



Date: Wednesday, 10 March 2021
Time: 9am
Meeting Room: Council Chamber
Venue: 20 Don Street
Invercargill

Council OPEN ATTACHMENTS

ATTACHMENTS UNDER SEPARATE COVER

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**IT'S TIME
SOUTHLAND/MURIHIKU**

LONG TERM PLAN
CONSULTATION
DOCUMENT
2021 -2031



**SOUTHLAND
DISTRICT COUNCIL**
Te Rohe Potae o Murihiku



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2020 changed the world and we have to consider the impacts of that in our planning for the future.

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What is a long term plan?

All councils prepare a long term plan (LTP) every three years to show what they plan to do and how it will be paid for over the next 10 years.

A long term plan makes us accountable to our communities. It identifies the outcomes we want for our community; how we will move from where we are now to where we want to be; and how we will deal with the challenges along the way.

As part of the process of putting together Southland District Council's Long Term Plan 2021-2031, in this Consultation Document we are asking for your feedback on three key issues (see pages 10-15).



WHAT WE DO

Southland District Council is a territorial authority.

Our role is to manage the day-to-day needs of our community, making sure that we:

- provide roads, bridges and footpaths for people to travel on
- partner with our communities to create opportunities and make the best use of our community resources
- provide clean water to our people and take away their wastewater, stormwater and rubbish
- provide regulatory services such as building control, resource management and environmental health.

All of this is done keeping the social, cultural, environmental and economic wellbeings of our communities in mind.





VISION AND MISSION

OUR VISION

Southland – one community offering endless opportunities.

This means that although Southland District has many different communities, we need to come together as one voice, one community to be heard and to enable more opportunities at all levels for everyone. That's our goal.

OUR MISSION

Working together for a better Southland.

We want to continue to work together with all our stakeholders for the sake of Southland/Murihiku.

OUR OUTCOMES

These outcomes will help focus our work and the direction we are going in – led by the community, working together and focusing on partnerships.

- kaitiakitanga for future generations
- inclusive connected communities
- a diverse economy creating healthy and affordable lifestyles
- empowered communities with the right tools to deliver the best outcomes





2020 changed the world and we have to consider the impacts of that in our planning for the future. In our last LTP we said that We are just getting started, Southland. Now, in 2021, It's time, Southland/Murihiku – time to be up front about what we have learnt about the state of our roads, bridges, community facilities, the work we do for our communities, where we are now, what we are facing, and what needs to happen.

Change is happening very quickly at national and international level and, in order for Southland/Murihiku to keep up, we need to be brave. We are facing major legislative change, and a growing demand to better look after our resources, to ensure our native bush and significant landscapes are protected, and to manage climate change impacts. Doing this work comes at an additional cost.



We must continue working together with our community boards and our people to support our communities, and continue to develop the small council, big community focus we have been working on.

One of the exciting things we are looking to do is work with our communities to build a plan for Southland District that is bigger than one agency, looking out over the next 30 years towards

what we want to be as a district. We have shared with you for several years that there is not enough money being spent on our infrastructure and we have pushed our roads, our bridges, our community buildings and playgrounds to the limit.

In the past year we have had bridges that have failed inspections and had to be closed; we have had to shut playgrounds and remove equipment because of the risk they pose to public health and safety; and we have had to move out of our own earthquake-prone office building in Invercargill.

Trying to do more with less has got us to where we are now as the wave of work and costs keep increasing. We have made some cuts to our corporate budgets to reduce costs, but the reality is that the level of investment needed to maintain and replace our aging infrastructure will be impossible to find without increasing rates substantially. And funding from reserves is not a sustainable option – first, because we’ve used a lot of these funds already and, second, because it compounds the problem without providing a long-term solution.

While it’s important we continue to do further research and gather data, what is becoming increasingly clear is that Southland District cannot afford Southland District at the present levels of service and population base.

We want to hear from you about what services/activities are important to you; at what level you want these services provided; and what rates amount you can live with to pay for these services. We want to know what you want us to keep doing and what we can change, with the awareness that some services such as water supply, wastewater and stormwater are unlikely to be managed by us in the near future, and that we are bound by legislative requirements.

This conversation has already started, particularly at community board level. It will be ongoing over the next few years, and we want you to be a part of the conversation.

However, there are some things we need to talk about with you now – some crucial matters that need urgent decisions.

We are talking about:

1. Roding
2. Bridges
3. The level of rates increase

Covid-19

The Covid-19 pandemic has created a lot of change and economic uncertainty nationwide in the past year. In Southland district, Fiordland has been impacted most by the closure of New Zealand's borders as international tourists are its main source of income. This affects more than just tourism businesses – it has brought financial hardship to the whole Fiordland community. Domestic visitors have had a cushioning effect on other destinations such as Stewart Island/Rakiura and the Catlins.

The Southland/Murihiku economy has weathered the storm relatively well because of its base of food production. This should continue as long as international exports continue and we're able to receive imported components such as pipes for our own capital works. Given that much of this plan is about investing in infrastructure to maintain our services over the long term, that work still needs to progress despite Covid-19.

However, we may need to prioritise works should economic conditions worsen and affect your capacity to pay rates. We will be consulting over changes to our Remission and Postponement of Rates Policy to have greater flexibility to provide relief from rates during unexpected events.

EXTERNAL
CHALLENGES
WE NEED TO
FACTOR IN





Three waters reform

In July 2020 the government released its three waters reform, a three-year programme to change the way drinking water, wastewater and stormwater are delivered to improve public health, environmental and economic outcomes.

An overarching regulator, Taumata Arowai, will oversee the reforms, and is proposing a small number of larger regional entities providing these services rather than the 67 individual councils that currently do.

At the same time, a multi-million-dollar stimulus funding package was announced to maintain and improve three waters infrastructure and support the introduction of the reform programme. Funding has been given to councils that agreed to participate in the programme's first stage, including Southland District Council, which has signed a Memorandum of Understanding with the government that shows Council is willing to look at different ways of providing water services and collaborating with agencies to share information. Our share is being used to carry out pipe replacement and improve water treatment facilities across the district, as well as condition assessments of sewerage and stormwater assets.

There is still a lot of information to come about what the reforms mean for Southland/Murihiku before we have to decide whether to opt in or out of the process later this year, with any change likely to occur in the 2023/2024 financial year. Despite this, the reforms package enables us to continue to provide three waters services, given that our communities will continue to need them. Further information can be found in the significant forecasting assumptions as part of the supporting documentation on the Council website.

Climate change and unexpected events

We are anticipating that rising sea levels will continue to have a significant impact on Southland/Murihiku coastal settlements, with erosion causing loss of land and impacting roading infrastructure in areas such as Colac Bay, Orepuki, Fortrose and Stewart Island/Rakiura. We expect more rainfall and flooding, which will require repairs to roads and bridges.

We also expect temperature increases, meaning more likelihood of drought conditions and potentially greater demand on drinking water.

The central-northern part of the Southland/Murihiku region is projected to experience the largest increases in drought and the occurrence of heatwaves across the region is expected to double in frequency by 2040.

At this stage we are factoring the effects of climate change into our infrastructure decision-making, as well as investing in a regional mapping project to better understand potential impacts so we can adapt our planning in high hazard areas. The next stage is to identify a priority programme for our infrastructure to address these issues.

KEY ISSUE 1

Our roads

COUNCIL'S PROPOSAL

We propose to increase our investment in road rehabilitations (repairs and restorations), which will enable us to rebuild a sustainable number of kilometres of road every year.

To keep rates increases low in recent years the budget for rebuilding roads has decreased in real dollars. It is now at the point where significant investment is due or we will have to make the decision to revert some sealed roads to gravel and accept a lower standard of service overall.

