above (and as seen at Colac Bay) the negative impacts of coastal protection works are well known and great care needs to be taken, particularly with structural solutions such as seawalls and revetments, to ensure that such impacts do not occur. However, where such structures are built appropriately they can provide an effective interim measure of increasing the standard of protection by acting in conjunction with the existing beach and utilising “softer” engineering approaches.

The following sections outline a recommended approach comprising 1) ongoing maintenance and monitoring, 2) immediate mitigation action while design and finances are managed for 3) interim protection measure options and 4) suitable long-term management options.

### 7.1 Ongoing maintenance and monitoring

#### 7.1.1 Maintenance

The existing rock protection is in need of some preventative maintenance to ensure that its level of protection does not diminish without further maintenance:

- At opportune times, an excavator placed on the beach at low tide may “walk” along the foreshore, collecting rocks which have migrated away from the revetment toe and re-depositing them on the revetment face to plug gaps. These small actions will increase the lifetime of the protection offered by the revetment.
- Where possible, localised slumping patches should be backfilled with new rock material and gravel spread between the gaps.
- The continued management of minor subsidence of the revetment rear face through backfilling, road sweeping and allowing vegetation to grow.

This type of maintenance work should continue to be performed periodically to maintain the current state of protection and would be considered maintenance of existing structures for resource content.

To address the minor erosion along the boat-ramp access road, additional rock should be placed on the beach berm below the erosion scarp to prevent further undermining and erosion.

### 7.1.2 Monitoring

Independent of which management approach is chosen, **the beach should be monitored and photographed regularly to document the ongoing beach evolution.** This monitoring will serve to establish the effectiveness of the ongoing maintenance, the outcome of any intervention measures and inform engineers considering the long-term mitigation options.

The monitoring should include GPS beach profiles every 6 months to establish quantitatively the stability of beach width and sediment volume, and regularly photographed to record vegetation and sediment position and characteristics. Ideally, beach profiles at 150-200 m intervals along the whole beach would be most informative, however to assess effectiveness of interim measures then profiles between the eastern-most house on Foreshore Road until 300 m past the "Trees" would suffice.

### 7.2 Immediate mitigation

As the process of deciding the extent of the interim or longer-term protection works and who/how they will be funded can take some time (years in many cases), **it is recommended that an immediate intervention be undertaken at Colac Bay to prevent deterioration of the beach and revetment before any more-permanent erosion mitigation is in place.** The timeframe for this work is considered within 6 months in the hope of intervening before any severe storms erode the beach irreparably. The immediate actions include:

- The one-off nourishment (differing from the ongoing nourishment described as soft-engineering within Section 6) of a 100 m section of the beach with beach sediment collected from the Tihaka end of the beach (collected from the rear of the beach berm, not the beach face). This should be placed on the low-tide sand flat in front of the last 40 m of the 2012 emergency works rock and in front of the eroding stretch. Where possible it should be re-graded to a natural beach profile with a narrow crest.
- Aggressive planting of re-nourished beach berm and upper beach face within 200 m of the emergency works rock (e.g., a community planting day). This should be with plants known to survive the rigours of beach exposure in Southland (tussock, flax). Ceasing any roadside spraying will aid the plant establishment.
- Maintenance of the nourished and planted beach. After storm events, material which is cast onto the road should be swept back to the berm. Similarly, if sediment slumping is noted in the eroded areas of the beach this should be re-scraped to the beach berm and roadside. Any plants which die or are washed away should be replanted.
- Restrict any further development in areas of coast along Colac Foreshore Road beyond the end of the current revetment as a measure to permit a future option of relinquishing the road to the beach should the interim protection measure be unsuccessful or the cost of maintaining/extending the structure be unacceptable to SDC and ratepayers. This would also recognise and provide for the likely impact of sea-level rise.

The recommended maintenance and monitoring (see Section 7.1 above) should continue alongside these immediate actions.

### 7.3 Interim protection measures

As highlighted above and throughout discussion with all parties, the contrasting perspectives and environmental sensitives mean there is not one clear solution to address the current issues and future changes without incurring some cost. Therefore, **two interim mitigation measures are proposed to ‘buy some time’ to permit development of a unified long-term strategy for managing the coastal change along Colac Foreshore Road.** These interim options differ in their coastal management strategy as one is a “hold the line, temporarily” approach and the other is a “managed retreat” option. The options both take a step towards keeping the roadway open in the short term and both involve a financial investment with community input. Most importantly, while addressing the present issues, selection of either option will not exclude any of the future long-term options.

There is a risk that these mitigation options will be unsuccessful at managing the coastal erosion in the interim timeframe if there is a large storm event or unforeseen outcomes.

#### 7.3.1 Structural mitigation: transitional revetment extension

The “hold the line, temporarily” option suggested is a multi-faceted approach designed to address the many contrasting processes and perspectives at Colac Bay. The design is an attempt to prevent the erosion worsening at the current location, interrupt the beach-wide erosional tendency and reduce the edge-effects adjacent to the present revetment. **The key component of this design is the smooth transition from rock-dominant revetment with 1:2 fore-slope to a gravel-dominant beach with few rocks and fore-slope of 1:4-1:5.** This form of transitioning the revetment through a flatter slope and sparser rock placement is not as visually appealing as a natural beach or traditional rock revetment and will not be an inexpensive option. However, this approach forms a first step to intervening, maintaining the current road within the legal parcel, and holds flexibility for any long-term strategy.

This option is described schematically in Figure 9 with steps for implementation below.

