



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

**Date:** Wednesday, 29 May 2024  
**Time:** 10am  
**Meeting room:** Council Chamber  
**Venue:** Level 2  
20 Don Street  
Invercargill

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## **Council Agenda OPEN**

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### **MEMBERSHIP**

**Mayor**

Rob Scott

**Deputy mayor**

Christine Menzies

**Councillors**

Jaspreet Boparai

Don Byars

Derek Chamberlain

Paul Duffy

Darren Frazer

Sarah Greaney

Julie Keast

Tom O'Brien

Margie Ruddenklau

Jon Spraggon

Matt Wilson

### **IN ATTENDANCE**

**Chief executive**

Cameron McIntosh

**Committee advisor**

Rachael Poole

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Online: [Southland District Council YouTube](https://www.youtube.com/watch?v=9333333333)

**Full agendas are available on Council's website**  
**[www.southlanddc.govt.nz](http://www.southlanddc.govt.nz)**

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**Note:** The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. Should Members require further information relating to any reports, please contact the relevant manager, Chairperson or Deputy Chairperson.





## Health and safety – emergency procedures

**Toilets** – The toilets are located outside of the chamber, directly down the hall on the right.

**Evacuation** – Should there be an evacuation for any reason please exit down the stairwell to the assembly point, which is the entrance to the carpark on Spey Street. Please do not use the lift.

**Earthquake** – Drop, cover and hold applies in this situation and, if necessary, once the shaking has stopped we will evacuate down the stairwell without using the lift, meeting again in the carpark on Spey Street.

**Phones** – Please turn your mobile devices to silent mode.

**Recording** - These proceedings are being recorded for the purpose of live video, both live streaming and downloading. By remaining in this meeting, you are consenting to being filmed for viewing by the public.

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	Mā te wairua	From the spirit
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### Karakia Whakamutunga

Kia hora te marino  
Kia whakapapa pounamu te moana  
Hei huarahi mā tātou i te rangi nei  
Aroha atu, aroha mai  
Tātou i a tātou katoa  
Hui e! Tāiki e!

May peace be widespread  
May the sea be like greenstone  
A pathway for us all this day  
Let us show respect for each other  
For one another  
Bind us all together!



**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 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."

**5 Confirmation of Council Minutes**

5.1 Meeting minutes of Council, 15 May 2024

**6 Public Participation**

Notification to speak is required by 12noon at least one clear day before the meeting. Further information is available on [www.southlanddc.govt.nz](http://www.southlanddc.govt.nz) or phoning 0800 732 732



## **a) Updated timeline for Long Term Plan 2024-2034**

**Record no:** R/24/4/30060  
**Author:** Robyn Laidlaw, Corporate performance lead  
**Approved by:** Anne Robson, Group manager finance and assurance

☒ Decision

☐ Recommendation

☐ Information

### **1 Purpose**

- 1 The purpose of this report is to confirm with Council the updated timeline for the Long Term Plan 2034 (LTP) taking advantage of the legislative extension.

### **2 Executive summary**

- 2 In March 2024 staff presented to the Finance and Assurance Committee (the Committee) an updated timeline for the Long Term Plan 2024-34, which included taking advantage of the extended timeline allowed following the repeal of the water entity bill which saw Council amend its LTP to include a further eight years of three waters costs.
- 3 The repeal bill Government also gave Councils the choice of extending their LTP adoption by up to three months (September 2024) or deferring their LTP for 12 months and adopting an enhanced Annual Plan for 2024/25. The Committee endorsed and recommended to Council the extending of the LTP adoption within the three-month period, with an adoption date of Wednesday 21 August.
- 4 Following the March meeting, staff have needed to further re-work the dates to allow for a further two weeks to complete the audit of the consultation document. Changes are now being proposed to all dates previously endorsed by the Committee cumulating in a proposed revised adoption date of Monday 26 August. This is the latest date we can adopt by and still have a first instalment date of the last Friday of September.
- 5 It is important to note that in the timeline 10 days have been allowed for the final audit, however this may be at risk depending on the level of submissions and changes Council may request as a result of the hearings and deliberations. At that time, we may need to consider revisiting the timeline and potentially pushing the first instalment date of rates out. This will be a last resort, with staff and Councils auditors planning on doing everything they can to not change the timeline proposed in this report.
- 6 This report also outlines the revised meeting schedule for Council and the Finance and Assurance Committee for the remainder of the year to achieve this timeline.

### 3 Recommendation

That the Council:

- a) receives the report titled “Updated timeline for Long Term Plan 2024-2034”.
- 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) Notes that on 27 March 2024 the Finance and Assurance Committee resolved to endorse and recommend to Council that the Long Term Plan 2024-2034 be adopted by 21 August 2024.
- e) Adopts the revised Long Term Plan 2024-2034 timeline as detailed in this report cumulating in the Long Term Plan 2024-2034 being adopted on Monday 26 August 2024.
- f) Adopts an amended Council and Finance and Assurance Committee meeting schedule for the remainder of 2024 as follows:

Day	Meeting	Time
<b>Wednesday 5 June 2024 (this is a new meeting)</b>	<b>Council</b>	<b>9:00am</b>
Wednesday 5 June 2024	Finance and Assurance Committee	10:00am
Wednesday 19 June 2024	Council	9:30am
Wednesday 3 July 2024	Council	9:30am
<b>Tuesday 16 July, Wednesday 17 July and Thursday 18 July 2024 (Tuesday and Thursday have been added)</b>	<b>Council (LTP hearings)</b>	<b>9:30am</b>
<b>Wednesday 24 July 2024 (this is a new meeting)</b>	<b>Council (LTP deliberations)</b>	<b>9:30am</b>
<b>Monday 26 August 2024 (this is a new meeting)</b>	<b>Council (adopt LTP)</b>	<b>9:30am</b>
Wednesday 4 September 2024	Finance and Assurance Committee	9.30am
Wednesday 18 September 2024	Council	9.30am



Wednesday 2 October 2024	Council	9.30am
Wednesday 16 October 2024	Finance and Assurance Committee	9.30am
Wednesday 23 October 2024	Council	9.30am
Wednesday 6 November 2024	Council	9.30am
Wednesday 20 November 2024	Council	9.30am
Wednesday 4 December 2024	Finance and Assurance Committee	9.30am
Wednesday 11 December 2024	Council	9.30am

## **4**

### **b) Background**

- 7 In December 2023 staff presented to the Committee an updated timeline for the Long Term Plan, which included the adoption of the document in late June 2024, as is legislatively required. At this time Council was preparing its LTP on the basis of having three waters activities for only two of the ten years.
- 8 Following that meeting, staff presented an updated timeline to the committee in March 2024 that took advantage of the three-month extension available, resulting in the recommendation of an adoption date of 21 August 2024. At that meeting staff were asked to review the adoption date and look to see if the timeline could be condensed further to adopt before 21 August – allowing elected members to attend Superlocal24 in Wellington.
- 9 Staff did review and had an earlier date planned however the timeline needed to be amended by two weeks to allow the audit team to complete the audit of the consultation document and get the document to a hot review with the Office of the Auditor General (OAG).
- 10 The additional two weeks needed has meant moving the consultation period from May to June. It is now proposed that the consultation period will start on the 5 June and be completed by the 5 July, with the submissions and hearings meetings changing from the 1,2,3 July to the 16,17,18 July and deliberations from the 8 July to the 24 July.
- 11 Staff now propose to move the council LTP adoption meeting to **Monday 26 August**. This date allows for elected members to travel to Superlocal24, builds in the additional audit time and keeps the rates instalments as four for the year. Any further movement in the timeline will mean only three rates instalments for the 24/25 year, thus impacting on rate payers and council cashflow. It is important to note that in the timeline 10 days have been allowed for the final audit, however this may be at risk depending on the level of submissions and changes Council may request as a result of the hearings and deliberations. At that time, we may need to consider revisiting the timeline and potentially pushing the first instalment date of rates out. This will be a last resort, with staff and Councils auditors planning on doing everything they can to not change the timeline proposed in this report.

The revised LTP adoption timeline is proposed below alongside the Committee endorsed dates from its March meeting.

Long Term Plan 2024-34 Timeline		
	<u>Finance and Assurance Endorsed Dates</u>	<u>Amended dates proposed</u>
Council meeting to adopt the Consultation document and supporting documents for the LTP plus the Development and Financial Contributions policy	Wednesday 15 May	Wednesday 29 May
Council meeting added for Submissions, hearings and deliberations for LTP policies	Wednesday 5 June	Wednesday 5 June
LTP Consultation period	Thursday 22 May to Friday 21 June	Wednesday 5 June, 9.00am to Friday 5 July, 12.00pm
Council meeting , adoption of the LTP policies (Revenue & Financing policy, Rate remission and postponement of rates policy, Significance & Engagement Policy)	Wednesday 19 June	Wednesday 19 June
Council meeting - Submissions hearings 17.07.24 currently planned council meeting Meeting venue still to be advised	Monday 1 July Tuesday 2 July Wednesday 3 July	Tuesday 16 July Wednesday 17 July Thursday 18 July (if needed)
Council meeting - Deliberations	Monday 8 July	Wednesday 24 July
Finance and Assurance meeting - endorse the draft LTP and release to audit for final audit opinion	Wednesday 24 July	Wednesday 7 August
Council meeting - Adoption of the LTP	Wednesday 21 August	Monday 26 August

### Council and Finance and Assurance Committee meetings for 2024

- 12 Council adopted a schedule of Council and Finance and Assurance Committee meetings for 2024 on 3 May 2024. There is a need to make minor changes to the previous meeting schedule to enable the proposed LTP timeframes. The following revised meeting schedule is being proposed for the remainder of 2024:

Day	Meeting	Time
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**Council**  
**29 May 2024**

Wednesday 5 June 2024 (this is a new meeting)	Council	9:00am
Wednesday 5 June 2024	Finance and Assurance Committee	10:00am
Wednesday 19 June 2024	Council	9:30am
Wednesday 3 July 2024	Council	9:30am
Tuesday 16 July, Wednesday 17 July and Thursday 18 July 2024 (Tuesday and Thursday have been added)	Council (LTP hearings)	9:30am
Wednesday 24 July 2024 (this is a new meeting)	Council (LTP deliberations)	9:30am
Monday 26 August 2024 (this is a new meeting)	Council (adopt LTP)	9:30am
Wednesday 4 September 2024	Finance and Assurance Committee	9.30am
Wednesday 18 September 2024	Council	9.30am
Wednesday 2 October 2024	Council	9.30am
Wednesday 16 October 2024	Finance and Assurance Committee	9.30am
Wednesday 23 October 2024	Council	9.30am
Wednesday 6 November 2024	Council	9.30am
Wednesday 20 November 2024	Council	9.30am
Wednesday 4 December 2024	Finance and Assurance Committee	9.30am
Wednesday 11 December 2024	Council	9.30am

**c)**

**d) Issues**

Rating

- 13 As discussed and endorsed at the March Committee meeting the result of extending the adoption of the LTP past 30 June 2024, is that the setting of the rates will be deferred.
- 14 In keeping the adoption of the LTP 34 to the last week in August 2024 there will be four instalments of rates for the 2024/2025 year.

Instalment	Normal Payment Date	Proposed Payment Date
One	Last Friday in August	Last Friday in September
Two	Last Friday in November	Last Friday in November

Three	Last Friday in February	Last Friday in February
Four	Last Friday in May	Last Friday in May

- 15 The Finance and Assurance Committee has endorsed and recommended to Council the applying of rates penalties only to instalment two, three and four for 2024/25. This will potentially result in a loss of revenue but staff believe it will help remove the angst around any confusion of a later first instalment date.
- 16 Staff have considered what needs to happen to advise ratepayers of the change in dates especially those on direct debits. The below table is included to assist Councillors to answer some of the questions they and their ratepayers may have. Staff will work with the communications and customer services teams to ensure that the information around the changes and the impacts are known as widely as possible.

June	<p><b>Existing direct debit customers</b></p> <ul style="list-style-type: none"> <li>Instead of the amount changing when rates are set in July the amount will remain the same until October. The adjustment in amount will show on the first instalment notice going out in September.</li> </ul> <p><b>New direct debit customers</b></p> <ul style="list-style-type: none"> <li>Those that want direct debit in July 2024 will get a letter out and we will set a fixed amount based on the estimated rates for the 2024-2025 year to start in July and will be recalculated in September when rates are set and the amount will show on the first instalment notice going out in September.</li> </ul>
July	<p><b>Penalties and rebates</b></p> <ul style="list-style-type: none"> <li>1<sup>st</sup> July penalty of 10% on the total owing for 2023-2024 will still be applied and overdue amounts followed up in the same way.</li> <li>2024-2025 Rates rebates will still be posted to customers with a cover letter asking for them to still fill in all the details on the form leaving rates for 2024/2025 blank and Council will fill in those details based on an estimation to allow the processing to continue in a timely manner through August/September to assist those wanting the rebate as soon as possible.</li> </ul>
21 August	<p><b>Set rates</b></p> <ul style="list-style-type: none"> <li>Once LTP 34 and rates resolution is approved rates can be set and the notices printed for the ratepayers do be delivered within the statutory required timelines.</li> </ul>
September	<p><b>1<sup>st</sup> Instalment payment date</b></p> <ul style="list-style-type: none"> <li>27<sup>th</sup> September payment date.</li> </ul>

- 17 An adoption date of 26 August 2024 will still allow time to strike the rates, send the rating file away, print the rates notices and have them delivered to the ratepayer so they have 14 days clear

before the instalment due date, in line with Section 48 (3) of the Local Government Rating Act. However this is the latest adoption date possible to be able to have a payment date of the 27<sup>th</sup> September. Any further movements in the timeline may result in this date having to be pushed out.

**e) Factors to consider**

**Legal and statutory requirements**

18 Following the change of government, the Water Services Entities Act (2022), the Water Services Amendment Act 2023 and the Water Services Legislation Act (2023) have been repealed restoring council ownership and control of water services and responsibility for service delivery to council. As part of this the Government also made provision for Council to extend the adoption of their LTP until September or to defer their LTP for 12 months. The implications are:

- Extending the LTP by 3 months to September
  - Year four of the 2021-31 LTP continues to be in place. This means that Council can continue to incur expenditure in line with the budgets of year four until it adopts its LTP. This may have an impact on Council capital projects in particular, as many projects have been added or changed since the 2021-31 LTP. As such staff are suggesting that we seek approval from Council for any capital expenditure that may be incurred during July/August that will be of a significant or material nature (section 95(2A) plus section 95A(5) of the Local Government Act 2002)
  - The revenue and financing policy, and the rates remission and postponement policies have been consulted on. Submission, hearings and deliberations will take place in early June followed by adoption of the policies prior to 1 July 2024 to support the Principles set out in the Preamble to Te Ture Whenua Act (clause 22 of Part 4 of Schedule 1AA of the LGA 02).