OPTION 1

Our preferred option

INVEST MORE IN OUR ROADING NETWORK

We propose increasing our spending on road rehabilitations by \$1 million in the first year of the long term plan, and an average of \$2.5 million a year over the next 10 years. The new total budget would start at \$4.2 million in year one (2021/2022), rising to \$18.9 million in year 10 (2030/2031).

We are continuing to budget on receiving a 52% subsidy from Waka Kotahi NZ Transport Agency (NZTA) for our total roading programme.

For the first three years of the Long Term Plan 2021-2031, this would enable us to carry out, on average, an additional 7km of road rehabilitations each year, around 13km a year in total, and maintain current levels of service across the district's roading network, increasing to 28km in the last year of the plan.

LIKELY CONSEQUENCES

ON RATES

With NZTA funding 52% of the \$1 million of increased spending, our share in year one is \$458,000. This represents 0.92% of our preferred overall rates increase of 10.15%. Over the 10 years of the plan the annual increase in rates varies from \$225,000 to \$2,124,000, or 0.41% to 2.54%.

ON DEBT

None. As our roading expenditure generally increases year on year, we believe it is appropriate to rate fund the full annual roading programme, with debt used only for one-off significant events that cannot be met from within existing work programmes.

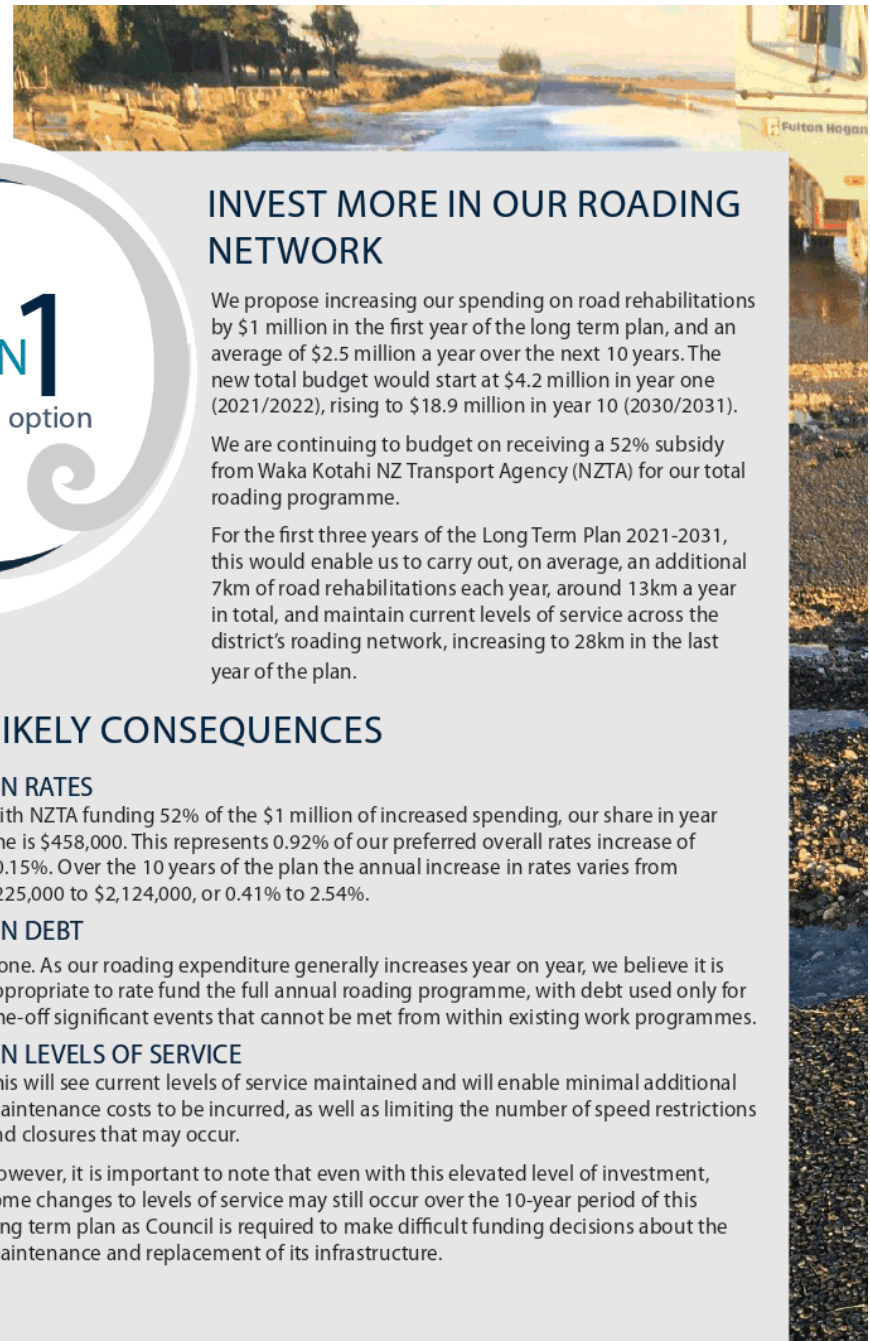
ON LEVELS OF SERVICE

This will see current levels of service maintained and will enable minimal additional maintenance costs to be incurred, as well as limiting the number of speed restrictions and closures that may occur.

However, it is important to note that even with this elevated level of investment, some changes to levels of service may still occur over the 10-year period of this long term plan as Council is required to make difficult funding decisions about the maintenance and replacement of its infrastructure.



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OPTION 2

STATUS QUO

To continue to spend around \$3.2 million each year on road rehabilitations.

The implications are a lower level of service.

LIKELY CONSEQUENCES

ON RATES

A reduction to rates required of \$458,000, reducing the preferred rates percentage increase from 10.15% to 9.16%. Rates will reduce between \$636,000 in 2022/2023 and \$7.1 million in 2030/2031, or between 0.24% and 2.33%.

ON DEBT

No impact due to the roading programme being fully funded from rates.

ON LEVELS OF SERVICE

If we don't increase spending on rebuilding sections of road requiring rehabilitation repairs will become more noticeable, and we will end up with rougher and slicker roads, to the point where more speed restrictions may be warranted to help address safety issues.

As the condition of roads deteriorate we will see an increased backlog of work. Some roads will revert back to gravel as we focus our static maintenance budget on efforts to repair a smaller number of roads. Some roads may need to be closed.

Road users will experience longer travel times, and more wear and tear on their vehicles.

Customer dissatisfaction will increase, and Council will receive more requests for service.

KEY ISSUE 2

Our bridges

COUNCIL'S PROPOSAL

We propose to increase our annual investment in the replacement of aging bridges by \$1 million, to a total of \$3.5 million a year.

It should be noted that even with this elevated level of investment some bridges may still have to close temporarily, depending on the availability of contractors.

Looking forward, if ratepayers want to continue to maintain the current level of service and replace all bridges we need to continue to spend about \$4 million a year. We are continuing to budget on receiving a 52% subsidy from NZTA for our total roading programme.



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OPTION 1

Our preferred option

INVEST MORE IN BRIDGE REPLACEMENTS

To spend \$3.5 million a year on bridge replacements annually across the 10 years of the LTP, with our share funded from rates.

We would like to continue to accelerate our programme of replacing the 161 aging wooden bridges that are reaching the end of their lives and require replacement in the next 10 years. We had \$1 million budgeted for this work in our previous Long Term Plan but this was not enough. In 2020 we added \$1.5 million of unbudgeted expenditure towards this work, funded by a short-term loan, which enables us to replace up to 19 of the bridges previously earmarked for replacement.

Funding by loan is not sustainable, however, and to continue to accelerate the bridge replacement programme we need to rate for the \$1.5 million a year and would like to invest a further \$1 million a year. As NZTA would

subsidise this amount by 52%, our share of the \$2.5 million a year increased cost would be \$1.2 million, which equates to an increase in rates in year one of around 2.49%.