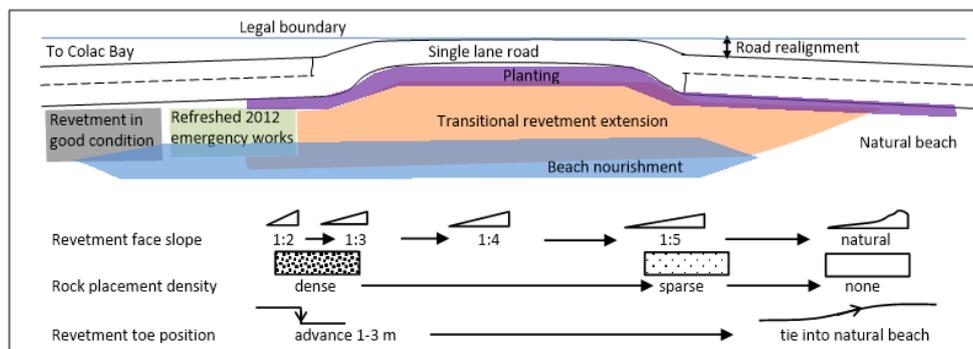


Figure 9 - schematic of proposed transitional revetment extension.

1. Realign and narrow Colac Foreshore Road inland as much as possible within the existing legal boundary. The most effective version of this will be reducing it to one lane for a 200 m length around the protection works. This realignment will gain 2-4 m of beach width for the protective works.

2. Rebuild and strengthen the 2012 emergency works section of the existing revetment. This should include placement of new rock in exposed locations, at the crest, and embedding additional rock at the toe of the revetment – the rock sizes should be finalised during a detailed design phase. This will ensure the level of protection to the community and road does not decrease without further maintenance of the existing structure.
3. Extend the revetment by 100-150 m with a revetment of variable foreshore slope, decreasing rock placement density, and a toe extended seaward. This extension will transition from a 1:2 slope adjacent to the existing revetment to a 1:4 or 1:5 slope at its end; it will also transition from a rock-dominant revetment to a gravel-dominant beach by decreasing the rock placement density along its length (i.e., larger spaces between rocks). The revetment toe also advances seaward by 1-3 m to allow for the flatter slope layback in conjunction with the realigned road. The revetment should be backfilled with beach gravel extracted from the Tihaka end of Colac Bay.
4. Nourish the beach in front of the 2012 emergency works and revetment extension with sand and gravel extracted from the Tihaka end of Colac Bay. The sediment should be placed on the revetment face as a wedge above the low-tide sand flat, reaching 2-3 m up the revetment. It should also be placed over and throughout the refreshed 2012 emergency works and revetment extension. The nourished beach should be graded to align with the natural beach profile where possible.
5. Plant vegetation after the nourishment and regrading works on the beach crest, upper foreshore and road verge. This should be with plants known to survive the rigours of beach exposure in Southland (e.g., native tussock or flax). Ceasing any roadside spraying will aid the plant establishment. The community is encouraged to engage in this planting phase and continue to maintain and replace any plants which die or a washed away rather than wait for SDC maintenance cycles.
6. Maintain the existing and new structures. During winter and after any large storms, the beach should be re-scraped at low-tide to re-gather rock and gravel that has migrated offshore. As the rock revetment settles into place it should be topped-up annually with additional rock and gravel.

While undesirable from a tourism access route, it is reiterated that ultimately the longer-term approach is most likely going to need to involve removal or complete realignment of Colac Foreshore Road, and this interim measure is to 'buy some time' over a while decisions are considered.

### 7.3.2 Non-structural mitigation: realign the Colac Foreshore Road.

The "managed retreat" option suggested allows the beach to naturally adjust to a new equilibrium shoreline position by relocating the Colac Foreshore Road a short distance inland and out of the current erosion risk zone without further changes to the beach system itself. **The realignment involves part-purchase of the former gravel pit and require some backfilling to form a suitable road foundation.** This retreat option is not as visually appealing as a natural beach or traditional rock revetment as it will leave an exposed revetment and eroding beach.

This option is schematically illustrated in Figure 10, with steps for implementation below.

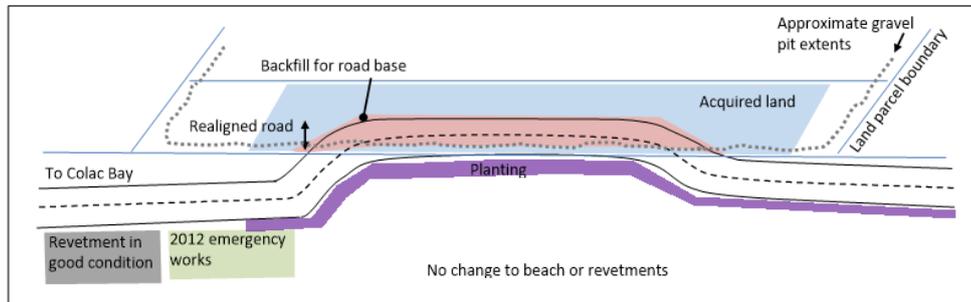


Figure 10 - schematic of proposed road realignment.