**Policy implications**

19 The current LTP 2021-2031 stays in place until the new LTP is signed, therefore from 1 July 2024 we operate in year 4 of the current LTP.

**Analysis**

**f) Options considered**

- 20 Option One: Adoption of the LTP at the 26<sup>th</sup> August Council meeting with the first instalment date of 27<sup>th</sup> September 2024.
- 21 Option Two: Proposing a longer timeline but still within the three-month extension.

**g) Analysis of Options**

**h) Option 1 – Adoption of the LTP at the 26<sup>th</sup> August Council meeting with the first instalment date of 27<sup>th</sup> September 2024**

<i>Advantages</i>	<i>Disadvantages</i>
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<ul style="list-style-type: none"> <li>• Additional time to ensure the right information is available for residents and rate payers through the consultation process.</li> <li>• Allowing time and transparency throughout the process including hearings submissions and council deliberations.</li> <li>• Finalising this LTP allows Council to begin the planning of the next LTP in a timely manner.</li> </ul>	<ul style="list-style-type: none"> <li>• Yr 4 of LTP 31 remains in place until LTP34 is signed off. It is unclear if that is headline or line by line figures.</li> <li>• The longer the LTP is taking to complete the more opportunity for central government legislative could impact the completion of the LTP.</li> <li>• The extension of the LTP will impact the completion of the Annual Report.</li> </ul>
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**i) Option 2 – Proposing a longer timeline but still within the three-month extension**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• Gives some room to respond to changes that may need to be done. The submissions and hearings may bring up changes that Council wants to make these may require more substantive auditing other than the 10 days allowed</li> </ul>	<ul style="list-style-type: none"> <li>• Will require Council to revisit the rate payment dates for the year.</li> <li>• Extends an already long process out further. Further impacting the Annual Report and Annual Plan processes.</li> </ul>

**j) Assessment of significance**

- 22 The setting of the LTP timeline is not considered significant under Councils significance and engagement.

**Recommended option**

- 23 Staff recommend option one: The adoption of the LTP on Monday 26 August 2024.

**Next steps**

- 24 Complete the consultation process, prepare for submission, hearings and deliberations meetings.
- 25 Changes will be made to Councillors calendar requests to reflect the updated meeting dates, including the deletion of meetings no longer required.

**5 Attachments**

There are no attachments for this report.

## Adoption of the Supporting Documentation for the Long Term Plan 2024-2034

Record no: R/24/2/8354

Author: Robyn Laidlaw, Corporate performance lead

Approved by: Anne Robson, Group manager finance and assurance

☒ Decision

☐ Recommendation

☐ Information

### Purpose

- 1 Council is being asked to adopt supporting information, for the Long Term Plan 2024-2034. (LTP)

### Executive summary

- 2 All councils are required by legislation to adopt an LTP. The LTP is a 10 year plan with detail in the first 3 years. The process of developing this LTP began in early 2023.
- 3 Under the Local Government Act 2022, Local authorities are required to develop a consultation document for the purpose of asking the community for their views and preferred choices on the options Council is working through as part of preparing the LTP. In preparing the consultation document information that reflects the decisions and guidance provided by elected members is made publicly available (the supporting documents).
- 4 To prepare a long term plan there are certain processes council needs to go through to ensure the most up to date and robust information is being used as part of the decision making for the LTP. Taituara guidance sets out a structure of 20 process pieces and 20 content pieces to develop an LTP. As part of the content pieces there are documents that need to be developed, reviewed and agreed upon to be part of the consultation process for the LTP. This includes all the supporting information. Information that give residents and rate payers more or background information on the issues presented in the consultation document. These documents go on to form the LTP.
- 5 The next step in the LTP process is for the consultation document to be adopted for consultation and graphically designed.
- 6 As a result of the consultation process these documents may have some changes proposed before the adoption of the LTP document in late August.

## Recommendation

### That the Council:

- a) **receives the report titled “Adoption of the Supporting Documentation for the Long Term Plan 2024-2034”.**
- 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 following draft supporting documents for the Long Term Plan consultation document:**
  - Draft LTP section three (including financial statements, rates funding impact statements, fees and charges and reserves) **attachment A**
  - Draft LTP section two Activity Statements (including key performance indicators and activity funding impact statements **attachment B**
  - Draft LTP section one Summary (including financial prudence benchmarks) **attachment C**
  - Draft activity management plans **attachments D-N**
  - Draft infrastructure strategy **attachment O**
  - Draft financial strategy **attachment P**
  - Schedule of projects **attachment Q**
  - Schedule of loans **attachment R**
  - Analysis of proposed rates distribution **attachment S**
  - Proposed targeted rates changes (roading, SIESA, rural water, specific halls) **attachment T**
  - Detailed rate information **attachment U**
  - Significant forecasting assumptions **attachment V**
- e) **Agrees to resolve that in accordance with Section 100 of the Local Government Act 2002, that it is financially prudent for Council to project operating deficits in the first seven years of the plan. This principally reflects Councils policy to transition towards fully funding depreciation on key infrastructure assets in 2031/2032**
- f) **Notes that the supporting documents will be made publicly available during the consultation period**
- g) **Notes that the draft supporting documents may come back to council following the submissions hearings and deliberations process, if significant or material changes are required.**



## **Background**

- 7 All councils are required by legislation to adopt a Long Term Plan (LTP) and review it every three years. The LTP sets out Council's activities, plans, budgets and policies and must be adopted before the beginning of the first year it relates to, having used a special consultative procedure to consult with the community.
- 8 The process to develop Council's LTP began in early 2023. The LTP process provides the opportunity for Council to review the direction that it wishes to go in, and ensure Council is delivering the appropriate services for Southland District.
- 9 Workshop discussions have been held and reports presented over the past fourteen months in preparation for the LTP. As part of these workshops, the supporting documents included today have been discussed and reviewed. The supporting documents get Council to a starting point with Southland residents on the issues being consulted on.
- 10 Instead of a draft LTP, local authorities are required to develop a consultation document for the purpose of consulting with the community as well as making publicly available the information that provides the basis for the preparation of the LTP.
- 11 Following the general election held in October 2023 the National lead coalition government set out a 100 day programme of work as the first order of business. The plan set out a number of legislative changes including, the repeal of the Resource Management Act reform (RMA), the Natural and Built Environment Act (NBE) and the Spatial Planning Act (SPA). Councils have been directed to stop all work on the NBE and SPA and to also cease work on the Significant Natural Areas (SNA).
- 12 The government has introduced the Water Service Acts Repeal Bill. The bill repealed the legislation relating to water services entities and their economic regulation and reinstated legislation that was in place before the introduction of water services entities. The repeal returned the responsibility for water services delivery to local authorities. The bill is the first stage of delivering Local Water Done Well, which will lay a foundation for a new system with stronger central government oversight, economic and quality regulation, and requirements for local authorities to use financially sustainable delivery models.
- 13 Due to the changes in legislation that have had an impact on the development of LTP, central government provided options to councils that gave more time to complete the LTP.
- 14 At the Finance and Assurance meeting March 2024, the committee endorsed extending the completion of the LTP – taking advantage of the three month extension with a proposed adoption of the LTP in late August 2024.
- 15 Following the adoption of the supporting documents the consultation process will take place with the proposed dates being from 9am on the 5 June 2024 until 5 July 2024. During that time elected members will be available should members of the public want to speak to them on aspects of the consultation document.
- 16 Staff have developed the following set of supporting documents and information that provides more detail and context to support the LTP consultation document. This material reflects the decisions and guidance that have been provided by elected members which will support the consultation process then go on to inform the LTP.

### **Draft Long term plan 2024-2034**

- 17 Staff have prepared a draft working version of the 2024 Long Term Plan to support the “These are Challenging Times, Southland” consultation document. This document contains key sections of the information that is expected to be contained in the final LTP document. This is not a legislative requirement. It does, however, facilitate the telling of Southland District’s ‘story’ or the presentation of Council’s complete proposals in a single document. While the draft LTP is not the consultation document, it will be made available on Council’s website and members of the public may wish to read it to access additional information about Council’s planned activities.
- 18 This document is very much a working draft and staff are continuing to finalise aspects of this information and include various policies and strategies in the relevant sections.
- 19 The full LTP will be finalised following Council’s deliberations in July 2024 to be audited and adopted in August 2024. The content and format of the final LTP will also be reviewed by the communications team prior to it being adopted.
- 20 The draft LTP section three (**attachment A**) has the associated detail on the financial information for the LTP including the financial statements, rates funding impact statements, fees and charges and reserves.
- 21 Draft LTP section two (**attachment B**) has the activity information in it including the key performance indicators for each activity and the funding impact statements.
- 22 Draft LTP section one (**attachment C**) is the introductory section of the LTP with summaries of key issues, strategies and the financial prudence benchmarks.

### **Financial information and statements (part of section 3. attachment A)**

- 23 In preparing the budgets for the LTP, individual departmental budgets were prepared by managers and reviewed by finance staff as well as the Executive Leadership Team. Council reviewed district budgets and various inputs into its plan at workshops and meetings from April 2023 to March 2024.
- 24 Many of the projects and budgets forming part of the activity management plans (AMPs) were discussed with the Community Boards and Water Supply Subcommittees at their LTP budget meetings held from October to December 2023. As a result of these meetings, some amendments were made to the AMPs and associated budgets.
- 25 The total proposed rate increases for 2024/2025 is forecast to be a 13.66% increase from 2023/2024. \$8.7 million including penalties, water meter rates and internal rates offsets. The total proposed rates and increases (GST exclusive) for the 10 years of the LTP is as follows:

<b>Year</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>	<b>27/28</b>	<b>28/29</b>	<b>29/30</b>	<b>30/31</b>	<b>31/32</b>	<b>32/33</b>	<b>33/34</b>
<b>Total rates (\$M)</b>	<b>\$72.4</b>	<b>\$78.0</b>	<b>\$86.5</b>	<b>\$91.1</b>	<b>\$96.9</b>	<b>\$101.8</b>	<b>\$106.1</b>	<b>\$109.4</b>	<b>\$112.0</b>	<b>\$113.2</b>

<b>Rates increase (\$M)</b>	<b>\$8.7</b>	<b>\$5.6</b>	<b>\$8.6</b>	<b>\$4.5</b>	<b>\$5.8</b>	<b>\$4.9</b>	<b>\$4.3</b>	<b>\$3.3</b>	<b>\$2.6</b>	<b>\$1.2</b>
<b>Rates increase (%)</b>	<b>13.66%</b>	<b>7.68%</b>	<b>10.97%</b>	<b>5.26%</b>	<b>6.41%</b>	<b>5.05%</b>	<b>4.22%</b>	<b>3.13%</b>	<b>2.37%</b>	<b>1.12%</b>

- 26 A summary outlining the various rate types that make up these totals are included in **attachment U**. This also contains commentary explaining the significant movements in the rate types proposed for the 10 years.
- 27 The significant drivers of the \$8.7 million increase in rates from 2023/2024 to 2024/2025 are summarised below:
- \$4.5 million in the roading rate due the work programme being reset to adjust for inflationary increases over the last three years. This is offset by funding \$1.4M of councils share of pavement rehabilitations and bridges by way of a three-year short-term loan. Costs increases have been higher than the increase in rates, these have been partially offset by the funding assistance rate received from NZTA Waka Kotahi increasing from 52% to 55%. It should be noted that Council is yet to receive confirmation of the requested funding for its programme noted in this LTP consultation document. This may result in changes be made subsequent to the LTP being adopted as final confirmation is not expected until September 2024.
  - \$1.5 million in district wastewater rate is due to increased funding of depreciation and higher interest costs. From 2024/2025 65% of depreciation is funded by rates and this increases by 5% per annum every year until 2031/2032 when depreciation will be fully funded by rates.
  - \$324,287 in local rates due mainly to inflationary increases and increased loan and interest repayments as a result of projects being undertaken.
  - \$1.3M in the district water rate due to increases in depreciation, and higher increase costs. This has been partially offset by three waters stimulus funding. 65% of depreciation is funded by rates in 2023/2024 and this budgeted to increase by 5% per annum every year until 2031/32 when depreciation will be fully funded by rates.
  - \$201,048 in district stormwater rate due to increases in interest and loans repayment costs. Interest and loan repayments continue to increase<sup>4</sup> over the 10 years due to the capital works programmed, which are primarily funded by way of a loan.
  - \$1.1M in the district general rate due mainly to inflationary increases in contracts and wages as well as costs relating to closed landfill remediation.
  - \$34,532 regional heritage rate has no significant increases other than inflation.
  - \$104,810 in the wheelie bin collection rate due to an increase in waste minimisation levy received to contribute to the costs of recycling which has been offset by increased costs in kerbside collection, recycling sorting and waste disposal costs.
- 28 Each of the individual rate types and how they are charged to properties are explained in the funding impact statement (rates section) included in section 3 and additional information has also been include in analysis of rates in **attachment S**

#### **Financial statements (section 3 attachment A)**

- 29 The draft prospective financial statements are included in **attachment A** pages 2 to 7
- 30 Council's statement of comprehensive revenue and expense is forecasting operating surpluses only for the last three years of the LTP. Accordingly, Council are not considered to have a balanced budget. Explanations for the unbalanced budget are included in section 3 **attachment A (pages 41-42)**.
- 31 Council's statement of financial position forecasts significant increases in property, plant and equipment as a result of the planned capital works programme and associated revaluations. Over the plan period we are borrowing \$268million for the capital programme and repaying \$60 million of debt. A large proportion of this debt is in relation to meeting compliance standards for our water and particularly our wastewater activities.
- 32 Our infrastructure needs mean we propose to materially increase net debt over the next ten years and by 2034 our net debt will be \$260 million. This will have ongoing implications on our ability to borrow into the future for emergency events as well as any inflationary pressures that may occur. Councils ongoing discussions with Central Government will be focussed around the environmental, social, and economic impacts of these large commitments for a small rating base. The years beyond 2034, will be a continued focus for Council to consider.