LIKELY CONSEQUENCES

ON RATES

\$1.2 million of the 10.15% rates increase is so that we can fully fund our share of the bridge replacement programme from rates. This represents 2.49% of the overall rates increase.

ON DEBT

As noted previously, in 2020/2021 debt was used to fund the increase as a result of Council's concern over rate affordability due to the Covid-19 pandemic.

This is not sustainable, given that the level of investment required needs to stay at \$3.5 million annually for each of the 10 years of our long term plan.

ON LEVELS OF SERVICE

This will enable Council to fund the replacement of a large majority of the 161 bridges already identified as needing replacement in the next 10 years, or to factor in the replacement of any further bridges that are identified as being near the end of their life as a result of their annual structural assessment.

However, it is important to note that even with this elevated level of investment, some changes to levels of service may still occur over the 10-year period of this Long Term Plan. Council is required to make difficult funding decisions about the maintenance and replacement of its infrastructure.





LIKELY CONSEQUENCES

ON RATES

We would still be looking to fund our 48% share of the \$1.5 million from rates, a total of \$720,000.

This would mean that our preferred rates percentage increase would drop from 10.15% to 9.11%

ON DEBT

None. There would be no impact on debt as we believe the programme should be fully rates funded.

ON LEVELS OF SERVICE

The negative impacts of maintaining the status quo option are numerous but the primary risk is to public safety. The risk of catastrophic failure resulting in injury or death will increase in proportion to the number of ageing posted bridges deteriorating further.

At the current level of expenditure there will still be the possibility of immediate permanent closures, or temporary closures, or even 10-year closures for some lower priority bridges. Road users will experience longer detours, increased travel times and potential economic impact from people and goods having to travel further.

The public safety liability risk to Council will increase with some road users ignoring bridge weight restrictions and an upsurge in public dissatisfaction is expected.

STATUS QUO

Continue to spend \$2.5 million a year to replace high-priority bridges that have reached the end of their lives.

This proposal will not enable Council to make inroads into replacing all the 161 bridges that are identified as requiring replacement in the next 10 years, and will result in further permanent bridge closures.

KEY ISSUE 3

The impact on rates for 2021/2022

We have entered a prolonged phase of replacing infrastructure that is due for replacement in the next 10 years. Compounding this is inflation, which means it costs more to do the same amount of work. Last year we used reserves to offset rates, in response to the impacts of Covid-19 on the Southland/Murihiku economy.

While we felt this was necessary, it was only ever intended as a temporary solution. Continuing to eat into reserves is not a sustainable option. The majority of Council's reserves are rating reserves, and we are required by legislation to use them to fund the activity they were collected for.

However, some reserves – for instance, the Strategic Assets Reserve and the Forestry Reserve – can be used for other purposes, including offsetting rates. Once those reserves have been used up, our only alternatives to fund activities are from rates or loans.

For either of these options, ratepayers end up bearing the cost. To meet the cost of maintaining current levels of service, and meet our legislative requirements, we should be rating 16.54% to provide a sustainable level of funding for the work we need to do.

However, we understand that this is not a palatable option. In an effort to ease the cost of rates to everyone we have looked hard at our budgets, and made a number of financial adjustments to arrive at a figure of 10.15%. We are making a start and increasing rates in the first two years of the plan. Please refer to the graph on page 23 to see the proposed rates increases over the 10 years of this Long Term Plan.

To minimise the increase as much as we can, we are:

- continuing to use reserves (\$2.2 million)
- seeking a higher return on Council's reserves, a greater portion of which will offset rates (\$250,000 of interest on reserves will be diverted to help fund our works programme)
- delaying fully funding depreciation for water and wastewater until 2028/2029 (\$154,000)
- reducing expenditure on our stormwater infrastructure (\$600,000)
- increasing our debt levels to meet any capital funding shortfall.

Any changes to rates for future years will be undertaken as part of the Annual Plan process.

FUNDING THE WORK WE NEED TO DO

These measures have enabled us to reduce the initial proposed 16.54% rate increase to the 10.15% proposed in this document.

Reducing the increase further to 7.95% would result in lower levels of service across our infrastructure and require greater prioritisation when deciding which assets demand urgent investment and which assets have to wait.

The key changes would be a \$1 million reduction in the road maintenance programme, a further reduction of \$160,000 in our stormwater maintenance and condition assessment and a further delay to meeting our legislative biodiversity requirement (\$450,000).



The Options

We would like you to help us to make this difficult decision.



LIKELY CONSEQUENCES

ON RATES

Council would remove the changes indicated previously, resulting in a 16.54% rates increase instead of the preferred option of 10.15%. Over the rest of the 10 year plan rates will range between 2.26% and 7.46%, with the peak in 2022/2023.

ON DEBT

Debt would reduce by \$154,000 due to Council rate funding depreciation for capital expenditure renewals. This option will see debt reduce over the next six years by between \$96,756 and \$508,208. Depreciation will be fully funded from 2028/2029 onwards.

ON LEVELS OF SERVICE

No significant change to Council's level of service. However, additional funds will be available for stormwater condition assessment and maintenance projects (\$600,000 in 2021/2022, \$280,000 in 2022/2023 and \$90,000 in 2023/2024).

An additional \$2.45 million of reserves would also be available for future use.



LIKELY CONSEQUENCES

ON RATES

10.15% rates increase. The preferred options from Issue 1 (roads) and Issue 2 (bridges) are incorporated into this rates increase. Over the rest of the 10 year plan rates increases will range between 2.24% and 10.18% with the peak in 2022/2023.

ON DEBT

Debt would increase by \$154,000 due to the loan funding of the depreciation for capital expenditure renewals. Over the next six years of the plan there will be an increase in debt, ranging from \$96,756 to \$508,208. Depreciation will be fully funded from 2028/2029 onwards.

ON LEVELS OF SERVICE

No significant change to Council's level of service. However, there will be a reduction in stormwater condition assessment and maintenance projects (\$600,000 in 2021/2022, \$280,000 in 2022/2023 and \$90,000 in 2023/2024).

Under this option \$2.45 million of reserves would also not be available for future use.



LIKELY CONSEQUENCES

ON RATES

Overall the rate increase will be 7.95%. Over the rest of the 10 year plan rates will range between 2.47% and 11.58% with the peak in 2022/2023.

ON DEBT

No change in the ten year plan.

ON LEVELS OF SERVICE

There will be a number of changes to Council's level of service required.

Stormwater condition assessment and maintenance projects will be reduced resulting in savings (\$760,000 in 2021/2022, \$280,000 in 2022/2023 and \$90,000 in 2023/2024).

There will be reduced road maintenance of \$1 million in 2021/2022 only. \$450,000 will be removed from the biodiversity programme annually between 2021/2022 and 2024/2025. Full resourcing will occur the following year, one year later than originally planned.

No further changes to reserves under this option.



We are currently trying to respond to multiple key challenges, including:

- historical under-investment in our infrastructure assets
- changing government priorities and legislation having a significant impact on the cost of service delivery
- climate change
- changing community needs and expectations

Increasing the level of our investment in infrastructure now is a critical focus for Council.

To address these issues we propose spending around \$45 million a year in the first three years of the strategy, a significant increase on our previous Long Term Plan.

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A number of initiatives and programmes are identified in the strategy. They include:

- smoothing the funding requirements to resolve the renewals funding shortfall in our roads and footpaths
- addressing gaps in our asset data, in particular our wastewater and stormwater assets
- replacing the Wyndham stormwater system
- replacing an estimated 106km of asbestos cement (AC) water mains pipes throughout the district
- upgrading multi-barrier protection against protozoa at our Riverton deep bore drinking water supply source and completing construction of a new water treatment plant for Eastern Bush/Otahu Flat
- carrying out an assessment of historic closed landfill sites that may be vulnerable to river or coastal erosion with a view to carrying out any necessary remedial works
- investing in playgrounds to meet national standards
- refurbishing our library buildings and community housing stock
- engaging with our communities as we develop a more strategic approach to managing our community facilities and open spaces
- carrying out significant distribution network renewals in our Stewart Island Electrical Supply Authority network
- replacing the Ulva Island jetty and Golden Bay wharf on Stewart Island/Rakiura.