1. Acquire land from the former gravel pit approximately 20 m wide or as wide as recommended after considering adequate setback distances.
2. Backfill a strip 5 m wide and 150 m long to a level suitable for road foundation. It is envisaged in the first stage the road may only be built 5 m from the current alignment, only using a fraction of the acquired land, therefore minimising the required fill volume for road foundation. If the beach erosion then continues, the council can iteratively fill and realign the road further inland.
3. Construct as a gravel road with appropriate signage and protective guardrail/berm before removing the existing road surface.
4. Plant vegetation on the beach crest, upper foreshore, road verge and former road surface. This should be with plants known to survive the rigours of beach exposure in Southland (e.g., native tussock or flax). Ceasing any roadside spraying will aid the plant establishment. The community is encouraged to engage in this planting phase and continue to maintain and replace any plants which die or are washed away rather than wait for SDC maintenance cycles.
5. Monitor the beach condition, crest position and revetment end as the new beach equilibrium position develops.

This option gives some control over timing and cost to the community and council by varying the realignment offset distance and the size of land purchased to allow either/both a two-lane road or a larger setback for the expected beach retreat.

For this option, the interim status means shifting the road to a location that is just out of the current danger zone may be at hazard in the longer term (but at least this buys some time) or may even turn out to be safe (and a long-term solution) once more is learnt about how the shore stabilises through monitoring. In contrast, a long-term solution would be to shift it a conservative distance inland now (say, 50 m) to avoid the potential costs of shifting the road multiple times.

The gravel surface of the road is envisaged as temporary in order to accommodate quick construction or modification following storm events. This form of managed coastal retreat leaves the end of the current revetment exposed and susceptible to erosion and undermining from wave attack

and sediment stripping, consequently it will require active monitoring and/or pre-emptive placement of rocks to prevent erosion outflanking the revetment. However, this approach maintains the current road access and holds flexibility for any long-term strategy with fewer ongoing maintenance commitments than a revetment.

#### 7.4 Long-term options

The suitability and extent of any future works will need to be refined through assessing the performance of the interim protection works, analysis of beach monitoring results along with incorporating sea-level rise policies, community needs and funding conditions.

In relation to the form of a future long-term coastal management strategy at Colac Bay that addresses the funding restrictions and community wishes, the options are limited to minimal intervention such as “do nothing”, “managed retreat”, or substantial intervention such as “hold the line”. There is little or no middle ground between these perspectives due to the site specific complications and erosion history.

The options below are all presented assuming the ongoing maintenance, monitoring and immediate actions have all been performed.

##### 7.4.1 Do nothing

In the long term, if left unhindered, the coastline along the unprotected stretch of Colac Bay for 300 m east of the current revetment is likely to establish a new equilibrium position by retreating inland beyond its current position. Without any intervention, it is expected to retreat by up to 1-2 m per year to a total of 5-15 m. The retreat will be greatest immediately adjacent to the existing revetment and will reduce further east along the beach. This will force closure of Colac Foreshore Road through uncontrolled undermining and erosion.

The beach erosion is not expected to accelerate after reaching the gravel pit as there is a sufficient volume of gravel remaining to resist erosion. In this scenario a small amount of the illegally dumped landfill material is expected to reach the beach face. Note that coastal erosion reaching the historic landfill is a highly unlikely outcome in the foreseeable future.

Because there is a suitable alternative access route (SH99), this option has the lowest cost to the council for implementation, however it has the greatest uncertainty for the community in the unpredictable timing and severity of storm erosion causing road closure.

##### 7.4.2 Managed retreat

Colac Bay is in the unique position where there is an alternative access route and there are no dwellings along the eroding stretch of road. This means that there are reasonable options available for little cost. The simplest options are:

1. Pre-emptive closure of Colac Foreshore Road before a forced closure. This would involve removal of the tar seal and redirecting vehicular tourist traffic along the adjacent highway. A gravel walking track could be left for pedestrian and cycle access along the rear of the foreshore as long as possible. The beach may then be left to adjust to a new equilibrium shoreline position. This option would allow the community and council to control the closure timing and better manage the implications of the closure on tourism and access.

2. Complete and permanent realignment of Colac Foreshore Road inland through part-purchase of the former gravel pit. This option is the ultimate extension of the interim option described in Section 7.3.2 and would relocate the road a conservative distance inland (say, 50 m) such that there would be minimal risk of erosion over the “long term”. Partial filling of the wetland within the gravel pit would be required for roadway foundation. This option gives some control over cost and timing to the community and council by managing the area of land purchased, quality/width of the realigned road surface (gravel or sealed) and the setback allowance for beach retreat. A key question is whether it would be more economical to choose this long-term option now or to choose the interim, less conservative relocation option and run the risk of having to shift the road again (perhaps several times).

There are several variations of this option which may be developed further through consultation with the affected stakeholders. Any managed retreat option will require ongoing monitoring along with review timeframes and thresholds for intervention. The design of road setbacks for a permanent road will require specific consideration of sea-level rises, analysis of extreme sea levels in conjunction with acceptable road serviceability.

It appears that in the long term, this “managed retreat” through road realignment or closure is the most suitable option given the complexities of the site and stakeholders.

#### 7.4.3 “Hold the line”

If the Council and Community decide to “hold the line” to protect Colac Foreshore Road with understanding of the cost and that this is likely to cause continuation of the existing erosion-protection cycle (i.e. flow chart of Figure 6) and may have further downstream environmental consequences (i.e., beach erosion and influencing the surf break), then attention should be drawn to the following:

- Any further defence structure should be located (where possible) landward of the present active beach, with the interface of the beach and structure well above present day high-tide levels, i.e., the beach itself is left in front of the defence so the defence acts as a back-stop to erosion. This would involve excavation, construction and re-building the beach in front of the structure.
- The crest of any structure should not extend significantly higher than the level of the land behind it, with a crest width of at least 2 m wide if a rock revetment.
- Rock backfill and under-layers for geotextiles should be found from an external source and not from the immediately adjacent beach (the wide Tihaka end of Colac Bay would be an ideal source for gravel material).
- The fore-slope of any revetment should be flatter than the present 1:2 revetment slope.
- The final design will need to consider sea-level rise and analysis of extreme sea levels and erosion likelihood during storm events.