**Funding impact statements (section 2 attachment B)**

- 33 The draft prospective financial impact statements are included in **attachment B**.
- 34 Council is required to complete funding impact statements (FIS's) for all eight of Council's groups of activities (included is also the corporate activity funding impact statement, which is internally funded) under the Local Government Act 2002 (LGA). The funding impact statements identify the sources of funding, the amount of funds expected to be produced by each source and how the funds are applied. The activity FIS's are included in **attachment B**.

**Funding impact statement (rates section) (section 3 attachment A page 8 to page 37 of the section)**

- 35 The funding impact statement (FIS) has not been previously reviewed by Council. This sets out the rates mechanisms that Council will use, including information about how the different rates will be set and assessed and what the proposed rate will be in 2024/2025 based on the draft LTP budgets (orange shaded tables). The information also includes indicative forecasts of the rates for the full ten years of the LTP through to 2033/2034 (blue shaded tables). This is included in attachment J (pages 9-51) and includes maps of the amended rating boundaries attachment J (pages 27-51).
- 36 The section incorporates the proposed changes to rates resulting from discussions with relevant community boards/committees noted in paragraph 51 above including removing the Stewart Island/Rakiura SIESA rate half charge, removing a 7.7 unit charge for the Te Anau Rural Water Supply and extending the Tokanui/Waimakaha and Wrights Bush/Waianiwā hall boundaries.
- 37 This section also reflects the proposed changes to the roading rate differentials discussed in paragraph 52. While the statement currently shows the Te Anau Airport being fully funded from a local airport rate on Fiordland ratepayers (given Council hasn't indicated a preference of mix of general rate and local rate funding for consultation), this will be updated to reflect Council's final decision following consultation.

**Financial prudence benchmarks (attachment A)**

- 38 The financial strategy outlines Council's financial prudence benchmarks.

- 39 Section 13 of the Local Government (Financial Reporting and Prudence) Regulations 2014 set out the requirements for disclosure in the LTP for the planned performance. Section 10 of the regulation requires the following benchmarks:
- (a) the rates affordability benchmark (regulation 17):
  - (b) the debt affordability benchmark (regulation 18):
  - (c) the balanced budget benchmark (regulation 19):
  - (d) the essential services benchmark (regulation 20):
  - (e) the debt servicing benchmark (regulation 21):
- 40 A summary of the proposed financial prudence benchmarks for the LTP is included in **attachment C**.
- 41 The limit on rates increases is proposed to be set at 14% in first year, 11% in year two and three and then 8% annually for the 2034 LTP, on the basis that it strikes a balance between the additional infrastructure investment needed to maintain levels of service and fund renewals whilst keeping debt at a lower level and having rates that the community can reasonably afford.
- 42 Council is also forecasting that it will not meet the balanced budget benchmark in the first seven years of the LTP primarily due to not fully funding depreciation. Further explanations on this can be found in the balancing the budget statement in **attachment A (pages 52-53)**.
- 43 Council are required to have a specific resolution in relation to having an unbalanced budget. This is included as **resolution E**.
- Schedule of reserves (section 3)**
- 44 This schedule outlines the expected opening balance at 1 July 2024, the proposed movements in and out of the reserve and the expected closing balance at 30 June 2034. Over the life of the plan the reserves are anticipated to decrease from \$38.6 million to \$34.7 million.
- 45 Council's schedule of reserves is included in the **attachment A (pages 69-80)**.
- Activity Management Plans (attachment D-N)**
- 46 The Activity Management plans have been developed by the executive leadership team and activity managers using the previous plans that supported LTP 31 as a basis. The plans have been updated to reflect the direction from Council, the outcomes of the community board plans, legislative changes, and the influence of the current economic climate.
- 47 The AMP's have been endorsed by the Finance and Assurance Committee across two meetings, February and April 2024. Following those meeting wording changes have been made to reflect the discussions at those meetings.
- 48 The AMPs will go onto the website as supporting documents for the LTP, and could have some further amendments following the consultation, submission, hearing and deliberations processes. Should there be any significant or material change the AMP(s) will come back to council – however minor changes will be completed ahead of the adoption of the LTP.
- 49 While Council is being asked adopt the AMPs today, these continue to be living documents and will need to be updated to reflect any future decisions Council makes following the submissions, hearings and deliberation process regarding the LTP. The primary audience for each AMP is the activity manager and staff, however the documents will go onto the website to support the consultation process.

50 Council has a total of 11 AMPS associated to the 5 activity groups. The structure is as follows:

Activity Group										
<b>Environmental Services</b> Combines environmental health, animal services, resource management, district planning and building solutions		<b>Community Leadership</b> Includes representation and advocacy and community partnership	<b>Transport</b> Including roading, bridges, footpaths, culverts, the Te Ananu airport, cycle trail and water facilities such as wharves		<b>Water services</b> Includes drinking water, Waste water and Storm Water	<b>Community resources</b> including Community houses and service provision Community halls, management, booking maintenance District offices including library and council services Cemetery management including internment Waste services, rubbish service, green waste and recycling Supply of electricity to residents of Stewart Island				
Activity Management Plan										
Environmental Services	Emergency Management	Community Leadership	Roading footpaths bridges culverts airport and cycle trail	Water facilities wharves pontoons jetties	Water services, storm, waste and drinking water	Community Services, libraries, community housing, cemeteries	Community Facilities Halls Toilets Houses offices	Open spaces Parks Reserves streetscapes	Waste services Solid waste Green waste recycling	Stewart Island electricity supply authority SIESA

### Performance management framework (section 2 attachment B)

- 51 The draft performance management framework shows how each of Council activities contributes to the four community outcomes, what levels of service will be provided, how performance will be measured, key performance indicators (KPI) and what Council's targets are within the KPI's. There are 15 levels of service (LOS) with 66 key performance indicators (KPI's).
- 52 Council's performance management framework has been reviewed by each activity manager and the executive leadership team during the preparation of the activity management plans (AMPs). Members of the LTP project team have reviewed the proposed measures and targets in more detail. The performance framework has been presented to Council in a workshop and endorsed by the Finance and Assurance committee on February 24.
- 53 Following the Finance and Assurance meeting on 14 February 2024, staff have updated the performance management framework document to reflect the advice given at the meeting. This includes a more obvious link between the purpose of the key performance indicator (KPI) with the Community outcomes (Wellbeings) and Councils strategic priorities.
- 54 The key performance indicators are in section 2 **attachment B** of the draft LTP under each activity statement.

### Infrastructure Strategy (attachment O)

- 55 The infrastructure strategy was re-written following a gap analysis completed at the beginning of 2023. The draft strategy was prepared with Activity managers, Executive Leadership team and the LTP team and considers the significant issues facing Council over the next 30 years. Workshops and discussions with Council over the past 18 months in preparation for LTP 34 have informed the draft infrastructure strategy.
- 56 The infrastructure strategy sets out to look after the assets we have until the end of life of that particular asset or a review of the asset(s) suggests a change in the level of service or that the asset may need to be divested. The significant issues affecting Council's ability to build, operate and maintain its infrastructure assets is discussed, as well as Council's response to these issues over the course of the strategy. The five significant issues for Council's infrastructure are:
- the cost associated with managing, maintaining and upgrading infrastructure assets
  - infrastructure deficits
  - changing government priorities and legislation

- the changing climate
- resilience of assets

- 57 The strategic context that Council is operating within, includes those posed by demographic changes, tourism, new technologies, economic activity and constraints, and infrastructure resilience. The impact of the changing climate on Council's infrastructure activities and assets is also addressed.
- 58 The principal options and the most likely scenario for managing these issues are highlighted. The financial summary section provides capital and operating expenditure estimates for each activity group across the 30 years of the strategy.
- 59 The focus of an infrastructure strategy is on significant matters; it is a high level document that is not expected to cover everything. The following criteria help to inform what is included in the strategy as a significant issue:
- the cost involved in addressing the issue – the larger the cost, the higher the degree of significance
  - the impact on the levels of service – the bigger the impact on levels of service, the higher the degree of significance
  - the degree of risk involved in the issue – what's the risk if the issue is not addressed? The bigger the risk, the higher the degree of significance
  - impact on achievement of Council's strategic priorities - the bigger the impact on achieving strategic priorities, the higher the degree of significance.

**Draft financial strategy (attachment P)**

- 60 The draft financial strategy shows how a local authority intends to manage its finances prudently over the 10-year period of the LTP, and the impact of funding and expenditure proposals on rates, debt, levels of service, investments and the balancing of revenue to expenditure. It sets out how Council will fund its operations and proposed capital expenditure and considers whether it has the financial capacity (income) to meet the financial needs (expenses) now and in the future. From this, the strategy also sets limits on rates and debt that provide a guide for considering proposals over the period of the LTP.
- 61 The draft financial strategy was initially developed from discussions held with Council over the past 14 months as part of the process of preparing the LTP. While the initial discussions saw Council comfortable with the direction of the prior LTP strategy, the repeal of three waters reform legislation and retention of three waters assets have affected Council's overall financial strategy, resulting in significantly higher levels of expenditure, debt and rates increases than originally forecast. This has also created a position where Council will not be balancing its budget and fully funding operating expenses from operating revenues until year eight of the LTP. As a result of these changes and discussions held with the Finance and Assurance committee, the draft financial strategy now includes an annual capital expenditure programme cap to limit debt from increasing over the 175% of operating revenue. Additionally, to address rate affordability, the strategy is looking to continue to phase in the funding of depreciation which sees the fully funding of critical assets depreciation by 2030/2031.
- 62 Overall the strategy continues to grapple with how to fund the considerable infrastructure investment needed without exceeding the community's ability to pay. This is within the setting of having a large geographic area with multiple networks to maintain, funded by a small and relatively static population base.

- 63 Within this plan, the increased financial pressures of high inflation costs in recent years along with continued high investment needed particularly in the wastewater activities to meet increasing environmental standards sees capital projects and debt increasing significantly over the 10 years which is putting pressure on our debt limit of 175% of operating revenue. As noted above this has resulted in a cap being proposed on capital expenditure which will result in Council seeking an extension to its resources consents with Environment Southland and the removal and deferral of some projects.
- 64 The draft strategy incorporating these changes was endorsed by the Finance and Assurance Committee on 27 March 2024 as supporting information for the LTP consultation document. The key financial targets and limits set out in the draft strategy at the time were:
- lifting rate increase limits to 14% in year one, 11% in years two and three and retaining 8% for the remainder of the period.
  - maintaining a net borrowings limit at 175% of operating income
  - placing a limit on capital expenditure of \$80 million per annum
  - continuing to recognise the rates pressures on our communities by continuing to not fully fund the annual cost of using our critical assets from rates. This results in water and wastewater funding increasing by 5% annually until fully funded towards the end of the 10 years.
  - looking to achieve a balanced budget by 2031/32 by ensuring our operating income is enough to cover our operating expenses
  - finding ways to increase revenue from other sources and work collaboratively with other councils and central government to advocate for a sustainable funding model for local government and support new ways to deliver core services affordably
  - stop using funds collected for wastewater asset replacements to pay interest costs.
- 65 Since the financial strategy was presented to the Committee on 27 March staff have updated the financial strategy to reflect any adjustments required as a result of audit and final review of financial information. The key changes that have been made to the strategy include:
- 66 Balance sheet changes (table page 6)
- LGFA loan repayment reserves have been removed from the reserves balance to offset external loans to provide a more accurate picture of the net borrowings proposed by Council. This change also effects an increase to the retained earnings and a decrease in long term investments
  - the cash and investments have reduced from \$5M to \$1M per year to better reflect our cash requirements and this decrease is reflected in external loans
- 67 Profit and Loss changes (table page 6)
- while normally a reduction to the long-term investments would create a decrease in the interest and dividends received, the interest and dividends have increased due to an error of originally entering the net return on investment instead of the gross numbers into our financials. Correcting this has caused an overall increase in the interest and dividends in other revenue.
  - the operating costs have increased as the management fee on the long-term investments has decreased due to removing the LGFA repayments from the investments.
- 68 Financial strategy graphs and numbers



- The changes mentioned above as well as a correction to the net debt calculation have increased the net debt from \$222M to \$260M and the headroom has decreased to between \$125M and \$172M. This change has been reflected in the numbers in the wording and net debt graph on page 11 and 12 of the financial strategy.
- The reserves on page 15 have changed from \$96M to \$35M to reflect removing the LGFA loan repayments reserve from other reserves to net off against non-current borrowings.
- The financial bonds under the equity securities paragraph on page 15 have changed from 1.6% to 2.5% to reflect the current rate LGFA are charging for borrower's notes.

69 Other minor editing changes have been made when reviewing the document.

### **Fees and Charges (Section 3 pgs. 43-68)**

70 Key changes to fees and charges include increases in a number of building/resource consent fees and cemetery interment charges to reflect the actual costs of completing the work, waste disposal fees to allow for increased landfill and waste levy costs and rents for Council community housing units. A number of hall hire fees are also changing with several halls moving to hourly rate charging and proposals to increase Stewart Island wharf/jetty user fees. In addition, we are proposing some changes to our fee structure for road reserve and service fees and inflationary increases for a wide range of other charges.

### **Schedule of projects (attachment Q)**

- 71 The schedule is a full list of projects proposed for the ten years. In order to support the funding impact statements produced by activity groups; it is initially listed by the activity group, then activity and sub activity. This enables readers to see what is occurring within any particular activity. Along with the project name and amounts the relevant community board is also included.
- 72 Community board have considered local projects at their long term plan budget meeting held in late 2023. Since the community boards made recommendations at these meetings, the entire list has been reviewed to ensure naming consistency and clarity.

### **Schedule of loans (attachment R)**

- 73 The schedule of loan balances proposed for the ten years is included in attachment R. In order to support the funding impact statements produced by activity groups; it is initially listed by the activity group, then activity and sub activity. This enables readers to see what is occurring within any particular activity. The amounts are then broken down by the relevant community board.
- 74 The balances show the starting point at the end of the current financial year and what the outstanding loan will be at the end of each of the ten years. These balances display the net of all drawdowns and repayments that happen in each of the years. There is a significant increase over the life of the LTP with debt increasing from a starting point of \$80m as of 30 June 2024 to \$296m at the end of the ten years. The largest single increase is in wastewater going from \$26m to \$131m.