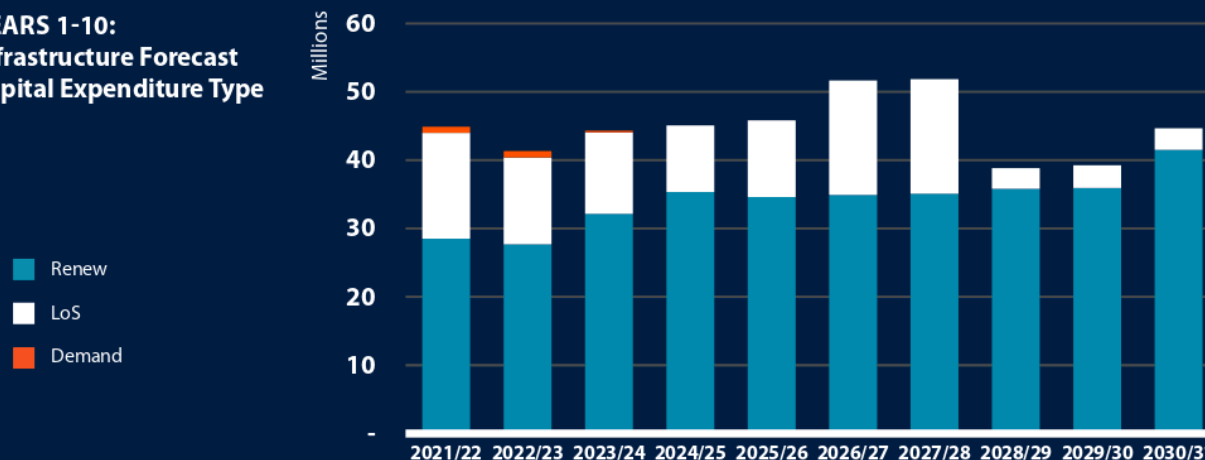
A large number of assets will reach the end of their useful lives in the coming years, and we do not have the funding reserves to replace them all.

However, the funds we currently have available will not cover the cost of the aging infrastructure we know will need replacement in the next 10 years. We need to increase the level of our investment in infrastructure now. It is a critical focus for Council.

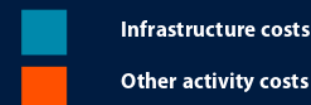
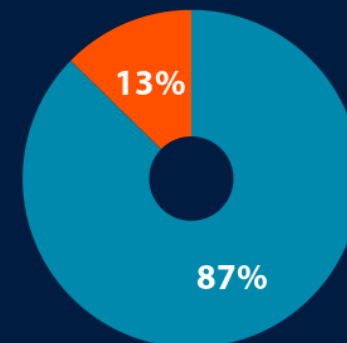
Our Infrastructure Strategy outlines how we plan to manage our core and community infrastructure over the next 30 years, and how we will address the key challenges identified above, as well as related issues of affordability, demographic changes, tourism, new technology and economic constraints.

We are committed to working closely with our communities, iwi partners, and stakeholders to address the challenges. You can read the Infrastructure Strategy on our website: southlandcc.govt.nz

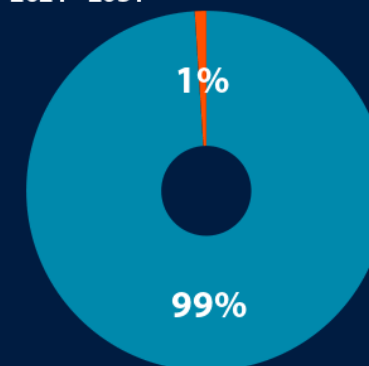
YEARS 1-10: Infrastructure Forecast Capital Expenditure Type



Split of Operating Expenditure 2021 - 2031



Split of Capital Expenditure 2021 - 2031



FINANCIAL STRATEGY

Our Financial Strategy is a key part of showing how we intend to manage our finances prudently and whether we will have the financial capacity (income) to meet our financial needs (expenses) now and in the future. It shows where we want to get to with our finances and the direction we plan to take, with limits to help us to stay on track.

We have some challenges funding infrastructure and meeting increased compliance costs. Our planning tells us that looking after the pipes, roads, and all of the important things you need for living needs a lot more investment. Over the next 10 years we need to spend \$448 million on our core infrastructure assets. This is expected to jump up to over \$640 million in the following 10 years, when a lot of our infrastructure is due to be replaced.

Currently we do not have enough funding to meet the increased costs. In the past we have prioritised keeping rates low and have used reserves to reduce rates and deferred some of our capital works. However, in this plan we recognise that this is not sustainable, especially given the scale of work we need to complete over the next 30 years.

This Financial Strategy starts to address the imbalance by increasing funding from both rates and debt as a way of ensuring ratepayers pay their fair share, and only their fair share, of the services and assets they use and benefit from. This will ensure intergenerational equity.

Our rates increases will be just over 10% in the first two years before flattening out. This will start to close our funding gap by partially reducing the amount of reserves and borrowing we need in the short term to offset rates. However, we won't reach a more sustainable level of funding until the end of the Long Term Plan 2021-2031 period because we are concerned of the impact any further increases would have on the community – that is, we will still be using some reserves and debt rather than rates because we want to reduce the impact on the community initially.

It also means we won't be fully funding depreciation on our core infrastructure assets until 2028/2029, or funding depreciation on other community infrastructure such as playgrounds, footpaths and community buildings in the period.

Overall the strategy proposes to:

- revise our rate increase limit to 8% per annum. In years 1-2 we are projecting a rate increase higher than our limit primarily because:
 - we are transitioning away from using reserves (primarily related to our decision in 2020 to keep rates low because of Covid-19); and
 - we have a number of changes to our operating costs. They have gone up over the period primarily due to inflationary pressures, the cost of meeting regulatory requirements, improving maintenance, funding of depreciation and changes in our annual roading costs. Our operating costs will average \$106 million each year (compared with \$79 million in our Long Term Plan 2018-2028).
- raise the debt ceiling to help fund our increased capital costs from 100% to 175% of total revenue with debt as a percentage of total revenue peaking at 103% in 2027/2028. Debt contributes to intergenerational equity and funds the portion of capital cost not covered by depreciation (which is funded by rates each year). The 175% limit also allows us to maintain borrowing capacity for any unplanned events.
- look at options to increase other revenue and the returns on Council reserves to lessen the financial impact on ratepayers.



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WHAT IS DEPRECIATION?

Depreciation is a term used to estimate the annual cost of using an asset.

We collect depreciation each year through rates. For example, if a pipe cost \$100 and was expected to last 100 years, then we would charge you \$1 in your rates each year to reflect the annual use.

At the moment we are collecting rates related to the depreciation of our core infrastructure assets including roading, bridges, streetlights, water and wastewater.

If we have a year where we have surplus funds in our depreciation reserves we will also use these to reduce any debt associated with that asset group.