Note that any fixed structure along the coastline will provide a reducing level of protection as sea-levels rise into the future.

## 8 Rough-order volumetric estimates

Each of the coastal management options outlined in Section 7 were developed to such an extent that volumetric estimates of material quantities could be made. These volumes were to assist rough order costs estimates by the Council who hold local knowledge of material sourcing, cartage and placement rates. The cost estimates will assist decision making for the Community and Council.

A summary of the volumetric estimates associated with construction of each option are shown in Table 1 with the annual operational maintenance volumes shown in Table 2. See Appendix A for detailed breakdown of calculations with explanatory diagrams - this is a printed-version of the excel spreadsheet used to compile the estimates.

The costing estimates for each option should be developed firstly based on the descriptions of Section 7 with the volumetric estimates used as a supplementary reference.

If local material properties are unavailable, the recommended unit density for armour stone is 2,650 kg/m<sup>3</sup> and the recommended bulk density for gravel is 2,000 kg/m<sup>3</sup>.

Where possible, the gravel material for beach nourishment should be drawn from a source with similar properties to the beach itself (i.e., particle size grading, density, angularity and colour) such as the backshore at the Tihaka end of the Colac Bay. The fill placed inland for road foundation does not have this recommendation.

Note that these estimates are quantities only with no provision for labour, construction complexity/methodology, contract management or otherwise. This phase of estimation does not constitute detailed design and the cost for detailed engineering design should also be factored into the selected option.

### 8.1 Construction volumes

The volumetric estimates associated with construction of each option represent the rough order magnitude of material quantities for construction. The "volume of excavated rock" (options 3a, 4d) represents the removal of the 2012 emergency works protection. The "volume of imported armour stone" (3a, 3b, 4c, 4d) represents importation and placement of new armour stone for revetment extensions. The "volume of excavated gravel" (4d) represents excavation for the revetment foundation – this volume will be re-placed in front/on-top of the structure. The "volume of imported gravel" (2, 3a, 3b 4c, 4d) represents the amount required for both beach nourishment and/or gravel-pit infill for road foundation.

Note that the outer rock/armour stones should be placed individually (or small groups) by excavator (i.e., not end-tipped by truck) to maximise interlocking and erosion resistance. Similarly, the majority of the gravel nourishment should be excavator-placed at/on the toe of the revetments as per the diagrams.

Table 1: Volumetric estimates associated with construction of each coastal management option.

Option		1	2	3a	3b	4a	4b	4c	4d
Timeframe		Ongoing	Short term	Medium term		Long term			
Item	Name	Ongoing Maintenance	Immediate mitigation -buy time for decision making	Interim protection (structural) - Transitional Revetment	Interim protection (non-structural) - Road realignment	Do Nothing - uncontrolled road closure	Managed retreat - controlled road closure	Managed retreat - road realignment	Hold the line - 750m revetment extension
Volume of excavated rock (i.e., 2012 emergency works rock)	(m <sup>3</sup> )	-	-	179 (0)*	-	-	-	-	179 (0)*
Volume of imported armour stone	(m <sup>3</sup> )	-	-	918 (662)*	(115.2)**	-	-	(115.2)**	5652 (5568)*
Volume of excavated gravel (i.e., for foundations)	(m <sup>3</sup> )	-	-	-	-	-	-	-	3750
Volume of imported gravel (i.e., fill or nourishment)	(m <sup>3</sup> )	-	275	788	1050 (1150)**	-	-	9000 (9100)**	1125**
Area of geotextile underlayer	(m <sup>2</sup> )	-	-	-	-	-	-	-	7500
Area to plant	(m <sup>2</sup> )	-	100	100	300	-	1200	1000	563
Area of road to remove	(m <sup>2</sup> )	-	-	-	900	-	1200	900	-
Area of road to form	(m <sup>2</sup> )	-	-	-	900	-	24	2275	-
Land area to purchase	(Ha)	-	-	-	0.2	-	-	1.5	-

\* ( ) indicate the volume required if the option to place the new layer of armour stone directly over the existing 2012 emergency works section is selected

\*\* ( ) indicate the optional pre-emptive 20 m revetment extension to prevent further outflanking and erosion

\*\*\* excludes re-placement of any gravel excavated for revetment foundations

8.2 Annual maintenance volumes

These volumetric estimates associated with annual operational maintenance represent the susceptibility of each option to regular storm battering. Note that values shown are additional to the ongoing maintenance (Option 1) which is assumed to underlay all options as it involves maintenance of the existing structures. The options which do not involve active beach-front management (such as road closure or realignment) have no additional ongoing maintenance volumes as the intention is to allow the beach to naturally retreat inland. The “volume of imported armour stone”, “volume of imported gravel” and “area to re-plant” represent replacement of lost material during storm erosion (e.g., replacing the lost volume for 3 storms per year which each erode 10% of the initial nourishment).

Maintenance of the immediate (2) and interim (3a) mitigation nourishment needs only to continue until a longer-term management approach is in place.

Table 2: Volumetric estimates of annual operational works for each coastal management option.