### **Analysis of proposed rates distribution (attachment S)**

- 75 The analysis of proposed LTP rates has been prepared to give the reader more information about how the draft LTP ten year budgets will affect property rates in 2024/2025 and at the end of the LTP period. This resource, along with the online rates search, has been developed to provide a more representative picture of the impact of the LTP on rates across a range of properties rather than relying on a single overall "average" rate increase. The analysis attached updates material that

has previously been presented to Council workshops in November and December 2023 to provide insight into the LTP impact on rates. It also now incorporates the rates for three waters assets over ten years. The information provides an overview of how rates are shared out amongst properties across the district. Information from this document has also been used to populate the sample property rating information and map of rates increases in the LTP consultation document. The material also updates the rates affordability analysis and includes a full list of all forecast rates for the ten years of the plan.

- 76 Overall total rates in 2024/2025 are budgeted to increase 13.66% (\$8.7 million) to \$72.4 million from \$63.7million in 2023/2024. The majority of the increase is for the roading rate (\$4.5m - 27%), sewerage rates (\$1.5m - 24%), water rates (\$1.3m - 27%), stormwater rates (\$0.2m - 21%), general rate (\$1.1m - 4%) and local rates (\$0.3m - 7%).
- 77 The total increase will affect individual properties differently depending on the type of property, buildings on the land, its rating land use, where it is located and the rates payable in this area as well as the capital value of the property. The graphs and tables in the attachment provide more information on the impact of the increases overall and the range of increases for different properties. Staff are currently updating the LTP rates search tool which will enable ratepayers to see the increases proposed for their property when consultation opens. Overall, the key points to note are as follows:
- the average residential household rate is forecast to increase by \$411 (12%) in year one with an average annual increase of \$331 (8%) over the period of the plan. The majority of the residential household increase in year one is due to higher costs for water, wastewater and roading.
  - the average rural property rate is forecast to increase by \$1,131 (14%) in year one with an average annual increase of \$254 (3%) over the period of the plan. The majority of the rural rate increase in year one is due to higher costs for roading and general rates.
  - the average business rate is forecast to increase by \$797 (14%) in year one with an average annual increase of \$572 (9%) over the period of the plan. The majority of the business rate increase in year one is due to higher costs for water, wastewater and roading.

**Proposed targeted rate changes (roading, SIESA, rural water, halls) (attachment T)**

- 78 As part of the LTP, Council is proposing some changes to how several targeted rates are set and applied which will adjust how rates are shared out. The supporting document in attachment T explains the proposed changes and reasons for these and provides information to assist readers to provide feedback on the proposals. A separate information document has been prepared as it is not possible to incorporate all of the relevant information in the LTP consultation document itself.
- 79 All but two of the changes affect a small number of properties and have been discussed by local boards and committees in the process of preparing the LTP. These changes including removing the Stewart Island/Rakiura SIESA rate half charge, removing a 7.7 unit charge for the Te Anau Rural Water Supply and extending the Tokanui/Waimakaha and Wrights Bush/Waianiwa hall boundaries.
- 80 Another proposal is to make some adjustments to the way roading rates are allocated via existing landuse sector differentials given the significant increase in roading costs in the LTP. This proposal will affect all properties differently across the district. The supporting document attached provides a full explanation of the changes and impacts on rates. In addition, appendix A-C in the attachment includes a simplified version of the worksheet used by staff to calculate the proposed differentials (based on that originally developed by Economist Anthony Byett) as well as the primary output tonnage data (and associated methodology) sourced from Infometrics in May 2023 which are used

in the model. Staff are planning for Mr Byett to attend an open workshop to follow the Finance and Assurance Committee meeting on 5 June 2024, providing elected members with a further opportunity to ask questions about the model. The workshop also provides an opportunity for interested stakeholders to learn more about the approach by attending the workshop in person or viewing online (live or recorded). It is hoped that this will assist any stakeholders to understand the proposed changes and assist them in preparing any feedback for Council to consider.

81 In addition, the LTP consultation document also includes information about a proposal to use general rates to pay for all or part of the operating costs of the Te Anau airport – Manapouri.

82 All of these proposals were endorsed by Council for consultation as part of the LTP process on 10 April 2024.

### **Significant forecasting assumptions (attachment V)**

83 The significant forecasting assumptions are one of the foundation pieces of the LTP, helping to set the scene for the development of the supporting documents but identifying, describing and remediating the financial and non financial assumptions council is making that underpin the LTP.

84 The draft significant forecasting assumptions were reviewed by the Finance and Assurance Committee on 6 September 2023.

85 Since the September meeting the significant forecasting assumptions have been reviewed and updated to reflect the changes from central government and to subsequent legislative changes. Also, since the September meeting the inflation rate has been updated following the release of the inflation report from Berl in October 2023.

86 In addition, staff have re-written the climate change assumption adding more detailed information. Staff have added updated population statistics however the demographic information contained in the assumptions document is based on the 2018 census data that was modelled by Informetric as the 2023 census information is not yet available.

87 Although the assumptions use the information based on the report Council is aware that this is outdated and likely to change once the 2023 census information becomes available.

88 Anecdotally there is evidence of growth above what is modelled as there are subdivisions happening parts of the district that suggests the modelling is incorrect. The infrastructure staff are aware of the subdivisions and are confident there is capacity in the infrastructure to support new growth in the interim.

### **Issues**

89 The documents attached to this report remain in draft form, following the consultation process there could be changes need to some or all of the supporting documents. If these changes are material they will come back through the Finance and Assurance committee, otherwise it is proposed that Council consider and endorse.

90 There are no further issues to resolve around the supporting information documents unless councillors have issues they wish to raise.

### **Factors to consider**

#### **Legal and statutory requirements**

91 Before adopting a consultation document, the local authority must prepare and adopt the information that:

- is relied on by the content of the consultation document adopted under Section 93A; and
- is necessary to enable the Auditor-General to give the required reports; and
- provides the basis for the preparation of the Long Term Plan.

### **Community views**

- 92 As part of preparing the LTP supporting information, consideration of the communities' views was included. This was facilitated through the direction setting process with all community boards. In addition, discussions occurred with Te Ao Mārama Incorporated on behalf of local iwi.
- 93 The supporting information will be publicly available on Council's website during the LTP consultation period. As a result of submissions received, Council may decide to amend any of the supporting information documents when it adopts the LTP.

### **Costs and funding**

- 94 The LTP proposals have been budgeted for and are set out in the activity management plans and LTP prospective financial statements.
- 95 The monetary impact of the directions outlined in the attached activity management plans will be reflected in future reporting to the committee on the perspective financial result.

### **Policy implications**

- 96 The LTP is Council's major mechanism to strategically manage and develop the District. A number of policies inform the preparation of the LTP and have therefore been reviewed by Council.

### **Analysis**

#### **Options considered**

- 97 Option 1 - adopt the supporting information, with amendments as required.
- 98 Option 2 – do not adopt the supporting information.

### **Analysis of Options**

#### **Option 1 – Adopt the supporting information, with amendments as required.**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"><li>• the supporting information provides additional information to the public about the proposals to assist them to provide feedback on the consultation document</li><li>• making the supporting information available will reduce staff time in dealing with requests for additional information</li><li>• adoption of the supporting information formalises the material and also reduces the amount of work required to prepare the final</li></ul>	<ul style="list-style-type: none"><li>• to understand which piece of supporting information to look at for further information</li><li>• members of the public may want other information which is not available</li></ul>

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LTP and time for Council review prior to adoption	
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**Option 2 – Do not adopt the supporting information.**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"><li>• may avoid confusion from members of the public who are not sure what the information relates to</li></ul>	<ul style="list-style-type: none"><li>• the documents would not be available to interested parties to help them find more detail about the activity and how the LTP forecasts have been prepared</li><li>• Council will not have formally adopted much of the information in the LTP which may require additional time to prepare and review prior to adopting the final LTP</li></ul>

**Assessment of significance**

- 99 The consultation document is the significant activity in terms of Council Significance and Engagement Policy. This information supports the public in reviewing that document.

**Recommended option**

- 100 Staff recommend option 1 that Council adopt the supporting information, with amendments, as required.

**Next steps**

- 101 Following Council's adoption of the LTP consultation document, the supporting information will be made available on Council's website [www.southland.org.nz](http://www.southland.org.nz).
- 102 Council will consider all the feedback and any changes to the supporting information at its deliberations and hearing meetings in coming months.

**Attachments**

- A Draft LTP section Three (separately enclosed)



## k) Long Term Plan 2024 - 2034 - Adoption of Consultation Document

**Record No:** R/24/4/28771  
**Author:** Robyn Laidlaw, Corporate performance lead  
**Approved by:** Anne Robson, Group manager finance and assurance

☒ Decision ☐ Recommendation ☐ Information

### 6 Purpose

- 1 This report recommends that Council adopt the consultation document for the Long Term Plan 2024-2034 (LTP34) titled “these are challenging times, Southland Murihiku” and release it for public consultation from 9am 5 June 2024 until 12pm 5 July 2024.

### 7 Executive Summary

- 2 All councils are required to have an LTP and must use the special consultative procedure in adopting the LTP. The Local Government Act 2002 (LGA) requires a consultation document to be prepared and adopted in accordance with sections 93A(1)(a).
- 3 The audited consultation document is attached to this report. This has been through the auditors and the Office of the Auditor General's review. It is currently being graphically designed, staff are planning to distribute a copy of the designed consultation document to Councillors at the meeting.
- 4 This document has been prepared based on the supporting information that is included as part of this Council agenda.
- 5 The consultation document sets out a number of issues and options around proposals for Council's LTP. It has been prepared to meet all legal requirements in accordance with the LGA and aims to capture the key challenges facing the Southland District and the major proposals for moving forward.
- 6 The consultation document will be released for public consultation at 9am on 5 June 2024. Submissions will close at 12pm, 5 July 2024.
- 7 Submissions and hearings are proposed to take place over three days on the 16, 17 and 18 July. The report to Council on the revised timeline for the LTP is included in this meeting agenda.
- 8 The draft issues and options papers following the consultation and hearing process will be presented to Council on 24 July, as part of LTP deliberations. Adoption of the LTP, will occur after this, in August 2024.
- 9 Once Council has passed the resolution to adopt the consultation document and delegated the signing of the management representation letter to the Mayor and CEO, Council will receive the audit opinion from Deloitte for inclusion in the document.

## 8 Recommendation

### That Council:

- a) **Receives the report titled “Long Term Plan 2024 - 2034 - Adoption of Consultation Document” dated 24 May 2024.**
- 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) **Agrees to adopt the consultation document for the Long Term Plan 2024-2034 titled “These are challenging times Southland Murihiku”.**
- e) **Agrees to release the consultation document for the Long Term Plan 2024-2034 titled “These are challenging times Southland Murihiku” to the public as part of the consultation process from 9am 5 June 2024 to 12pm 5 July 2024.**
- f) **Delegates authority to the Chief Executive and Mayor to sign the Annual Report letter of representation to Deloitte on behalf of Council.**

### l) Background

- 10 All councils are required to have a Long Term Plan (LTP) and must use the special consultative procedure in adopting the LTP.
- 11 The Local Government Act 2002 (LGA) requires a consultation document to be prepared and adopted in accordance with sections 93A(1)(a).
- 12 The purpose of the consultation document is to provide an effective basis for public participation in local authority decision-making processes relating to the content of an LTP. It aims to enable any person to understand:
  - what important activities and projects Council is proposing to do over the next 10 years
  - how much it will cost
  - how Council is planning to pay for it
  - what changes may happen as a result of the proposals
  - any options that Council wants feedback on.



**m) Issues**

- 13 The consultation document titled “These are challenging times Southland Murihiku” is attached after being through the auditing and Office of the Auditor General review. This document was based on the draft discussed with Council at a workshop on 24 April 2024.
- 14 The consultation document has been prepared based on the supporting information that Council is also being asked to adopt in separate agenda items at this meeting. The supporting information includes:
- the infrastructure and financial strategies
  - activity management plans
  - significant forecasting assumptions
  - financial statements and activity funding impact statements
  - other financial supporting information providing a broader picture of Council’s plan for the next 10 years.
- 15 The consultation document is a summary of the major decisions being proposed by Council and aims to:
- be a fair representation of matters in the LTP
  - make clear the effects of possible decisions and/or choices
  - be cohesive in that it joins everything together in a way that makes sense
  - be easy to understand.
- 16 The consultation document sets out the key issues facing Southland District as follows:
- Water services management
  - Levels of service for roading
  - Glass recycling
  - The Te Anau Airport Manapouri – District funding.
- 17 The consultation document also includes a summary of the financial and infrastructure strategies and changes to key policies. It also highlights some key national issues relevant to this LTP such as, three waters reforms and climate change.
- 18 The consultation document has been prepared to meet all legislative requirements. It also tries to balance the needs of including sufficient information to inform the public about what is planned for the District, and is easy to read.
- 19 Council is required to provide to the auditors a letter of representation. This letter outlines our expectations of Deloitte in terms of the consultation document and provides to them representations from Council around what it has undertaken and how. A copy of the draft representation letter is attached to this report as attachment B.

**n) Factors to Consider**

**Legal and Statutory Requirements**

- 20 The LGA sets out the requirements for the consultation document to be prepared and adopted by Council as part of the special consultative procedure. The consultation document must contain a report from the Auditor-General on:
- a) whether the consultation document gives effect to the purpose set out in Section 93B of the act; and
  - b) the quality of the information and assumptions underlying the information provided in the consultation document.
- 21 The consultation document must also include the following:
- the key issues facing Council and the options for addressing them
  - a summary of the financial and infrastructure strategies
  - any significant changes proposed to rating or funding systems over the next 10 years
  - the impacts of proposals in the LTP on rates, debt and levels of services
  - the impacts of rating proposals across different categories of rating units
  - a report from the Auditor General about whether the consultation document meets its purpose and the quality of the information and assumptions underlying the information provided.
- 22 Council staff have been working closely with Deloitte representatives over the development of the consultation document. As a result of the recent audit visit, a number of amendments have already been made to the consultation document.
- 23 Deloitte are in the process of finalising their report on the consultation document. Any further changes resulting from their review will be discussed at the meeting.
- 24 Deloitte will also be providing a draft management report in relation to their audit of the consultation document and supporting information.
- 25 Council's consultation document will also be reviewed by the team from the Office of the Auditor General that review the consultation documents produced by each council. This review may result in various amendments being made to the consultation document to improve readability and provide greater clarity on some issues. Any amendments to the consultation document from this review will be tabled at the Council meeting on 29 May 2024.