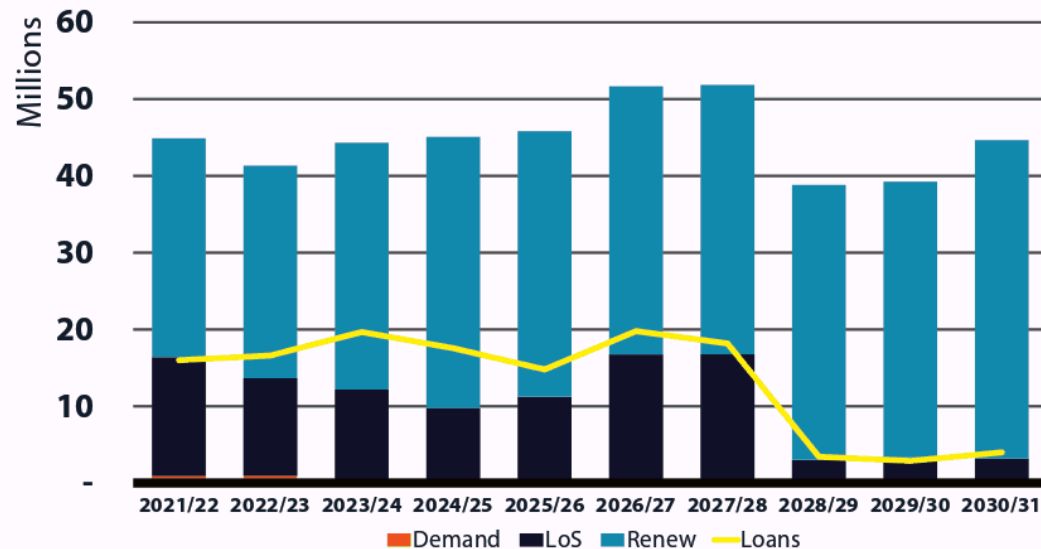
Our approach means:

- our everyday revenue will be enough to fund our everyday costs so we will be balancing our budget from year 4 on
- rates will be at a level to fund most of our depreciation, which can be used to fund infrastructure renewals so new debt can mainly be used to fund infrastructure improvements
- our borrowing will start to reduce from year 8 onwards
- we can focus on delivering and maintaining essential services and core infrastructure
- we will need to consider whether we can continue to maintain our levels of service for other community infrastructure within our financial limits.

In developing this strategy we have also considered the financial capacity of the community to fund the level of rates. In this context we have looked at whether rates exceed 5% of household income as an indicator of affordability. We estimate that household rates will increase from 4.4% to 5.9% of median household income over the 10-year period.

We will use these limits and guides when considering future proposals for funding and expenditure.

Infrastructure Expenditure and Loan funding





FINANCIAL IMPACT

We are moving to a balanced budget situation in most of the projected 10 years of the plan.

In two of the years Council's projected annual income will be less than operating expenditure. The level of deficit returns to surplus in 2024/2025, largely due to Council increasing the amount of depreciation it is funding.

You can read more about the full Financial Strategy online: southlanddc.govt.nz.

As part of our financial strategy we aim to meet our operating costs from our operating revenue and balance our budget. Council is projecting the following results for the next 10 years:

Year	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Surplus/(deficit)	\$1.5M	(\$1.6M)	(\$1.7M)	\$1.5M	\$4.7M	\$4.6M	\$6.1M	\$7.1M	\$8.7M	\$12.6M

Our activities by the numbers

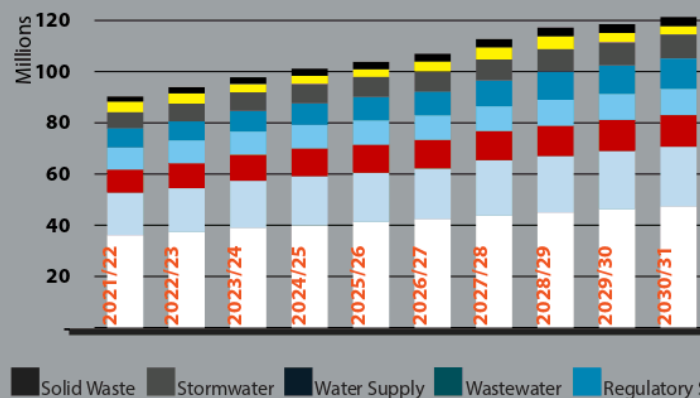
	OPERATIONAL SPEND 2021-2031		CAPITAL SPEND 2021-2031		RATES 2021-2031	How Costs are Funded		What's happening with levels of service
	\$M	%	\$M	%		Rates	Other (incl. fees & charges)	
Community Leadership	\$95.4	9%	\$0.9	0.2%	\$92	96%	4%	>
Community Resources	\$198.6	18.7%	\$41.2	9.1%	\$158.3	66%	34%	>
Environmental Services	\$109.9	10.3%	\$1.9	0.4%	\$61.6	55%	45%	^
Wastewater	\$93.9	8.8%	\$64.3	14.2%	\$81.8	52%	48%	^
Stormwater	\$28.7	2.6%	\$12.6	2.8%	\$22.9	55%	45%	^
Transport	\$418.4	39.3%	\$296.3	65.2%	\$234.4	33%	67%	>
Water Supply	\$79.2	7.4%	\$33.3	7.3%	\$71.4	63%	37%	^
TOTAL	\$1024.1		\$450.5		\$722.3			

Council also has various corporate services which have operating spend of \$39.5 million and capital spend of \$3.8 million. These corporate services are funded through internal charges which are spread over the seven activities.

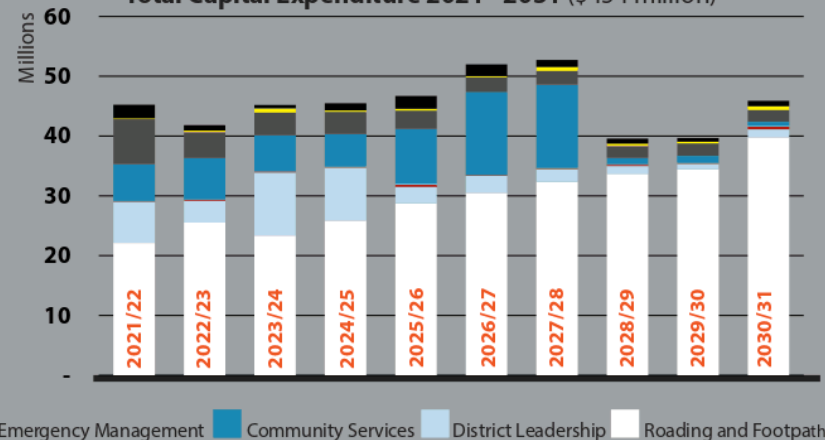
What's happening to costs?

The cost of our activities over the next 10 years are projected to increase significantly, mainly because of inflation and to pay for the larger capital expenditure programme, in particular to renew core infrastructure such as bridges and pipes and to improve drinking water and wastewater/stormwater discharges.

Total Operating Expenditure 2021 - 2031 (\$1.1 billion)



Total Capital Expenditure 2021 - 2031 (\$454 million)



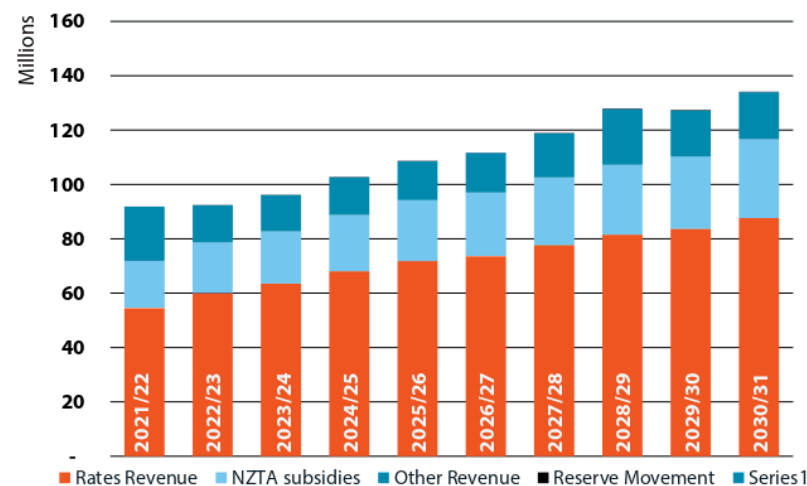
How do we pay for this?