Option	1	2	3a	3b	4a	4b	4c	4d	
<b>Item</b>	<b>Name</b>	Ongoing Maintenance	Immediate mitigation - buy time for decision making	Interim protection (structural) - Transitional Revetment	Interim protection (non-structural) - Road realignment	Do Nothing - uncontrolled road closure	Managed retreat - controlled road closure	Managed retreat - road realignment	Hold the line - 750m revetment extension
<b>Volume of imported armour stone</b>	<b>(m<sup>3</sup>)</b>	13.5*	-	13	-	-	-	-	23
<b>Volume of imported gravel (i.e., fill or nourishment)</b>	<b>(m<sup>3</sup>)</b>	-	82.5	165	-	-	-	-	338
<b>Area to re-plant</b>	<b>(m<sup>2</sup>)</b>	-	30	30	-	-	-	-	169

\* Ongoing maintenance should occur in addition to all options

## 9 Summary and recommendations

### 9.1 Overview

This report addresses the request for advice about coastal erosion in Colac Bay, Southland, specifically to communicate the physical processes contributing to the ongoing erosion and provide practical mitigation options taking into account the contrasting perspectives of stakeholders.

The problem of coastal erosion at Colac Bay has been ongoing since the 1930s and led to the construction of the extensive rock revetments. However, the construction of the protection works further destabilised the natural equilibrium between sediment supply, wind/wave conditions and shoreline position and ultimately contributed to exacerbation of erosion along the beach front. There has been a cyclic process of erosion outflanking the protection works which has subsequently required extension of protection works along the beach. This has occurred to a point where all dwellings are adequately protected by the rock revetment, but the access route along Colac Foreshore Road is at risk. A large proportion of the sediment which has been stripped from the foreshore of western Colac Bay has migrated east through longshore transport to the Tihaka end where the beach is now 40-50 m wide and accreting.

The majority of the present revetments along Colac Foreshore Road currently provide adequate protection for the inhabited areas immediately behind the road (excluding the 2012 emergency works which are in a poorer condition). There has been minor slumping, overtopping and leaching of the fine gravels through the armour material. These processes are normal for a revetment exposed to large waves and are within the serviceable limits for the structure. The Council has managed the minor subsidence of the revetment rear face through backfilling and allowing vegetation to grow. This type of maintenance work should continue and be performed periodically to maintain the current state of the structure.

The main tension between local residents and the Council is maintaining access along Colac Foreshore Road; the road is a tourist route and is seen as important to the survival of the town but any constructed protection works require financing. This tension is complicated by the well-known "trees" surf break at the midpoint of the beach and a historic gravel pit which is partially landfill. Note that in the scenario that Colac Foreshore Road is removed/relocated and the beach erodes into the former gravel pit, it is unlikely that the beach erosion will accelerate after reaching the gravel pit as there is a sufficient volume of gravel remaining to resist erosion and wholesale coastline retreat to reach the landfill in the north-eastern corner of the site is a highly unlikely outcome in the foreseeable future.

### 9.2 Recommendations

There are no simple coastal management solutions addressing the erosional problem, conflicting tensions and environmental sensitivities at Colac Bay. The recommended approach to managing the current erosion situation is presented in Section 7 and summarised below:

#### 1. Ongoing maintenance and monitoring

The existing rock protection is in need of some preventative maintenance to ensure that its level of protection does not diminish without further maintenance. This type work should continue to be performed periodically to maintain the current state of protection and would be considered maintenance of existing structures for resource content.

A beach monitoring programme should be initiated to regularly profile and photograph Colac Bay to monitor the ongoing beach evolution and inform design of any long-term options.

2. Immediate mitigation (do now)

As the process of deciding the extent of protection works and who/how they will be funded can take some time (years in many cases), it is recommended that an immediate intervention be undertaken at Colac Bay to prevent deterioration of the beach and revetment before any interim erosion mitigation is in place. The immediate actions include a) the one-off nourishment of a 100 m section of the beach, b) aggressive planting of re-nourished beach berm and upper beach face within 200 m of the emergency works rock (e.g., a community planting day), c) maintenance of the nourished and planted beach, and d) restrictions on any further development in areas of coast along Colac Foreshore Road beyond the end of the current revetment.

3. Interim mitigation measures

Two interim mitigation options are suggested which will “buy some time” as the community and council decide on the appropriate long-term solution and funding model for any works. The options are:

- i. A transitional revetment extension designed to interrupt the erosion tendency and transition the beach from an artificial structure to a more natural beach form, phase out the reliance on hard-engineering revetments and reduce ongoing maintenance/improvement costs. This option includes a road realignment within the existing legal boundary, construction a revetment extension, nourishing the beach and planting vegetation. It is likely that this approach will require topping-up and some refinement as there is a delicate balance of sediment dynamics to manage along the foreshore.
- ii. A managed retreat option to allow the beach to naturally adjust to a new equilibrium shoreline position by relocating the Colac Foreshore Road out of the current erosion risk zone without changing the beach system itself. The realignment involves part-purchase of former gravel pit land and requires some backfilling to form a suitable road foundation. This option links into the long-term option for managed retreat.

4. Long term

Colac Bay is in the unique position that there is an existing adjacent access route a safe distance from the shore and no development behind Colac Foreshore Road, so closing or realigning Colac Foreshore Road are reasonable options with the limited financial requirements. The community and Council need to consult to decide on a suitable long-term approach with suitable compromises from both parties. Reasonable options include:

- i. “do nothing” which is to allow the shoreline to retreat, causing uncontrolled erosion and undermining with eventual closure of Colac Foreshore Road.
- ii. “managed retreat” by i) pre-emptive closure of Colac Foreshore Road before a forced closure or ii) realignment of Colac Foreshore Road a conservative distance inland (say, 50 m).