**Community Views**

- 26 The consultation document and the supporting documentation has been informed by early engagement with Youth Council and members of the public at a select number of public events over the past two years, and workshops held with Council and community boards over the past 18 months. This has ensured community level input, particularly given the role boards have representing their communities.

- 27 The consultation document will be released for public consultation at 9am on 5 June 2024. Submissions will close at 12pm on 5 July 2024.
- 28 A postcard highlighting the consultation document will be distributed to households in the District. A copy of the consultation document will be available on Council's website along with the supporting information. The consultation document will also be advertised via newspaper and radio.
- 29 Members of the public will be encouraged to provide their feedback on-line using the LTP feedback form. The feedback form will outline the key issues and pose questions about whether there is support for Council's issues and options.
- 30 Feedback can also be given via social media on Council's Facebook page and the comments will be collated into a report to Council for its consideration.
- 31 LTP hearings will be held from 16 July – 18 July 2024.
- 32 The feedback received in submissions will be referred to relevant staff for their consideration. Staff will prepare issues and options papers so Council can deliberate on what changes, if any, should be made to the plan and relevant policies, in response to submissions. These deliberations will take place on 24 July 2024.

### **Costs and Funding**

- 33 There are various costs incurred in compiling the LTP. These include staff time, and are included in annual budgets and funded accordingly. The consultation document also outlines the key financial highlights associated with the development of the LTP.

### **Policy Implications**

- 34 The LTP is Council's primary plan to strategically manage and develop the District. A number of strategies and policies inform the preparation of the LTP including the Revenue and Financing Policy, and the Significance and Engagement Policy
- 35 These documents have been consulted on and adopted by Council prior to the consultation document, to focus attention on the key issues and options for the LTP.
- 36 Other supporting policy documents such as the Development and Financial Contributions policy, will be consulted on at the same time as the consultation document for the LTP.

### **Analysis**

#### **o) Options Considered**

- 37 The following options have been identified on how Council could proceed.

- **option 1** - adopt the consultation document.
- **option 2** – do not adopt the consultation document.

#### **p) Analysis of Options**

#### **q) Option 1 – adopt the consultation document**

<i>Advantages</i>	<i>Disadvantages</i>
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<ul style="list-style-type: none"> <li>the consultation document and budgets/levels of service/work programme proposed in the LTP reflects Council and community deliberations over the past 18 months</li> <li>adoption of the consultation document will enable Council to capture community views on the proposed plans</li> <li>meets the legislative requirements to adopt a consultation document.</li> </ul>	<ul style="list-style-type: none"> <li>the high level nature of the document means limited information may be provided to the community.</li> </ul>
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**r) Option 2 – do not adopt the consultation document**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>if key priorities or views have changed since Council prepared the budgets/levels of service/work programme proposed in the LTP and consultation document, Council could choose to amend these prior to release for public consultation so that the documents better reflect the Council's current views</li> <li>gives staff clarity on how Council would like to proceed.</li> </ul>	<ul style="list-style-type: none"> <li>the budgets/levels of service/work programme proposed for the LTP have been carefully considered by staff and elected members over the past 18 months. Significant or material changes to the supporting information and consultation document at this stage would not be able to be as rigorously considered and debated due to time constraints required to adopt the consultation document and have the changes reviewed by audit</li> <li>may not satisfy legal requirements for Council to prepare a consultation document</li> <li>Council will not be able to capture community views.</li> </ul>

**s) Assessment of Significance**

- 38 Staff consider the decision to adopt the consultation document as significant in relation to Council's Significance and Engagement Policy and the LGA.
- 39 The likely impact and consequences of the consultation document, once adopted and released for public consultation, is considered significant for the current and future social, economic, environmental or cultural wellbeing of the District. This document is considered the key tool to communicate the key issues facing the District and seek their views ahead of the final adoption of the LTP.
- 40 A thorough process has been followed in developing this consultation document. Community views will be considered through the formal consultation process. The consultation document and supporting information is based on numerous workshops held with Council and community boards, ensuring that there has been extensive community level input. In addition, discussions occurred with Te Ao Mārama Incorporated on behalf of local iwi. In relation to the decision

being made, Council has also taken into consideration the high significance of this matter when it has:

- identified the potential implications
- identified the reasonably practicable options
- assessed the options in terms of their advantages and disadvantages
- considered the likely costs
- kept written records documenting compliance with these requirements.

### **Recommended Option**

- 41 Staff recommend option 1, that Council adopt the consultation document.

### **Next Steps**

- 42 Once the consultation document is adopted and the signed management representation letter has been provided to Deloitte, the final audit report will be issued to Council. The audit opinion will be included in the consultation document.
- 43 The formal consultation period for the consultation document is proposed to be from 9am 5 June 2024 – 12pm 5 July 2024. Council is expected to receive written and oral submissions relating to the LTP consultation document on 16 July 2024
- 44 Following the consultation and hearings process, draft issues and options papers will be presented to Council for deliberation on 24 July 2024. Adoption of the LTP, will occur after this, in August 2024.

## **9 Attachments**

- A Audited 2024-34 Long Term Plan Consultation Document
- B Draft Representation letter to Deloitte for the 2024-34 Long Term Plan

# These are challenging times, Southland Murihiku

## Long Term Plan Consultation Document 2024 -2034

### Page 2 Index and what an LTP is

#### 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 2024-2034, we are asking your feedback on four key issues and also updating you on other important matters in this consultation document.

#### Graphic-what is an LTP

### Page 3

#### Welcome from Mayor

Southland is a patch of paradise that we are proud to call home and equally proud to represent and serve you as your council.

Planning the next 10 years for how we look after our assets, our important infrastructure and the services that we offer you as Southland District ratepayers has been underway over the last 18 months, and we have been super conscious of the financial pressure that everyone is under.

We are primarily an infrastructure council, and have a strong focus on doing the basics and doing them well. What makes us unique also provides a few challenges for us. We have around 21,000 ratepayers spread over 30,000 square kilometres in our district with an equal urban/rural split.

Only the urban ratepayers who have access to water and wastewater services pay for it, so this means that we have 11,000 people covering the costs of our 19 wastewater treatment plants and our 11 drinking water treatment plants. We have a unique roading rate model that endeavours to fairly cover the costs of maintaining one of the largest roading networks in the country covering 5000km of roads with nearly 1000 bridges.

We have an airport in Fiordland, an electricity supply in Stewart Island Rakiura and a dedicated team of staff to ensure that our great district functions well over our nine community board areas.

Over the past three years, the costs of building bridges have gone up 38%, roading costs have gone up 27% and three waters costs have also gone up over 30%. Interest rates have risen substantially, and the cost of insurance has increased well above CPI. Our assets have also been revalued to a total of around \$2 billion which has an impact on our depreciation.

This impact can be quite significant, but is also important as far as prudence goes that we continue to work towards fully funding, annually, the cost of depreciation on our assets to ensure we are not lumbering future generations with the burden of replacing the assets we have been using. This is one of

[Page 1](#)

the levers we can use to change our current rating numbers, but we have been careful to ensure that this is not at the expense of our future.

This may sound a bit daunting, and we have been grappling with these challenges over the past 18 months as we put this plan together to ensure that we enable Southland to carry on moving forwards so that our future is strong, and we can carry on delivering and being the powerhouse that we are on the national stage.

We have put a sharp focus on being easy to do business with, delivering resilient infrastructure and working with our communities to lead Southland into the future.

This plan may look a little light on options – we have done a lot to get us to this point and this is indicative of our focus on doing the basics and doing them well. Our last 2021-2031 plan was heavily focused on our roading and bridging network, and the importance of these assets hasn't changed.

Our preferred options in this document reflect the concern of Council around affordability for ratepayers versus the work that is needed for asset management.

We are working with a shift in the standards of our three waters, which has an impact on cost and we will continue to work hard and advocate for the right level of regulation as well as alternative funding sources so that all of the pressure doesn't fall on you as a ratepayer.

An Infometrics report<sup>1</sup> says the current national rating increase average is sitting at around 15%, and our average has come in under this, at 13.66% for 2024-2025. It is also important to reflect that this is just an average number, and most increases across the district range from 4% to 13% for residential rates, and from 11% to 17% for rural and business rates. There will be exceptions for individual properties. Please use our rate search online at [southlanddc.govt.nz/home-and-property/rates/rates-search/](https://southlanddc.govt.nz/home-and-property/rates/rates-search/) to check your property.

**We are listening.**

There is a bit to read in this plan reflecting the volume of work that is required, and we would like to know if you think we have got it right.

Please share your views so that we can work together with our people, for our future. It's our Southland!

**Rob Scott**

**Mayor**

**Welcome from chief executive**

We are required by law to prepare a long term plan and we know that this one comes at a difficult time for many New Zealanders.

It is also a difficult process to prepare a fully costed plan when many of the policy settings from our new government are yet to be decided or legislated.

Up until late last year we were required by law to transfer the activities of drinking water, wastewater and storm water away to a separate entity. Council had no choice but to comply with that process and within two years all our waters teams would have gone. As Council would not have been upgrading, maintaining, or operating the waters activities, your rates would have reduced significantly.

A reasonable number of New Zealanders were unhappy with that plan and the incoming government has heard that and has scrapped the law. As a consequence, the waters activities are now staying with Council, but this has meant some very large costs are anticipated by year 10 of the plan.

<sup>1</sup> Infometrics Report commissioned by LGNZ, Analysing increases in local government costs for Local Government New Zealand (February 2024)

In this consultation document we have proposed two possible scenarios regarding the waters activities. The choice is essentially between doing what is required by the current regulatory settings, or still doing the required work, but at a slower pace. By doing the work at a slower pace, the cost is spread over a longer period spreading the rate increase to ratepayers and resulting in less council debt in these 10 years. Taking the slower option has many advantages; however, the rules around obtaining consent extensions are not known yet so this option has some uncertainty until the policy settings are clarified. There is also more risk around unplanned maintenance and unbudgeted expenditure in this option.

The government has given councils the chance to make choices again about the future of the waters activities and we are suggesting that you exercise that choice.

The other really big issue for Southland district is the size and cost of the roading network. It is a constant frustration that the funding we receive from NZ Transport Agency Waka Kotahi does not recognise the contribution Southland district makes to the New Zealand economy and is leaving an increasing burden on ratepayers.

In this plan we are proposing three options regarding the roading network, two of which would see the level of investment drop and the road conditions deteriorate as a result.

We encourage you to consider the questions we have raised in this draft plan and we need your feedback. For our Council, the waters and roading activities are our largest and most regulated activities, but they are so important to our district that we think it is vital that you have your say.

**Cameron McIntosh**

**Chief executive**

**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.

To that end we have as our Council vision: Together, with our people, for our future. It's our Southland.

This means that we need to work together with our communities for the future of Southland. That's our goal.

Our mission is Working together for a better Southland. We want to continue to work together with all our stakeholders for the sake of Southland.

Our community outcomes are:

Communities which are connected and have an affordable and attractive lifestyle

Communities with a sense of belonging for all

Communities committed to the protection of our land and water

Communities with the infrastructure to grow



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

## Page 5 The situation now

In 2021, our long term plan was titled *It's time Southland Muribiku* – time to be up front about what we had learnt about the state of our roads, bridges, the work done for our communities, where we were then, what was coming up, and what needed to happen. We believed we got the mandate from our ratepayers to go ahead with the work that was needed and we started to do that in the belief that the major changes were mostly behind us, apart from government reform.

But we couldn't know what was going to occur - in the past three years, there have been exponential increases in costs across the board - from interest, insurances, audit and asset valuations, to day to day costs of fixing bridges, maintaining roads, building wastewater and water schemes, simple projects within our communities and more.

We had also planned for the move of the three waters activities to a separate entity, under the previous government's three waters legislation.

We couldn't plan for the cost increase, and it was difficult to predict what was going to happen around the three waters, but we now do have to plan for the outcomes while seriously looking at affordability because costs have increased markedly at household level as well - there is a cost of living crisis and people are struggling.

Given the increases in costs and inflation, Council is struggling to balance the work that needs to be undertaken with the funding available. In the last LTP we budgeted to do the minimum needed to maintain our roads at the levels our community needs. Going forward, that same budget would mean we would be undertaking a third less of planned maintenance each year.

We heard clearly at the last LTP submission hearings you wanted good roads and rebuilt bridges and although you didn't like higher rates, you would pay more to have those roads and bridges. We now need to balance that with the cost to you as ratepayers and come up with an agreed way forward. Maybe our roads and bridges need to be fit for purpose, which means the low-use gravel roads are not maintained as often and some bridges are not rebuilt. Maybe we can extend out consents for our wastewater plants and treated water supplies to ensure all the costs are not coming at the same time.

These are questions we have been asking ourselves and now we need to ask you them. Where is the balance for you between what you pay and what our services look like?

Many of you will say stick to your knitting and look after the roads. As a whole, we do stick to our knitting but our knitting includes looking after our communities and roads are not the only service we need to provide. 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.

We are trying to work our way through all of that in the middle of a changing political environment. The new government has repealed many of the acts that were about to bring about major change to councils, we don't know what else may happen and we don't have all the details we need to move forward. A major review of local government was done in the past two years and there were some excellent recommendations on other funding apart from rates. We need this government to look seriously at funding local government so that the demand on rates is not so high and we will be lobbying for that.

We shared with you at the last LTP and before 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. We have made 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 or reducing the services that are offered. Neither funding from reserves nor

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borrowing are a sustainable option because it compounds the problem without providing a long-term solution.

Those messages continue and we need to hear from you about what you think we should do - remember there are a lot of things we have to do that are bound by legislative requirements. We have no choice so changes to levels of service are a key focus to reduce our spend. This will be something we will be engaging on with you more in the next three years, but there are some things we need to discuss now – matters that need decisions now, not only about managing water activities and roading, but also proposed changes to glass recycling because of legislation and how we fund the Te Anau Airport Manapouri.

### **External challenges we need to factor in**

#### **A new government with reform of reform**

National, ACT and NZ First formed a coalition government on 24 November 2023 and Prime Minister Chris Luxon announced the government's plan for the first 100 days. Those 100 days are now past and there has been a lot of change for local government.

The change includes a new government policy statement on roading, reflecting the new Roads of National Significance and new public transport priorities, beginning work on a national infrastructure agency, repealing the Water Services Entities Act 2022, introducing a fast-track consenting regime, ceasing implementation of new significant natural areas, beginning work to enable more houses to be built by implementing the Going for Housing Growth policy and making the medium density residential standards optional for councils, and repealing the Spatial Planning and Natural and Built Environment Acts, which were to replace the Resource Management Act.