The majority of money comes from rates (65%) as well as subsidies (21%), in particular funding from Waka Kotahi NZ Transport Agency for our roads. We also collect other revenue (14%), which includes fees and charges from users, forestry and other income. Funding sources are less than the total expenditure (operating and capital) because of Council unfunded depreciation.

Our average rate increase over the 10 years will be 5.9%. In our Financial Strategy we have committed to increase our rates by no more than 8% per annum. However, as previously explained, in years one and two we are projecting a rate increase higher than the limit.

Council is also making some changes to some fees and charges and rates. More information about these changes is available online at southlanddc.govt.nz

Funding Sources 2021 - 2031 (\$1.1 billion)



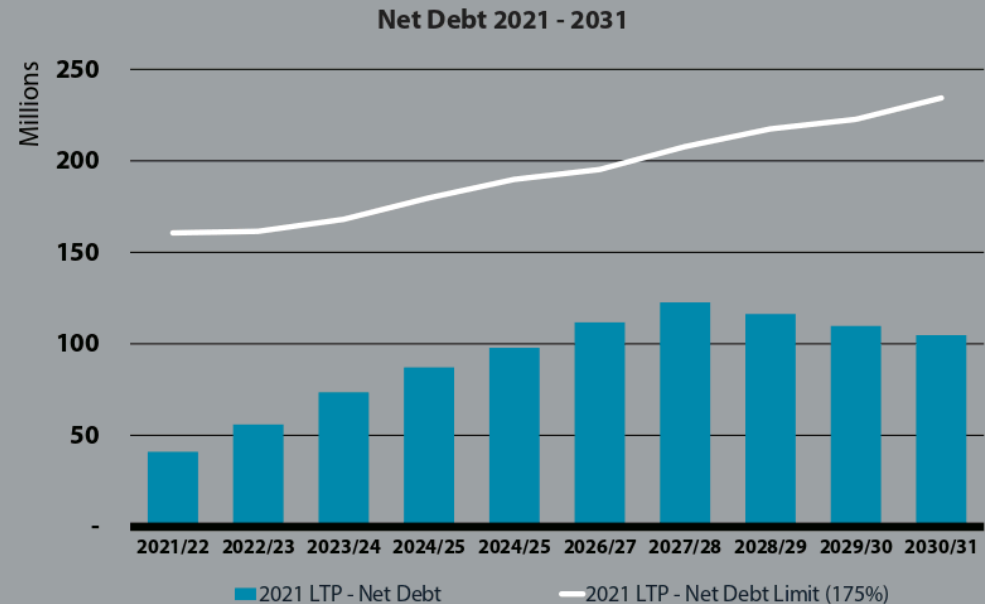
What about debt?

Over the plan period we will be increasing net debt to fund infrastructure projects.

Net debt will peak in 2027/2028 at \$123 million. Over the plan period we will maintain a debt contingency of between \$84 million and \$130 million to cover for any emergencies or natural disasters.

As part of the Financial Strategy, Council has increased the limit on net debt from 100% to 175% of total income (equivalent to \$161 million in 2021/2022 and up to \$234 million in 2030/2031). Funding of Council's loans will be in line with Council's policies.

Allowance for the repayment of loans is included in rates.

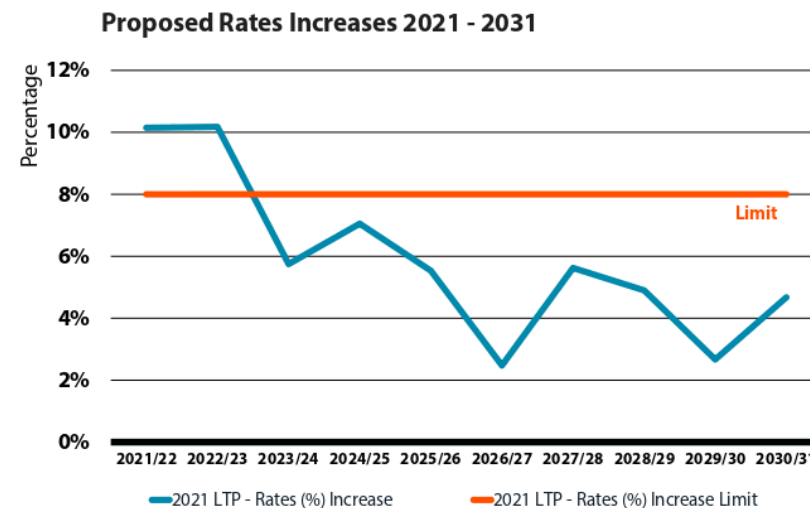


What does this mean for my rates?

Our aim is to keep rates as affordable as possible while recognising the pressures on costs that come meeting regulatory and legislative requirements, and working to improve outcomes for our communities as well as looking after our infrastructure. If you have concerns about your ability to pay your rates we encourage you to talk to our finance team. We will work with you to find options that will best suit you.

The actual change in the rates you pay depends on the type of property you own, its value, and what Council services you use (for example, whether you are connected to our wastewater system).

The following examples on pages 24 and 25 show the 2021/2022 rates for different property types in our district. They show the impact on properties with typical land and capital values in different parts of the district. If you'd like to see how year 1 of the plan will impact your rates, use our online rates tool makeitstick.nz/ltp to search for your property.



SAMPLE PROPERTIES

These are some sample properties that show the impact of changes to different property types and property values in different parts of the district.

If you would like to see how year one of the plan will impact your rates, use our online rates tool: makeitstick.nz/ltip

	LAND VALUE	CAPITAL VALUE	TOTAL RATES			
			2020/21	2021/22	Change \$	%
Residential (Winton)	\$81,000	\$305,000	\$2,654	\$3,008	\$354	13%
Residential (Manapouri)	\$430,000	\$850,000	\$3,401	\$3,759	\$359	11%
Residential (Balfour)	\$33,000	\$170,000	\$1,584	\$1,699	\$115	7%
Residential (Ohai)	\$15,000	\$126,000	\$2,564	\$2,965	\$402	16%
Residential (Te Anau)	\$138,000	\$510,000	\$2,995	\$3,366	\$371	12%
Residential (Otautau)	\$20,000	\$230,000	\$2,646	\$3,001	\$355	13%
Lifestyle (Athol)	\$290,000	\$465,000	\$1,698	\$1,935	\$237	14%
Lifestyle (Manapouri)	\$225,000	\$560,000	\$2,648	\$2,597	-\$52	-2%
Lifestyle (Wyndham)	\$160,000	\$650,000	\$2,024	\$2,053	\$29	1%
Lifestyle (Riverton/Aparima)	\$740,000	\$1,430,000	\$1,979	\$2,087	\$108	5%
Farming (Non-Dairy)	\$4,660,000	\$5,360,000	\$7,051	\$7,659	\$607	9%
Farming (Non-Dairy)	\$6,350,000	\$7,520,000	\$9,763	\$10,353	\$590	6%
Farming (Non-Dairy)	\$5,400,000	\$5,950,000	\$7,740	\$8,391	\$651	8%
Farming (Non-Dairy)	\$1,470,000	\$1,600,000	\$2,625	\$2,842	\$218	8%
Mining	\$2,590,000	\$3,930,000	\$85,846	\$86,342	\$496	1%
Industrial	\$175,000	\$400,000	\$2,740	\$3,099	\$359	13%
Industrial	\$200,000	\$560,000	\$4,280	\$4,911	\$630	15%
Commercial	\$155,000	\$730,000	\$3,637	\$4,124	\$487	13%
Commercial	\$900,000	\$5,550,000	\$12,029	\$12,115	\$86	1%
Dairy	\$10,400,000	\$12,700,000	\$20,909	\$22,135	\$1,226	6%
Dairy	\$9,400,000	\$11,110,000	\$18,671	\$19,427	\$756	4%
Dairy	\$13,000,000	\$16,700,000	\$27,468	\$28,743	\$1,275	5%
Dairy	\$18,900,000	\$23,000,000	\$40,689	\$42,216	\$1,527	4%
Forestry	\$540,000	\$580,000	\$4,130	\$4,184	\$54	1%
Other	\$66,000	\$74,000	\$783	\$952	\$169	22%