- iii. “hold the line” by construction of further revetments with knowledge of the likely erosional consequences and commitments to future maintenance works.

Ultimately, given the complexities of the site and stakeholders, the long-term coastal management approach is most likely going to need to involve the “managed retreat” option through road realignment or closure.

Rough-order volumetric estimates of the material quantities required for construction and annual operational maintenance of each option have also been provided for cost estimation by Council.

In conclusion, the present erosion issue at Colac Bay is a consequence of natural shoreline fluctuations exacerbated by human intervention. It is clear that there are no simple long-term options to protect the access route along Colac Foreshore Road without incurring some construction cost or some adverse environmental effect. The suggested interim measures attempt to make allowance for the long term erosion, phase out the reliance on hard-engineering revetments, and transition the beach from artificial protection to a naturally wider and more resilient beach. Before these works are constructed (as funding regimes are decided) there are several immediate actions to prevent further deterioration along with ongoing monitoring of the beach and maintenance of the structures.

## 10 Acknowledgements

Thanks to the Julie Guise and the 17 CFC members who took time to meet and discuss the history and future of Colac Bay erosion on a cold winter’s night. Thanks to Dallas Bradley and Greg Erskine for the excellent chronological sequence of photographs of protection works and extreme events, and the reference documents of prior assessments at Colac Bay.

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Appendix A Detailed calculations and diagrams

1 Ongoing Maintenance							
Step	Component	Calculations				Estimate	Explanation
	<b>Backfill localised slumping</b>	% damage	Revetment length (m)	Number of slumps	Volume (0.3m*1m)	Instances per year	
	i.e. slumping of a single 1m*1m*0.3m block of material every 50m along the revetment occurring 3x per year	1%	1500	15	4.5	3	13.5 Maintenance fill volume (m3/year)
2 Immediate mitigation - buy some time for decision making							
Step	Component	Calculations				Estimate	Explanation
	<b>Nourishment</b>	length	area of nourishment (m2)				
	Nourished volume (wedge in front of revetment)	100	2.75	-	-	-	275 One-off nourishment volume (m3)
	<b>Planting vegetation (tussock, grasses)</b>	length	surface area (m2)				
	planted surface area of verge (tussock, flax)	200	0.5	-	-	-	100 Surface area to plant (m2)
	<b>Replenishment of nourishment and vegetation after storms</b>	% loss	volume or area	Instances per year			
	re-nourishing volume per year	10%	27.5	3	-	-	82.5 re-nourished volume (m3/year)
	replacing lost vegetation	10%	10	3	-	-	30 re-planted area (m2/year)
	i.e. 2-3 truckloads of replenishing gravel to top-up beach in front of erosion hot-spot + replanting vegetation as needed per storm						

A: Typical section at 2012 emergency works

B: Typical section in front of exposed beach face

3a Interim protection (structural) - transitional revetment							
Step	Component	Calculations				Estimate	Explanation
<b>Realign road within legal boundary</b>		length	Road base fill volume (m3/m length)				
	Road base fill (surface remains gravel)	200	0.25	-	-	50	Volume for road fill (m3)
<b>Rebuild and strengthen 2012 emergency works</b>		length	Face surface area (m2/m length)	depth	Vol reduction factor		
	Excavate old (can be reused as backfill but not on beach)	100	4.5	0.5	0.8	179	Existing rock removed (m3)
	Place new+crest rock (0.7m d50 *1m thick consistent with rest of revetment)	100	6	1	0.8	480	Imported rock material (m3)
	or						or
	Place new revetment rocks over old revetment (no removal of current rock)	100	4	0.7	0.8	224	Imported rock placed on old rock (m3)
<b>Construct revetment extension</b>		length	surface area (m2/m length)	depth	Vol reduction factor	placement density	
	1:2 section next to existing	1	6.00	1	0.7	1	4 new rock required (m3/m length)
	1:4 section along beach	1	10	1	0.7	0.4	3 new rock required (m3/m length)
	average between 1:2 and 1:4	125	-	-	-	-	438 total volume of new rock required (m3)
	gravel fill to achieve desired slope	125	3	0.5	1	1	188 new gravel required (m3)
<b>Nourish beach</b>		length	area trapezoid m2				
	nourished volume	200	2.75	-	-	-	550 One-off nourishment volume (m3)
<b>Plant vegetation</b>		length	surface area (m2)				
	planted surface area (tussock, flax)	200	0.5	-	-	-	100 Surface area to plant (m2)
<b>Maintenance after storms</b>		%damage	volume or area	instances per year			
	rock loss	1.0%	4.375	3	-	-	13 Replacement rock (m3/year)
	gravel/nourishment scraping	10%	55	3	-	-	165 Gravel scraped from lower foreshore (m3/year)
	plant loss	10%	10	3	-	-	30 re-planted area (m2/year)
i.e. 1 truckload of replacement rock, scraping gravel from lower foreshore and replanting vegetation as needed per storm							