Councils are still working through the impact of these decisions and a clear sense of the implications the new directions will have on Council is sought.

#### **Climate adaptation and unexpected events**

Climate change is one of the most significant issues of our time. Working with our communities to adapt to these changes and reduce our greenhouse gas emissions is a significant challenge we are striving to meet. We continue to consider the impact of future climate events on our infrastructure and will make the necessary changes as we renew it. Moving forward, Council will continue to develop its knowledge and understanding of these climate events and the impact, incorporating it into future long term planning.

Last year Great South completed a baseline organisational greenhouse gas emissions inventory for Council, which is exploring options and developing an emissions reduction plan to contribute to regional, national, and global efforts to achieve net zero emissions by 2050. Council is using the most current data available for its planning but recognises the limits of this information. Updated climate projections are expected to be published by the Ministry for the Environment in mid-2024, which will enable assessments of regional hazards risks and support investment in flood protection by the regional council and climate adaptation activities by territorial authorities. Council is working across all parts of its business to improve the climate resilience of its operations.

We are working with Environment Southland, Te Ao Mārama Inc, Gore District Council and Invercargill City Council to develop a regional climate change strategy, in order to align our work and support a regional approach to ensure effective and efficient use of Council resources. Council will start to develop the next steps in 2024 to create its own plan, based on this strategy. This will include ongoing engagement throughout communities on adaptation and this will impact across the district.

Council has also released a report it commissioned Great South to do on sea level increase and the impact of higher sea levels, storm surges and land conditions. This report shows the possible impact on coastal areas and will be discussed further with the community as part of the above engagement. Further work on river flooding is being worked on by Environment Southland and Great South.

## What we are planning to do – our key issues and options

### *We need your feedback*

Please note: all numbers are exclusive of GST unless stated otherwise

#### **KEY ISSUE No 1 – Water services management**

The return of the water assets to Council budgets for all of the 10 years of this long term plan has meant a big change around the work that had been done to transfer the assets to an entity. Many in our communities disagreed with the three waters programme decided by the last government. The new government responded and made getting rid of the three waters reforms a priority. It has now repealed the acts setting up the entities and process for transferring the assets.

The consequence of that is that water services are back now being funded from our small ratepayer base and we need to make sure we get the balance of doing what needs to be done – what is right environmentally, culturally and socially, with the affordability of rates increases for ratepayers. The costs for new statutory requirements and renewals of the assets have increased markedly in the past few years because of regulation to protect the environment and consumers, inflation and the reform changes. We also need to consider the assets within an intergenerational framework otherwise ratepayers today will be paying for the use of the service now, both operational and capital, and also for the use of it in the future through depreciation.

So, we have reviewed the capital programme for water services, taking into consideration the affordability to ratepayers, debt levels and the ability to deliver, and are putting two options forward for you to tell us what you think.

The first option is to spread the timeframe out for doing the work needed and putting off some pro-active work. If we smooth the timing of upgrades, which depends on being granted consent extensions and move some work beyond 2034, the pressure is taken off borrowing limits and resource constraints for delivery internally and externally, along with reducing the size of the rate increases. In doing so, however we have had to increase the total planned maintenance over the 10 years by \$1 million to mitigate the risk of failure. All wastewater consent renewals would be still completed by the end of 2034. The total cost for these works, in the 10 years and beyond would be \$336 million of which the cost over this 10 year period would be \$259 million - \$176 million on wastewater, \$48.5 million on water and \$34.5 million on stormwater.

The second option is to carry out the work that is planned and projected across the 10 years - this will cost \$322 million - \$221 million on wastewater, \$66.5 million on water and \$34.5 million on stormwater.

Under the smoothing, \$63 million has been removed from the capital programme for the 10 years - \$45 million in wastewater and \$18 million in water supply. In the wastewater area, underground pipes make up \$17 million of this and this means more of that work would continue into the next 10-year period. Other savings include deferral of improvements to levels of service with treatment aerators and inlet screens pushed out beyond 2034 (\$5 million), deferring the extension of schemes and building in capacity to beyond 2034 (\$10 million), delaying improvements to switchboard and pump replacements, reducing resilience and increasing the risk of reactive maintenance (\$3 million) and looking at different solutions for planned projects (\$10 million).

In the water supply activity, the \$18 million is made up by deferring renewals of underground pipes (\$2 million), deferring resilience work around replacement of water storage (\$3 million), delaying the increase in capacity with additional bores for Te Anau by allowing for one instead of two (\$3 million) and deferring treatment improvements for nitrates and other elements (\$7 million).

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**Options - please note water and wastewater are charged if connected or able to be connected. Stormwater is a targeted rate - full rate for town and quarter charge for rural.**

**1. Do the work but slow it down (our preferred option)**

In this option, the renewals of wastewater treatment plants and treated water supplies will be carried out on a smoothed basis, where we try to extend the consents out for a longer time. This is dependent on obtaining extensions to the plants' consents. To date, Council has received extensions on similar consent renewals. It also puts off some proactive works to beyond 2034. To mitigate the risk of failure on the works an additional \$1 million of reactive maintenance has been included for the 10 years.

Other risks include increased operational costs, more staff needed to manage the competing needs of assets, the costs of Environment Southland consents extensions and the possible refusal to extend the consents, regulatory standards changing and Council not keeping up, extended unplanned outages of our plants, lower resilience, increased customer dissatisfaction and a bow wave of capital work after 2034.

**Likely consequences**

**On rates:** (including GST) In the first year, the rates to provide three waters will be \$832 for water, \$857 for wastewater, and \$122 for stormwater - a total of \$1,811. This will increase to \$1,510 for water, \$2,472 for wastewater and \$379 for stormwater - a total of \$4,362 in 2033/2034.

**On debt:** In the first year of the LTP, the loan balance (including existing loans), sits at \$66,124,715, and goes up to \$198,980,511 in year 10. Refer to the debt table on page xxx for more detail.

**On levels of service:** Delaying upgrades could mean increased compliance levels to meet consent requirements and this could see increased operational costs and more maintenance. Additional funds of \$1 million has been allowed for this, however notwithstanding this we could see extended unplanned outages of our plants and so increased customer dissatisfaction.

**2. Carry out the work as it falls due**

In this option, wastewater treatment plants and treated water supplies will be renewed and improved as and when their consent falls due. Taking treated waste from being discharged to water and putting onto land will be part of the renewals. This option includes carrying out proactive resilience works, treatment improvements and building capacity in our infrastructure.

At least eight wastewater treatment plants and four water supplies are due for renewal in the 10 years of this LTP.

The risks surrounding this option include the affordability of the work for the ratepayers, the ability of staff and contractors to deliver on all the work and whether we can borrow enough to do the work.

**Likely consequences**

**On rates:** (including GST) In the first year, the rates to provide three waters will be \$808 for water, \$855 for wastewater, and \$122 for stormwater - a total of \$1,784. This will increase to \$1638 for water, \$2,838 for wastewater and \$379 for stormwater - a total of \$4,856 in 2033/2034.

**On debt:** In the first year of the LTP, the loan balance (including existing loans), sits at \$66,286,978, and goes up to \$254,938,474 in year 10. Refer to the debt table on page xxx for more detail.

**On levels of service:** The levels of service should remain as they are now, or improve as resilience works and improvements are carried out.

**KEY ISSUE No 2 - Levels of service for roading**



Council is continuing to face an ongoing and growing challenge about meeting present levels of services which we know our communities want versus the cost of doing so. These budgets continue to grow because of the increases in construction and material costs, and the economic environment we are working in.

Our ratepaying population is not increasing significantly and we have more ratepayers on fixed incomes as well, along with many struggling with the increased cost of living. At this time rates are our main source of income, alongside funding from NZTA Waka Kotahi for 55% of the cost of looking after our roads and bridges. It is important to note that although Council has approached NZTA Waka Kotahi with the programme needs of option one noted below, which is still to be confirmed. In Council's last LTP, the programme and funding approved was less than Council requested. Final approval is expected in early September.

We have 1990km of an aging sealed road network, 841 bridges (road bridges) with six closed, 61 posted bridges that are getting older, 13,000 aging culverts and so we need to look at levels of service. Were only asking about roading costs and levels of service at this time - are you open to looking at levels of service and reducing them? Are you open to some minor sealed roads going back to gravel? Are you open to some bridges not being rebuilt if there are bridges close by?

What are levels of service? They are the level to which something is managed or looked after and are set by Council and at a local level, by the community board. Even if we cut back even more across many of our services, those cuts will not bring enough funds to continue to maintain our roads and bridges at the same level they are now. The below table summarises the changes to these over the three options proposed

	Quantity to be delivered			Delivery change from current LOS (Option 2)	
	Option 1	Option 2	Option 3	Option 1	Option 3
	Intended delivery	Current LOS	further reduction	Intended delivery	further reduction
				(less)/longer	(less)/longer
Kilometres resurfaced	375	480	240	(105)	(240)
Kilometres renewed	27	40	21	(13)	(19)
Years to complete bridges	10	10	17	0	7

## Options

### 1. Reduce levels of service on roading, but maintain bridges budget (our preferred option)

A total of \$147,381,245 will be spent on all roading activities over the first three years of this LTP. This includes maintenance on sealed and unsealed roads, drainage, structures, traffic services and footpath maintenance, renewals for drainage, bridges and structures, traffic services and footpaths, re-gravelling unsealed roads, sealed road resurfacing and rehabilitation. This includes 55% funding from NZTA Waka Kotahi.

In this option, Council will resurface 375km of sealed roads over the first three years of the LTP. This will cost \$28,335,275, but will see some reduction in levels of service. This investment includes a one-off \$1.5 million for Stewart Island Rakiura resurfacing. Twenty-seven kilometres of collector roads (roads that carry larger numbers of vehicles or link significant communities) will be renewed at a cost \$20,831,528.

Across the district 134 bridges need to be replaced over the 10 years of the LTP. In this option, all 134 will be rebuilt. We have 45 culverts greater than 600mm ready for replacement and the plan is to replace the bulk of them.

#### **Likely consequences**

**On rates:** With NZTA Waka Kotahi funding 55% of the increased costs, our share of the increase in year one is \$4,366,044. This represents 6.85% of our preferred overall rates increase of 13.66%

**On debt:** \$1,383,750 is borrowed in year one and fully repaid in year three to mitigate the rate impact.

**On levels of service:** The 13 kilometres of collector roads that are not renewed and the 105 kilometers of resurfacing that is not completed in the three years under this option are at higher risk of failing. This will mean some sections of sealed roads will likely have reduced speed limits, more potholes and more patching and increased risk of significant road pavement failure and more crashes. Some low volume roads will need to be reverted to gravel. As such there is likely to be more customer complaints. A number of bridges will remain closed in the short term because weight restrictions and gantries have been ignored.

### **2. Retaining the present levels of service on our roads - what our network needs**

A total of \$174,588,362 will be spent on all roading activities over the first three years of this LTP to maintain current levels of service. This includes maintenance on sealed and unsealed roads, drainage, structures, traffic services and footpath maintenance, renewals for drainage, bridges and structures, traffic services and footpaths, re-gravelling unsealed roads, sealed road resurfacing and rehabilitation. This includes 55% funding from NZTA Waka Kotahi.

Council will continue to work on the present levels of services and catch up on the backlog as well, carrying out 480km of sealed road resurfacing. This includes a one-off \$1.5 million for Stewart Island Rakiura resurfacing. It will cost \$36,300,271 for the first three years of the LTP. Forty kilometres of sealed road will be rebuilt in the first three years at a cost of \$30,021,908.

This option will see all 134 bridges being replaced in the 10 years of the LTP. We have 45 culverts greater than 600mm ready for replacement and the plan is to replace them all.

#### **Likely consequences**

**On rates:** An increase to rates required of \$7,999,625 in year one, increasing the preferred rates percentage from 13.66% to 19.36%

**On debt:** \$1,383,750 is borrowed in year one and fully repaid in year three to mitigate the rate impact.

**On levels of service:** The current levels of service will be retained, along with replacing the assets as they reach end of economic life, rather than when they fail.

### **3. Further reduction in levels of service**

A total of \$111,700,900 will be spent on all roading activities over the first three years of this LTP. This includes maintenance on sealed and unsealed roads, drainage, structures, traffic services and footpath maintenance, renewals for drainage, bridges and structures, traffic services and footpaths, re-gravelling for unsealed roads, sealed road resurfacing and rehabilitation. This includes 55% funding from NZTA Waka Kotahi.

The number of metres resurfaced on sealed roads will be reduced to 240km and it will cost \$16,433,385 for the first three years of the LTP. Twenty-one kilometres of sealed road will be rebuilt for the first three years at a cost of \$16,203,674.

This option means it will take 17 years to replace all of the 134 bridges. We have 45 culverts bigger than 600mm to replace as well, but only a limited number of these will be able to be replaced.

#### **Likely consequences**

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**On rates:** A decrease to rates required of \$4,169,859 in year one, decreasing the preferred rates percentage from 13.66% to 7.11%

**On debt:** There is no impact on debt.

**On levels of service:** The 19 kilometres of collector roads that are not renewed and the 240 kilometers of resurfacing that is not completed in the three years under this option are at higher risk of failing. This will mean sealed roads will have reduced speed limits, more potholes and more patching, increased risk of significant road pavement failure and more crashes. Some low volume roads will need to be reverted to gravel. As such there is likely to be more customer complaints. Bridges' weight restrictions are more likely to be ignored and there is a risk of the bridge collapsing with traffic on it. Completing the reseal on Stewart Island Rakiura may be delayed a year and this will mean reseals in other parts of the district will be significantly lower whatever year it is completed. The work on the Monowai bridge will need to be completed, but a great number of other bridges will be put under restrictions or closed.

### **KEY ISSUE No 3 – Glass recycling**

Government legislation requires councils to do a kerbside collection of glass by 2027, which we are already doing through glass going in the recycling bin. Wastenet, our shared waste management service with Invercargill City Council and Gore District Council, is recommending we separate the glass from the recycling now to not only meet legislative requirements but also to improve the way we manage our waste. By taking glass out of the mixed recycling bin the impact of contamination from broken glass in that bin will be reduced. At the moment this contamination is causing extra waste being sent to landfill, which costs more.