DISTRICT RATES			
2020/21	2021/22	Change	
		\$	%
\$1,094	\$1,270	\$176	16%
\$1,677	\$1,907	\$230	14%
\$950	\$1,112	\$162	17%
\$903	\$1,060	\$158	17%
\$1,314	\$1,509	\$196	15%
\$1,014	\$1,182	\$168	17%

\$1,265	\$1,396	\$130	10%
\$1,367	\$1,507	\$140	10%
\$1,463	\$1,612	\$149	10%
\$1,574	\$1,718	\$143	9%

\$6,889	\$7,505	\$616	9%
\$9,445	\$10,277	\$833	9%
\$7,563	\$8,237	\$674	9%
\$2,551	\$2,792	\$241	9%

\$85,770	\$86,244	\$474	1%
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\$1,524	\$1,708	\$184	12%
\$1,827	\$2,026	\$200	11%

\$2,154	\$2,371	\$216	10%
\$11,311	\$11,934	\$623	6%

\$20,430	\$21,781	\$1,350	7%
\$17,941	\$19,132	\$1,191	7%
\$26,670	\$28,420	\$1,750	7%
\$36,446	\$38,826	\$2,379	7%

\$4,119	\$4,184	\$65	2%
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\$782	\$866	\$84	11%
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LOCAL RATES			
2020/21	2021/22	Change	
		\$	%
\$292	\$243	-\$50	-17%
\$455	\$356	-\$99	-22%
\$289	\$239	-\$50	-17%
\$393	\$409	\$16	4%
\$413	\$360	-\$53	-13%
\$364	\$323	-\$41	-11%

\$87	\$192	\$105	121%
\$451	\$177	-\$274	-61%
\$215	\$93	-\$122	-57%
\$59	\$21	-\$38	-64%

\$162	\$153	-\$8	-5%
\$318	\$76	-\$242	-76%
\$177	\$153	-\$23	-13%
\$74	\$50	-\$24	-32%

\$76	\$98	\$22	29%
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\$294	\$243	-\$51	-17%
\$217	\$258	\$41	19%

\$215	\$258	\$43	20%
\$719	\$181	-\$538	-75%

\$478	\$354	-\$124	-26%
\$730	\$295	-\$435	-60%
\$798	\$323	-\$475	-60%
\$1,131	\$260	-\$871	-77%

\$11	\$-	-\$11	-100%
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\$1	\$87	\$86	6314%
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SERVICE RATES			
2020/21	2021/22	Change	
		\$	%
\$1,268	\$1,496	\$228	18%
\$1,268	\$1,496	\$228	18%
\$346	\$348	\$2	1%
\$1,268	\$1,496	\$228	18%
\$1,268	\$1,496	\$228	18%
\$1,268	\$1,496	\$228	18%

\$346	\$348	\$2	1%
\$830	\$913	\$83	10%
\$346	\$348	\$2	1%
\$346	\$348	\$2	1%

\$-	\$-	\$-	0%
\$-	\$-	\$-	0%
\$-	\$-	\$-	0%
\$-	\$-	\$-	0%

\$-	\$-	\$-	0%
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\$922	\$1,148	\$226	24%
\$2,237	\$2,627	\$390	17%

\$1,268	\$1,496	\$228	18%
\$-	\$-	\$-	0%

\$-	\$-	\$-	0%
\$-	\$-	\$-	0%
\$-	\$-	\$-	0%
\$3,111	\$3,130	\$19	1%

\$-	\$-	\$-	0%
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\$-	\$-	\$-	0%
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What's happening in your area?

Southland District's nine community boards have identified priority projects in their areas and worked with Council to set budgets for this work. We've included some of what has been planned by each community board over the next three years. The full list of projects can be found on our website: southlanddc.govt.nz

Waihopai Toetoe Community Board

2021/2022

Curio Bay - reserve management plan	\$50,000
Tokanui - Hall project	\$37,000
Fortrose - coastal plan investigation	\$20,000
Edendale - walking track upgrade	\$15,000

2022/2023

Edendale/Wyndham - recreation reserve project	\$410,000
Edendale/Wyndham - footpaths renewal	\$120,000

2023/2024

Edendale/Wyndham - multi-use track	\$655,000
Tokanui - Rata Park playground renewal	\$48,000
Edendale/Wyndham - drinking fountain	\$21,000

Oreti Community Board

2021/2022

Winton - John Street footpath and parking project	\$120,000
Dipton playground renewal	\$ 68,000
Dipton hall exterior repaint	\$ 50,000
Master plan for parks and beautification	\$ 50,000

2022/2023

Winton - new footpaths	\$140,000
Winton Drill Hall maintenance project	\$103,000
Winton - Ivy Russell Reserve shed extension	\$ 52,000
Winton Medical Centre exterior cladding	\$ 77,000
Winton Maternity Centre painting	\$ 51,000

2023/2024

Winton Centennial Park carpark extension	\$ 84,500
Winton Anzac Oval boundary extension	\$ 53,000
Dipton hall heating upgrade	\$ 53,000
Limehills Community Centre painting	\$ 53,000

Northern Community Board

2021/2022

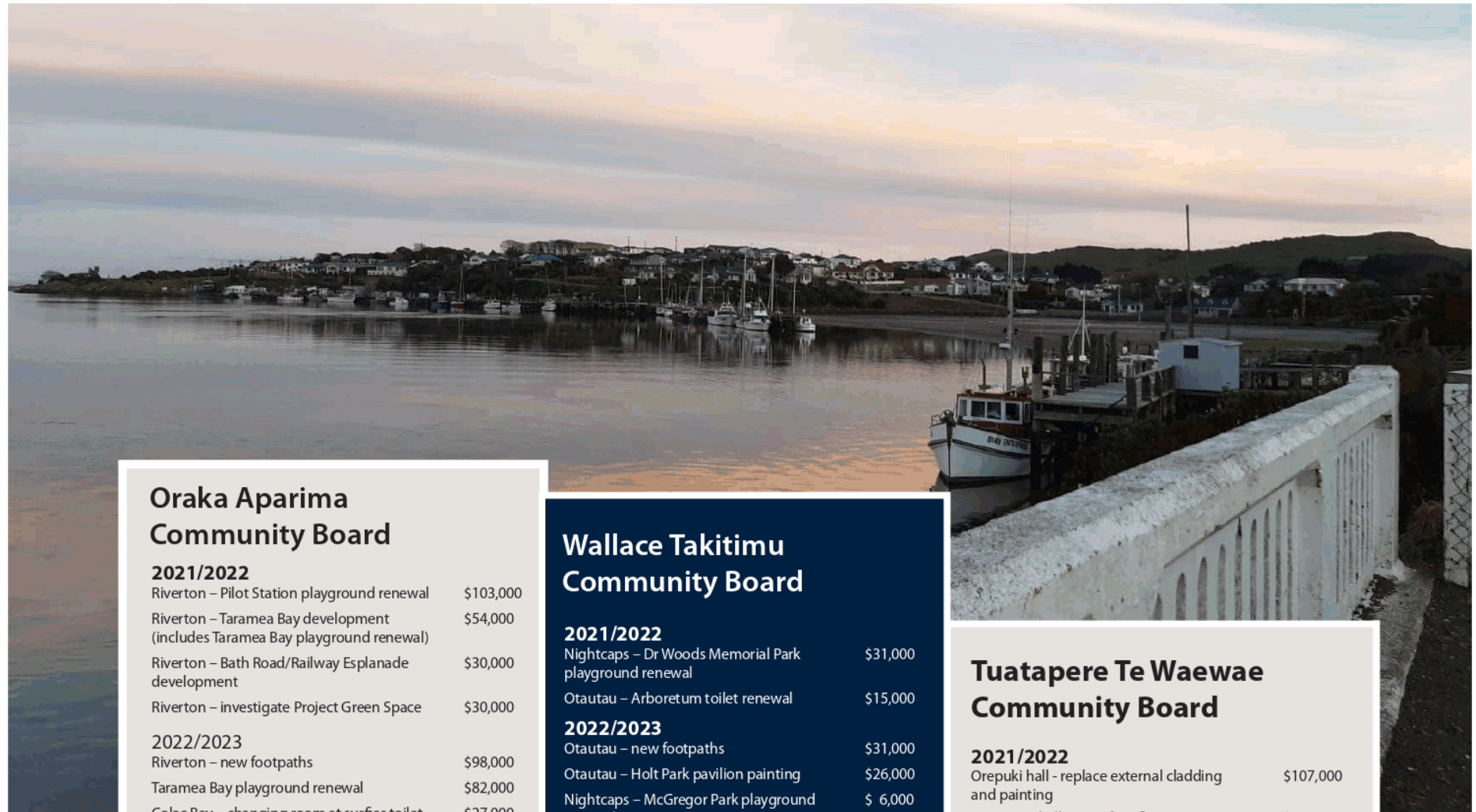
Lumsden - new footpaths	\$45,000
Mossburn - new footpaths	\$ 7,820
Garston seat and signage	\$ 7,000