A: Typical section with 1:2 revetment slope

A: Typical section with 1:4 revetment slope

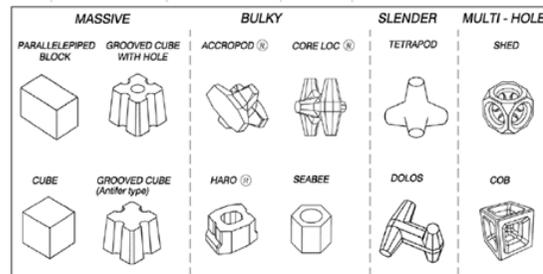
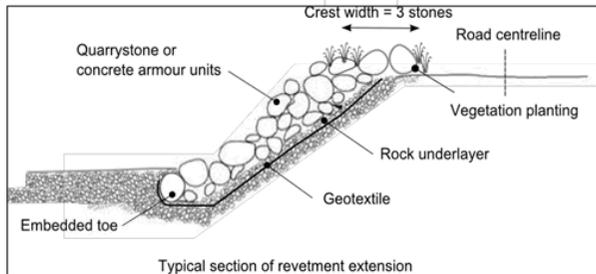
3b. Interim protection (non structural) - road realignment							
Step	Component	Calculations				Estimate	Explanation
<b>Realign roadway</b>		length	width				
	Purchase land	200	10	-	-	-	0.2 Land area to purchase (Hectares)
		length	Average widening at road level (m)	average depth (m)	nat slope	new slope	
	Backfill strip for roadway	150	4	2	0.40	0.50	7 Gravel pit fill volume (m3/m length)
							1050 Total gravel pit fill volume (m3)
		length	width				
	Construct realigned roadway (+ signage and fencing)	150	6	-	-	-	900 Area of roadway to construct (m2)
	Revoke existing road surface	150	6	-	-	-	900 area of roadway to remove (m2)
<b>Plant vegetation</b>							
	planted surface area (tussock, flax)	200	1.5	-	-	-	300 Surface area to plant (m2)
<b>Option: pre-emptive revetment end protection extension</b>		length	surface area p/m (at 1:2->1:4 slope)	depth	voids	density	
	Rock armour	20	8	1	0.9	0.8	115.2 new rock required (m3)
	Underlying backfill material (gravel and smaller boulders)	20	5	1	1	1	100 new gravel required (m3)
	note the underlying backfill may be sourced from the 2012 revetment armour if deconstructed						

The diagram illustrates a cross-section of a road realignment project. On the left, an 'Eroding beach' is shown with a dashed line indicating the original road position. The 'Old road centreline' and 'Old legal boundary' are marked. A 'New carriageway' is shown extending further inland. To the right of the new carriageway, there is a 'Fill' area and an 'Ex-gravel pit (depth and profile vary)'. The 'New legal boundary' is shown further to the right. 'Vegetation planting' is indicated at the top left of the new road area. The caption below the diagram reads 'Typical section of interim road realignment'.

4a Do Nothing - uncontrolled road closure								
Close the road (eventually) - signage								
4b Managed retreat - controlled road closure								
Step	Component	Calculations				Estimate	Explanation	
<b>Actions for closure and rehabilitation</b>		length	width			total area m2		
	Remove roadway	200	6	-	-	1200	area of roadway to remove (m2)	
	Create turning bay within verge	8	3	-	-	24	Area of roadway to construct or seal (m2)	
	Plant vegetation over old road-bed to resist erosion (tussock + trees)	200	6	-	-	1200	Surface area to plant (m2)	
	+ signage for closure							
	+Provision for walking/cycling access							
4c Managed retreat - road realignment								
Step	Component	Calculations				Estimate	Explanation	
<b>Detailed design for long-term coastal set backs</b>								
		-	-	-	-	\$\$\$	consultant fee	
<b>Road realignment</b>		length	width	depth	batter slope			
	Land purchase (strip of ex-gravel pit, some 50m wide - based on setbacks for Oyster Lane development)	300	50	-	-	1.5	Land area to purchase (Hectares)	
	Infill gravel pit for road formation (7m wide at crest, 1:2 batter slopes)	300	12	2.5	0.5	9000	Gravel pit fill volume (m3/m length)	
	construct road	325	7	-	-	2275	Area of roadway to construct or seal (m2)	
	remove old road	150	6	-	-	900	area of roadway to remove (m2)	
	+ signage and fencing							
<b>Plant vegetation</b>								
	plant old roadbed and upper foreshore (tussock, flax)	200	5	-	-	1000	Surface area to plant (m2)	
<b>Option: pre-emptive revetment end protection extension</b>		length	surface area p/m (at 1:2->1:4 slope)	depth	voids	density		
	Rock armour	20	8	1	0.9	0.8	115	new rock required (m3)
	Underlying backfill material (gravel and smaller boulders)	20	5	1	1	1	100	new gravel required (m3)
note the underlying backfill may be sourced from the 2012 revetment armour if deconstructed								
<p>The diagram illustrates a cross-section of a road realignment project. On the left, an eroding beach is shown with a dashed line indicating the old road centreline and a solid line for the new legal boundary. Vegetation planting is shown along the new boundary. In the center, an ex-gravel pit is shown with a depth and profile that varies. To the right, a new carriageway is shown with a fill area between the old legal boundary and the new legal boundary.</p>								