The councils are also facing increased costs around waste from the Government, including emission trading scheme costs and waste level charges – the charges on how much we send to landfill. Wastenet also wants to increase the amount it invests in education to inform people what can be recycled. There will be improvements in health and safety for people processing the waste and improved sustainability from less waste being sent overseas.

The options are either to collect a new glass recycling bin monthly or fortnightly or to stay with the status quo. In 2024/25 bins will be bought and distributed and the new collection process will begin in 2025/26.

### **Options**

#### **1. Introduce a new 240-litre glass recycling bin monthly collection service – our preferred option**

Residents with the rubbish and recycling service will receive a new blue 240-litre bin for glass. The glass bin will alternate fortnightly with the yellow recycling bin – meaning each will get collected once a month. Wastenet estimates under this system about 90% of glass would be able to be reused within aggregate products such as road surfaces and there will be a reduction in contamination.

There is a risk that monthly emptying of the recycling and glass bins is not enough and customers may have to use other recycling facilities, such as the 24/7 recycling stations. If ratepayers find that one bin collected monthly is not enough capacity for their glass or recycling then there would be an option to add an extra bin at an additional cost (\$228) or to use the other facilities such as the 24/7 recycling stations. Council would revisit the frequency and options if volumes indicate a need.

### **Likely consequences**

**On rates:** (including GST) This would see a \$7 rates increase for those on the service from year two onwards. Council will collect \$228 from rates in year two.

**On debt:** This option would increase debt by \$807,950 - the cost of buying the new bins, and distributing them.

**On levels of service:** The reduction of recycling collection to once a month can be seen as a reduction of service, but because glass is being taken out of the recycling bin and being collected the alternate fortnight, there is still a fortnightly recycling collection. This could be seen as an increase in the level of service as it enables better use of recyclables.

## **2. Status Quo**

Council continues with its present rubbish and recycling service - one bin for rubbish and one for recycling, which glass can be put into. This will mean the contamination problem may not reduce although further education could help. Moving to a glass bin could be revisited in the next LTP or at the next contract renewal.

### **Likely consequences**

**On rates:** There will be no impact on rates.

**On debt:** There will be no increase in debt for this service.

**On levels of service:** Levels of service will remain the same as they are now.

## **3 Introduce a new 240-litre glass recycling bin fortnightly collection service**

This option will mean a new bin for every property which currently receives recycling services. This will be a cost of \$807,950 for the purchase of 11,000 bins. In addition, the cost of the service will need to cover the new trucks needed to collect waste from three bins, costed out at \$966,165. Wastenet estimates under this system about 90% of glass would be able to be reused within aggregate products such as road surface and there will be reduction contamination. There will be improvements in health and safety for people processing the waste and improved sustainability from less waste being sent overseas.

### **Likely consequences**

**On rates:** (including GST) This will mean a \$101 increase for those on the service, taking the cost of rubbish and recycling collection to \$322 of rates a year.

**On debt:** This option would increase debt by \$807,950 - the cost of buying the new bins, and distributing them.

**On levels of service:** This will be an increase in the level of service for recycling as it enables better use of recyclables.

## **KEY ISSUE No 4 – The Te Anau Airport Manapouri - District funding**

Last year a working group was formed to deliver a review of the Te Anau Airport Manapouri. The review considered the challenges currently facing the airport and made recommendations to Council for its future direction. Significant engagement with the local community was undertaken by the working group and the report was discussed and recommendations passed at the November 2023 Council meeting.

As part of those resolutions, Great South is now leading work on an interim solution to allow the airport to establish a more commercial operation, and explore opportunities to increase revenue, while a medium to long term plan is developed and a more permanent solution of setting up a Council controlled trading organisation (CCTO) is investigated. This work is being funded by the Fiordland Community Board from the Luxmore subdivision reserve. The board also agreed to pay off the existing airport loan of \$631,797, from the reserve which means that ratepayers will no longer be required to pay off this loan from rates.



The review also noted that while the airport delivers most benefit to the Fiordland community, there is a benefit to the whole of the Southland community as an alternative transport option with flow-on economic and emergency management benefits.

The operations of the airport are currently funded by a combination of lease and rental income, fees from landings, ground handling and parking landing fees with the balance typically funded by a targeted airport rate across all ratepayers in the Fiordland area. However, the airport is considered a strategic district asset of Council because, as the only airport with a sealed runway in the Southland District, it provides an important alternative transport option, particularly in times of emergency.

Over the past five years of actuals to 30 June 2022, rental and fee income has not been enough to fund annual operating expenses with the shortfall ranging between \$217,000 to just under \$320,000 funded from rates. Based on the current budgeted level of fee income, over the next ten years the shortfall needed to be funded from rates is forecast to range between \$260,000 to \$395,000. The increase is largely related to loan repayments for projects to resurface the runway.

In response to the review report Council is considering funding all or a portion of the airport operating cost shortfall from the district-wide general rate. Five options are being consulted on for the proportion of general rate funding – 0% (so any shortfall continued to be fully funded by a local rate in the Fiordland area), 30% or 50% (funded from the general rate with the remainder of the shortfall funded by a local rate across the Fiordland area), 100% (so any shortfall would be fully funded by the general rate), or any other option suggested as part of the consultation. Until the Council has considered the feedback on the options, we have not included any general rate funding, which is consistent with Option One.

The general rate is paid by all ratepayers with 45% collected from the fixed uniform annual general charge UAGC and 55% from a rate in the dollar based on the capital value of a property.

#### **OPTIONS (2024/25 airport operating cost funding shortfall \$296,000)**

**Council does not have a set preference on these options because we want to hear from you about what you think.**

##### **1. No change to funding for Te Anau Airport Manapouri**

The shortfall would be fully funded from a targeted airport rate across the Fiordland area. This is the current approach.

##### **Likely consequences**

**On rates:** (including GST) In this option the local airport rate paid by ratepayers in the Fiordland area would be around \$95 in 2024/25.

**On debt** No impact

**On levels of service** No impact

##### **2. 30 percent general rate funding for Te Anau Airport Manapouri**

30% of the shortfall would be funded from the general rate with the remaining 70% funded from a targeted airport rate across the Fiordland area.

##### **Likely consequences**

**On rates:** (including GST) In this option the local airport rate paid by ratepayers in the Fiordland area would decrease to around \$67. All ratepayers in the district would pay an extra \$2.40 for the uniform annual general charge (UAGC) and an extra 20c for every \$100,000 of property capital value

**On debt** No impact

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**On levels of service** No impact

**3. 50 percent general rate funding for Te Anau Airport Manapouri**

50% of the shortfall would be funded from the general rate with the remaining 50% funded from a targeted airport rate across the Fiordland area.

**Likely consequences**

**On rates:** (including GST) In this option the local airport rate paid by ratepayers in the Fiordland area would decrease to around \$48. All ratepayers in the district would pay an extra \$3.90 for the uniform annual general charge (UAGC) and an extra 34c for every \$100,000 of property capital value.

**On debt:** No impact

**On levels of service:** No impact

**4. 100 percent general rate funding for Te Anau Airport Manapouri**

100% of the shortfall would be funded from the general rate with no targeted airport rate.

**Likely consequences**

**On rates:** (including GST) In this option the local airport rate paid by ratepayers in the Fiordland area would decrease to \$0. All ratepayers in the district would pay an extra \$7.90 for the uniform annual general charge and an extra 68c for every \$100,000 of capital value.

**On debt:** No impact

**On levels of service:** No impact

**5. Another suggestion for funding for Te Anau Airport Manapouri**

This option is open for submitters to make other suggestions so we cannot show what the likely consequences are.

## **Infrastructure Strategy – Meeting future needs**

Council has, for its size of population, a large infrastructure asset base, dominated by the local road network. These infrastructure assets enable Council to deliver services to communities to the agreed levels of service and performance standards. The overview of the asset base shows that the increased investment signalled in Council's previous infrastructure strategy for the maintenance and renewal of sealed roads and bridges remains the key priority now.

Other assets also require mitigation or investment to improve the condition and performance; however, in some cases improved operational activities can reduce the risks or the investment needed is comparatively small compared to the transport activity.

Council has continued to improve its asset management, financial and monitoring systems to enable these assessments to be undertaken and the strategy sets out to address the identified needs based on the assessments undertaken.

Infrastructure replacement and improvements is the largest single expenditure Council faces, and it is important that this is affordable to Council, to the community and the wider economy of the Southland region. New infrastructure assets are also required to meet resource consent requirements, improve levels of service and to support growth within the district, however these are expected to be a small component compared to the renewals / replacement programmes.

Key projects and programmes include the sealed roads maintenance and rehabilitation programme, the bridge renewals programme, the Stewart Island Rakiura electricity generation replacement, the office

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building replacement, the closed landfill protection/removal programme, wastewater treatment upgrades and the Golden Bay development on Stewart Island Rakiura.

For more detail, please go to xxx

### What's Council's financial strategy?

Our financial strategy shows 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.

This strategy continues with a consistent goal - to be on a sustainable financial footing where we are able to maintain the majority of current service levels whilst also meeting higher environmental and healthy living standards in a way that the community can reasonably afford without placing a financial burden on future generations.

Within this plan, capital projects and debt increase significantly during the 10 years because of the increased pressures of high inflation costs and continued high investment needed, particularly in the wastewater activities to meet increasing environmental standards. Over the next 10 years we need to spend \$681 million with greater investment overall planned in roading and wastewater. However, we have also had to reduce our programme by 18% (\$148 million) from the level suggested in our asset planning to help reduce debt, keep rates lower and ensure it is deliverable. This will affect current levels of service in roading, as described in issue two above, becoming more obvious on your road experience as time goes by. Depending on the option chosen, this document will only be the start of the conversation.

To keep the costs down in the short term, we are planning to not collect enough money from rates to cover our operating costs, resulting in an unbalanced budget. This is primarily because we will not be fully rate funding the annual cost of looking after our assets (known as funding depreciation). This is a way of ensuring that current ratepayers are meeting the full cost by funding the annual use of assets from rates.

A summary of the key financial targets and limits set out in the draft strategy are:

- Lifting our rate increase limits to 14% in year one, 11% in years two and three and retaining 8% for the remainder of the period.
- Maintaining our net borrowings limit at 175% of operating income
- Placing a limit on our capital expenditure of \$80 million a year.
- Continuing to recognise the rates pressures on our communities by continuing to not fully fund the annual cost of using our critical assets from rates. This results in water and wastewater funding increasing by 5% annually until fully funded towards the end of the 10 years.
- Looking to achieve a balanced budget by 2031/32 by ensuring our operating income is enough to cover our operating expenses
- Finding ways to increase revenue from other sources and work collaboratively with other councils and central government to advocate for a sustainable funding model for local government and support new ways to deliver core services affordably.
- stop using funds collected for wastewater asset replacements to pay interest costs for our wastewater level of service borrowings.

## The financial impact

To keep the costs down in the short term, we are planning to not collect enough money from rates to cover our operating costs, resulting in an unbalanced budget. This is primarily because we will not be fully rate funding the annual cost of looking after our assets (known as funding depreciation). This is a way of

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ensuring that current ratepayers are meeting the full cost by funding the annual use of assets from rates. We've consistently been working towards fully funding annual depreciation from rates to help balance our budget since 2015. We already fully fund depreciation on roading and our existing financial strategy had us fully funding depreciation on water and wastewater assets by 2028/2029 to put us in a position where we could then consider funding depreciation on other community facilities like stormwater and footpaths.

However, with the value of our water and wastewater assets increasing significantly over the past three years, we'd now need to collect \$5.7 million more in rates over the next three years to achieve our original timeframe. This equates to a 3% rate increase per year.

Given the cost pressures we're now facing, we're proposing to extend the timeframe and will now reach the target by 2031/2032. This will mean that we won't be collecting enough money to cover our operating costs, resulting in an unbalanced budget for the first seven years of our plan. By continuing this decision, it can be said that the ratepayers of today are not fully funding their use and as such the ratepayers in the future will need to meet any renewal cost shortfall.

Council is projecting the following results for the next 10 years:

Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Surplus/(deficit)	(\$5.87M)	(\$1.73M)	(\$1.04M)	(\$2.44M)	(\$4.45M)	(\$0.95M)	(\$1.13M)	\$0.59M	\$0.28M	\$0.82M

## Our activities by the numbers

### Our activities by the numbers

	(\$M)	%	(\$M)	%	How costs are funded?		(\$M)
	2024-2034		2024-2034				2024-2034
Activity	Operating spend		Capital spend		Rates	Other	Rates Revenue
Community Leadership	\$115.2	8.1%	\$1.0	0.1%	91%	9%	\$106.0
Community Resources	\$253.6	17.9%	\$44.2	6.5%	62%	38%	\$186.0
Environmental Services	\$138.8	9.8%	\$2.0	0.3%	56%	44%	\$79.2
Wastewater	\$189.2	13.4%	\$171.8	25.4%	49%	51%	\$176.5
Stormwater	\$41.9	2.9%	\$34.4	5.1%	37%	63%	\$28.3
Transport	\$554.5	39.3%	\$373.3	55.2%	30%	70%	\$277.3
Water Supply	\$121.5	8.6%	\$49.5	7.3%	67%	33%	\$113.9
<b>Total</b>	<b>\$1,414.7</b>	<b>100.0%</b>	<b>\$676.3</b>	<b>100.0%</b>			<b>\$967.3</b>

Council has various corporate services which have operating spend of \$41.9 million (total \$1,457 million) and capital spend of \$4.8 million (total \$681 million). These corporate services are funded through internal charges which are spread over the seven activities.