2022/2023

Lumsden playground renewal	\$79,000
Five Rivers - hall improvements	\$61,500
Garston - barbecue at village green	\$20,600

2023/2024

Lumsden - information centre improvements	\$53,000
Athol hall improvements	\$ 8,000
Garston village beautification	\$ 5,000



Oraka Aparima Community Board

2021/2022

Riverton – Pilot Station playground renewal	\$103,000
Riverton – Taramea Bay development (includes Taramea Bay playground renewal)	\$54,000
Riverton – Bath Road/Railway Esplanade development	\$30,000
Riverton – investigate Project Green Space	\$30,000

2022/2023

Riverton – new footpaths	\$98,000
Taramea Bay playground renewal	\$82,000
Colac Bay – changing room at surfies toilet	\$27,000
Thornbury – new footpaths	\$11,000

2023/2024

Taramea Bay playground renewal	\$63,000
Colac Bay – new street lighting	\$14,000
Thornbury – war memorial upgrade	\$ 7,000

Wallace Takitimu Community Board

2021/2022

Nightcaps – Dr Woods Memorial Park playground renewal	\$31,000
Otautau – Arboretum toilet renewal	\$15,000

2022/2023

Otautau – new footpaths	\$31,000
Otautau – Holt Park pavilion painting	\$26,000
Nightcaps – McGregor Park playground renewal	\$ 6,000

2023/2024

Ohai playground renewal	\$94,000
Nightcaps – Dr Woods Memorial Park playground renewal	\$38,000
Otautau – Holt Park changing shed upgrade	\$53,000

Tuatapere Te Waewae Community Board

2021/2022

Orepuki hall - replace external cladding and painting	\$107,000
Tuatapere hall – resurface floor	\$27,000
Monowai Village – playground renewal	\$17,000

2022/2023

Orepuki playground renewal	\$20,000
Tuatapere – new footpaths	\$15,000

Fiordland Community Board

2021/2022

Te Anau Airport Manapouri runway surface renewal \$800,000

Manapouri boat ramps gabion basket replacement \$400,000

Manapouri walkway realignment from car park to Pearl Harbour, development of car park facilities \$200,000

Te Anau – developing urban master plan, including lakefront and boat harbour \$150,000

Te Anau boat ramp refurbishments – Steamers Beach, boat harbour \$140,000

2022/2023

Te Anau Airport Manapouri runway surface renewal \$560,000

Te Anau town centre, lakefront and boat harbour beautification \$260,000

2023/2024

Manapouri – renew Pearl Harbour boat ramp \$320,000

Te Anau town centre, lakefront and boat harbour beautification \$260,000

2024/2025

Te Anau town centre, lakefront and boat harbour beautification \$270,000

Te Anau - Henry Street playground equipment renewal \$57,000

Ardlussa Community Board

2021/2022

Waikaia – investigate mountain bike track development \$50,000

Riversdale – new footpaths \$26,000

Balfour – new footpaths \$12,500

Waikaia – Dickson Park playground equipment renewal \$ 6,326

Balfour – playground equipment renewal \$ 2,600

2022/2023

Waikaia – road improvements, Cleadon Street, Scotswood Street \$41,143

2023/2024

Balfour – footpath renewals \$31,186

Waikaia – new footpaths \$22,993

2024/2025

Balfour – playground equipment renewal \$58,116

Stewart Island Rakiura Community Board

2021/2022

Dundee Bay Road - new footpaths \$70,000

Horseshoe Bay Road – new walking track \$54,000

Baker Park – investigate tracks \$10,000

2022/2023

Golden Bay Road – new footpaths \$82,000

Horseshoe Bay Road – new walking track \$57,000

Baker Park – install track network \$22,000

2023/2024

Golden Bay Road – new footpaths \$84,000

Baker Park – install track network \$21,000



TALK TO US ABOUT THE KEY ISSUES

The consultation period started at 9am on Friday 12 March 2021 and ends at 5pm on Wednesday 14 April 2021.

Mayor Gary Tong, councillors and staff will be coming to locations throughout the district to talk with you about the key issues.

This will be your chance to have a one-on-one conversation with Southland District Council's elected representatives and staff and make a formal submission on our Long Term Plan 2021-2031.

Drop-in sessions are planned on 23-25 March at the following locations:

Invercargill	Oban	Te Anau	Winton
Riverton	Lumsden	Wyndham	Riversdale
Tuatapere	Otautau		

We'll also be available at:

Fiordland community markets - 14 and 20 March

Winton Community Market - 20 March

Southland Multicultural Food Festival - 20 March

Go to southlanddc.govt.nz or check out Southland District Council's Facebook page for exact dates and times. Consultation documents and flyers containing information will be available in the Consultation Corner at your local Council area office and you will be able to ask questions on our online engagement platform makeitstick.nz



AUDIT NEW ZEALAND
Mana Arotake Aotearoa



How to have your say

All written feedback must be received by 9am
Wednesday 14 April 2021.

Hearings will be held on 27-28 April 2021.

If you would like to present your views face to face
with Council please tick the box provided on the
submission form; email submissions@southlanddc.govt.nz
or contact us on 0800 732 732 by 14 April and let us
know which key issues you would like to discuss.

Notes of any informal feedback we get will be included
in a report that goes to Council when it is deliberating
on 5 May.

Provide online feedback

We'd encourage you to provide your feedback online.
Go to makeitstick.nz/ltp

Post it to

Long Term Plan 2021-2031
Southland District Council
PO Box 903,
Invercargill 9840

Scan and email it to

submissions@southlanddc.govt.nz

Bring it in to one of our offices

15 Forth Street, Invercargill
18 Diana Street, Lumsden
176 Main Street, Otautau
117 Palmerston Street, Riverton
10 Ayr Street, Oban
116 Town Centre, Te Anau
182 Great North Road, Winton
41 Balaclava Street, Wyndham