4d Hold the line - 750m revetment extension								
Step	Component	Calculations					Estimate	Explanation
<b>Rebuild and strengthen 2012 emergency works</b>								
	Excavate old (can be reused as backfill not on beach)	length	face surface area m2/m length	depth	voids			
		100	4.47	0.5	0.8	-	179 Existing rock removed	
	Place new crest rock (0.7m d50 consistent with rest of revetment)	100	6.00	0.7	0.6	-	252 Imported rock material (m3)	
	or						or	
	Place new revetment rocks over old revetment (no removal of current rock)	100	4	0.7	0.6	-	168 Imported rock placed on old rock (m3)	
<b>Detailed design of extended revetment</b>								
<b>Revetment construction sequence</b>								
	Excavation for construction platform	length (m)	volume per m length	width	voids			
		750	5	-	-	-	3750 Volume temporarily excavated during construction	
	place geotextile	750	-	10	-	-	7500 area covered by geotextile (m2)	
	place bedding gravels (from that excavated) (0.2m layer)	750	2	-	-	-	1500 Volume re-placed as underlayer (m3)	
	volume of secondary armour/underlayer (0.2 m d50, in 0.2m layer)	750	1.6	-	0.8	-	960 new rock required (m3)	
	volume of primary armour (d50=0.7m to 1.0m, 1 layer 0.8m thick)+toe rock	750	7.4	-	0.8	-	4440 new rock required (m3)	
	Additional beach gravels placed over revetment (topup from that excavated)	750	1.5	-	-	-	1125 Volume re-placed as backfill (m3)	
<b>Vegetation planting</b>								
	planted surface area (tussock, flax)	length	surface area per m length	coverage /m2				
		750	1.5	0.5	-	-	563 Surface area to plant (m2)	
<b>storm maintenance (per year)</b>								
	rock damage/loss	%damage	m loss over length	instance pa				
		1.0%	7.5	3	-	-	23 Replacment rock (m3/year)	
	gravel damage/loss	10%	112.50	3	-	-	338 Gravel scraped from lower foreshore (m3/year)	
	vegetation damage/loss	10%	56.25	3	-	-	169 re-planted area (m2/year)	
Note there are multiple options for rock armour in addition to quarrystone								





## Unbudgeted expenditure - Te Anau Community Board - support for the 2018 GODZone event

Record No: R/17/11/26652  
Author: Simon Moran, Community Partnership Leader  
Approved by: Rex Capil, Group Manager Community and Futures

Decision  Recommendation  Information

### Purpose

- 1 To ask the Council to consider the Te Anau Community Board's (the Board) recommendation that it approves \$20,000 of previously unbudgeted expenditure by the Board to support the GODZone event being held in Te Anau in March 2018.

### Recommendation

#### That the Council:

- a) **Receives the report titled "Unbudgeted expenditure - Te Anau Community Board - support for the 2018 GODZone event" dated 17 November 2017.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Approves the Te Anau Community Board's unbudgeted expenditure of \$20,000 from the Board's general reserve to support the hosting of the GODZone event in Te Anau.**

### **Background**

- 2 The 2018 GODZone event will be held in and around Te Anau from March 1-10.
- 3 The Fiordland event itself is going to be one of the biggest and longest GODZone races having been extended from the usual 7 days to 10 days, with 100 local and international teams competing. Along with the support crews for GODZone Pursuit teams this makes it a significant event to be held in Te Anau and the wider Fiordland area.
- 4 Support from the local community, including financial support, was part of early discussions around where the event was to be held. The Council has agreed to provide \$30,000 to support the event and the Community Board has previously discussed providing \$20,000.

### **Issues**

- 5 There are no specific issues the Council needs to consider beyond the fact that this expenditure was not anticipated by the Te Anau Community Board in either the Long Term Plan or Annual Plan and is therefore unbudgeted.

### **Factors to Consider**

#### **Legal and Statutory Requirements**

- 6 At \$20,000 the value of the financial support exceeds the financial delegation of the Board. The Board resolved at its meeting of 11 October recommend to Council that it

*Recommends to Council that it approve the Te Anau Community Board unbudgeted expenditure of \$20,000 from the Board's general reserve to support the hosting of the GODZone event in Te Anau.*

#### **Community Views**

- 7 No formal consultation with the community has been undertaken, however, the report to the Te Anau Community Board was in a publicly advertised open meeting therefore there was an opportunity for people in the community to make their thoughts known to the Board prior to any recommendation being made.

#### **Costs and Funding**

- 8 The funding for this will be from the Te Anau Community Board General Reserve which was approximately \$550,000 as at 1 July 2017

#### **Policy Implications**

- 9 There are no policy implications.

#### **Analysis**

#### **Options Considered**

- 10 The options considered are set out below.

## Analysis of Options

### Option 1 – Approve the unbudgeted expenditure

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"><li>The Te Anau Community Board is able to support an event in the town that could have significant benefits for the town, region, and New Zealand from the participants, supporters, and international coverage.</li></ul>	<ul style="list-style-type: none"><li>Some members of the community may perceive it wrong to spend ratepayers money on such an event.</li></ul>

### Option 2 – Do not approve the unbudgeted expenditure

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"><li>The community money can be spent on other projects for Te Anau.</li></ul>	<ul style="list-style-type: none"><li>It could be perceived as Te Anau not being encouraging of these types of events</li></ul>

## Assessment of Significance

- 11 The unbudgeted expenditure of \$20,000 by the Te Anau Community Board is not considered significant in terms of Council's Significance Policy

## Recommended Option

- 12 That the unbudgeted expenditure for the Te Anau Community Board's support for the GodZone event to be held in Fiordland is approved.

## Next Steps

- 13 If approved the administrators of the GodZone event will be notified and the funding paid upon receipt of an invoice.

## Attachments

There are no attachments for this report.



## Exclusion of the Public: Local Government Official Information and Meetings Act 1987

### Recommendation

That the public be excluded from the following part(s) of the proceedings of this meeting.

#### C10.1 Abandoned Land

#### C10.2 Unbudgeted Expenditure - Kotui Library Management System

#### C10.3 Te Anau Wastewater Project - Business Case for the Kepler Disposal Option

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Abandoned Land	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.
General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Unbudgeted Expenditure - Kotui Library Management System	s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.
General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Te Anau Wastewater Project - Business Case for the Kepler Disposal Option	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.