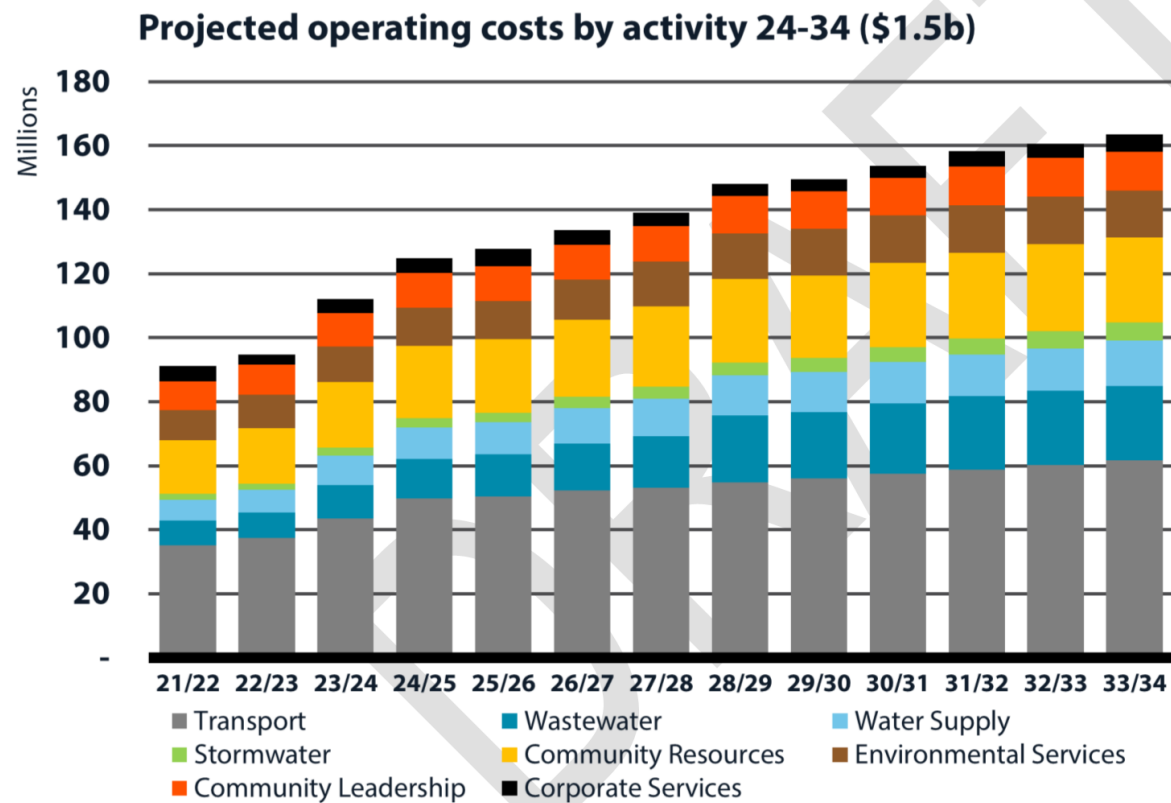
## What's happening to costs?

### Operating Costs

We're proposing to spend \$1.5 billion over 10 years on the day-to-day services Council provides. This is a 37% increase on our last LTP and is mainly the result of an increase in maintenance and operating costs for our transport, three waters and community resources activities because of inflation. One of the

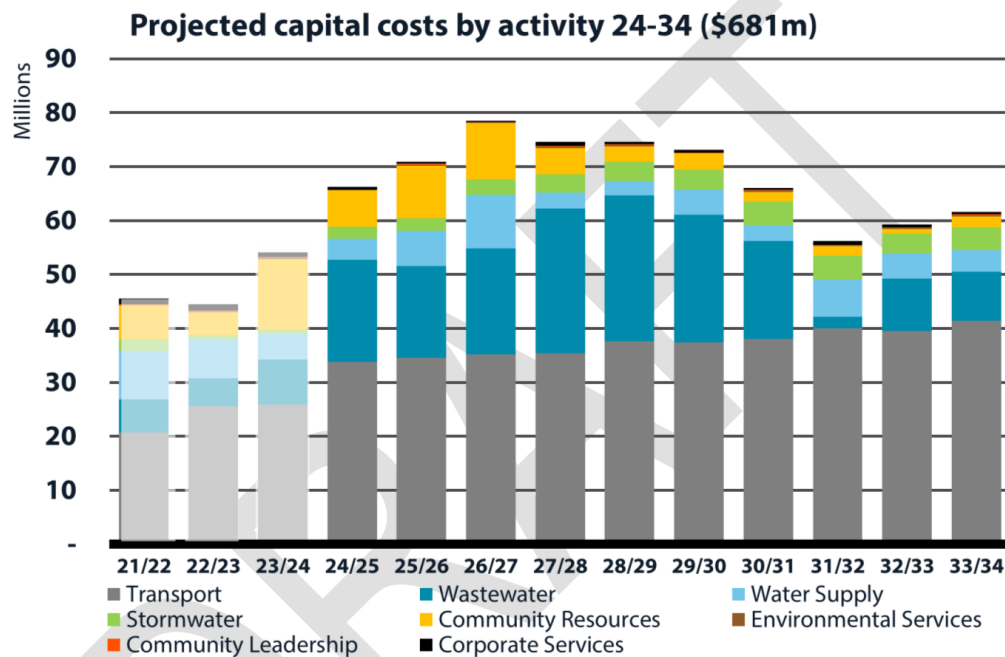
consequences of taking on more debt to fund our infrastructure programme is that we will be faced with an increase in interest payments which will rise from \$4.5 million to \$16 million a year.

Our decision to delay the replacement of some roading and three waters assets is also likely to result in additional reactive maintenance costs longer-term. To achieve our aim of balancing our budget annually we will need to increase rates or other revenue like fees.



### Capital Expenditure Costs

Overall, we're increasing our capital expenditure by more than \$223 million to \$681 million compared to our last LTP.



Roading has only increased as a result of increased costs from inflation. Other areas are an increase in costs from inflation as well as increased work programmes, especially wastewater due to the greater investment planned in wastewater disposal systems. However, we have also had to reduce our programme by 18% (\$148 million) from the level suggested in our asset planning to help reduce debt, keep rates lower and ensure it is deliverable.

This will result in some assets not being renewed or upgraded at the time they should be and will push some costs further into the future. This approach also carries some risk that the level of service experienced by the community will reduce over time and create a greater risk of asset failure.

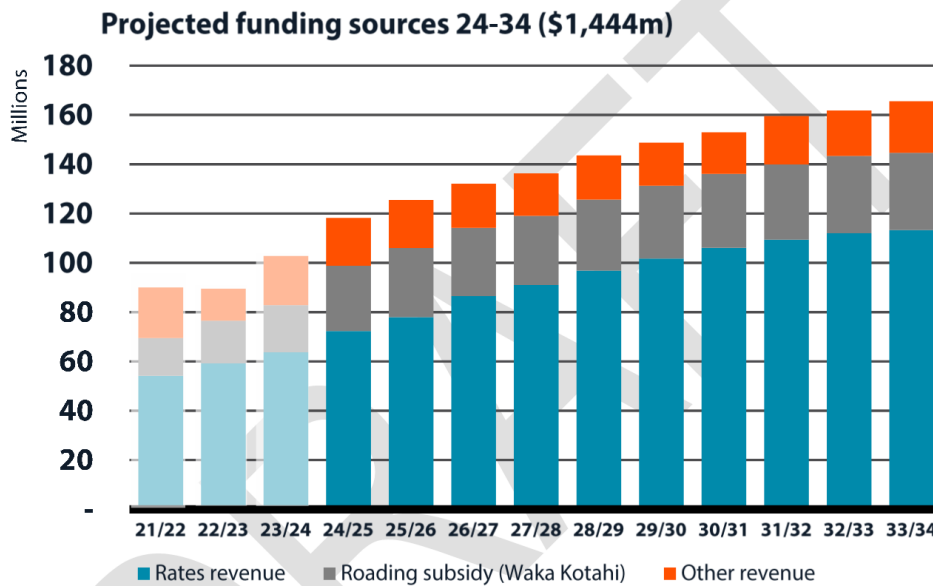
Council acknowledges there are risks associated with the proposed expenditure programme. The capital programme, in particular, is a significant increase on the level of historical spend by Council, and is somewhat reliant on the capacity and delivery by third party contractors to deliver the planned works. While Council has undertaken work to ensure these delivery risks are mitigated, any delays to delivery could impact on levels of service planned in the LTP.

### How do we pay for this?



Rates continue to be our main source of income and currently make up 61% of our operating income, rising to 67% in 2033/2034. Council also collects other revenue, including from fees and charges, grants/subsidies and financial contributions. The largest proportion of non-rate funding is from NZTA Agency (Waka Kotahi) which funds about 55% of our transport infrastructure costs. Funding is still to be confirmed by NZTA Waka Kotahi, which means there is a high risk that expected funding might not be available. In that event Council would then amend the proposed roading projects to the funding available, resulting in further reduced levels of service

We also collect fees and charges from users, forestry revenue and other income. We review our fees annually to keep up with changes in the cost of delivering our services and to ensure that we recover the proportion of the costs that individual users benefit from.

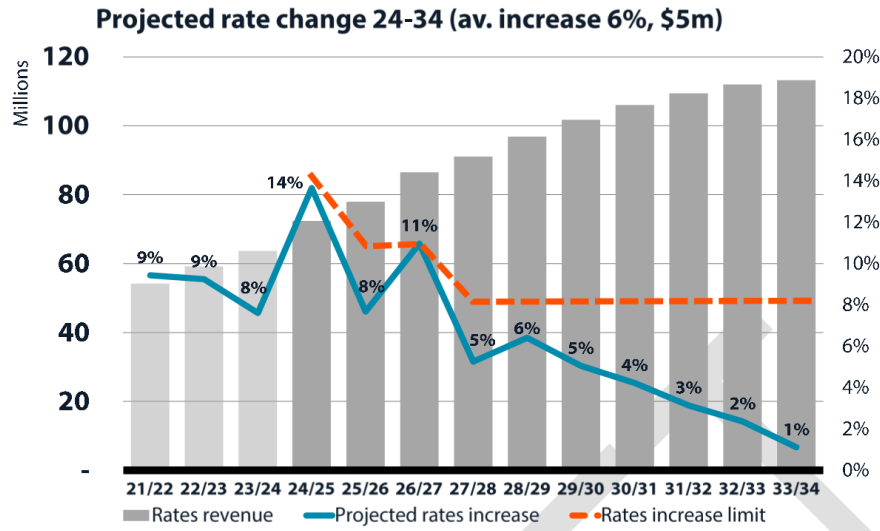


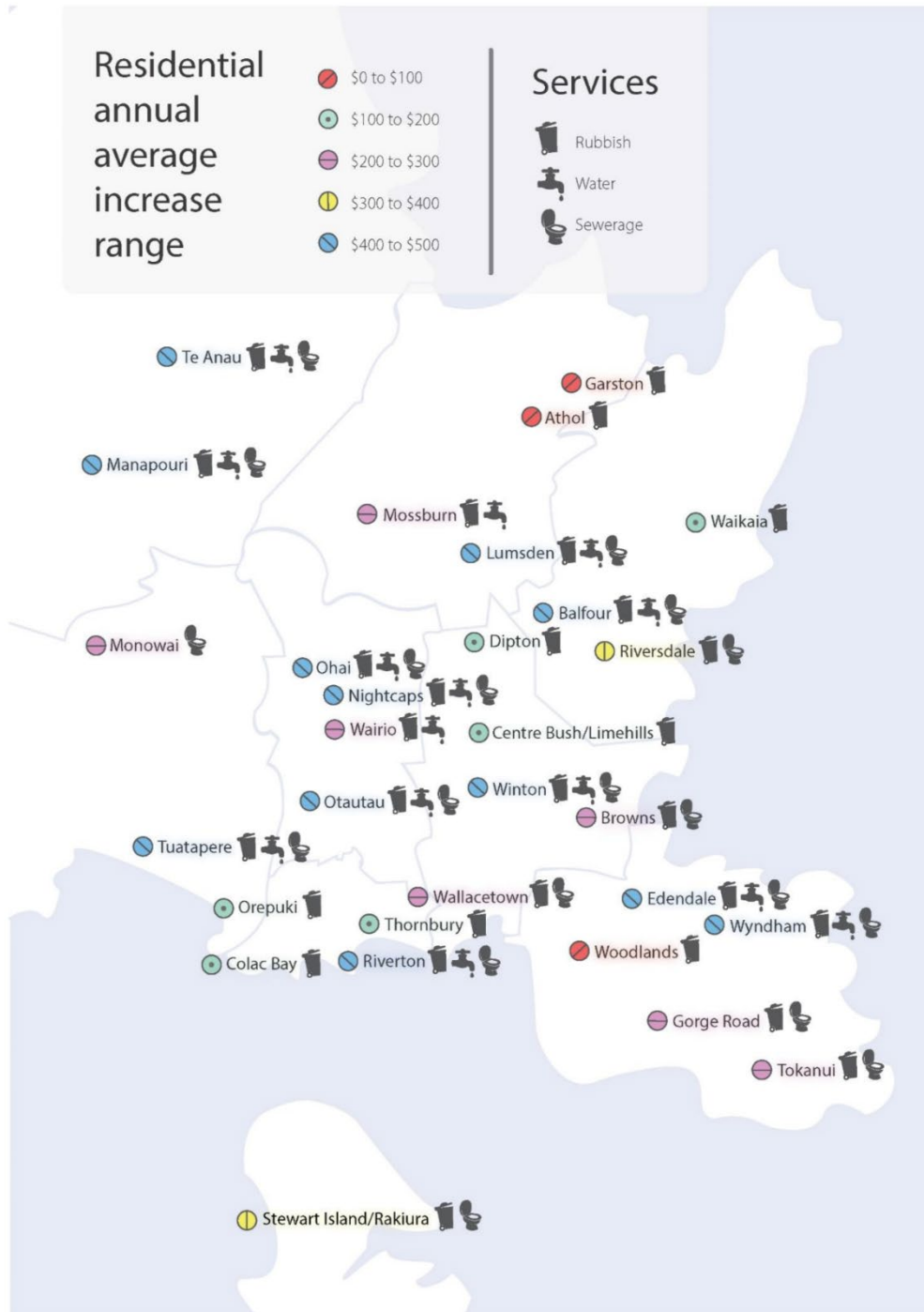
### What does this mean for my rates?

We're proposing average rates increase over the next three years of between 8% and 13.66%. We're proposing to adjust our rate increase limit to allow for this and reverting to 8% from year four onwards. This is much more than we've seen in the past but is required because the day-to-day costs of delivering services has risen and we want to make sure we are moving closer to balancing our budget by rate funding depreciation rather than borrowing.

While our proposed rate increases are higher early on, in most years we are well below 8% which provides some flexibility to respond to unexpected developments in our financial position or operating environment.














Sample properties showing proposed rate change over current year

The table below shows the proposed rates for various landuse types and different property values. The table shows total rates and the category of rate including district (paid by all properties), local (set in community board areas), service (for service type activities like water and wastewater with some district-wide and others in specific areas).

Table 4: Sample property rates (including GST) showing change from 23/24 to proposed 24/25 as at 16.04.24

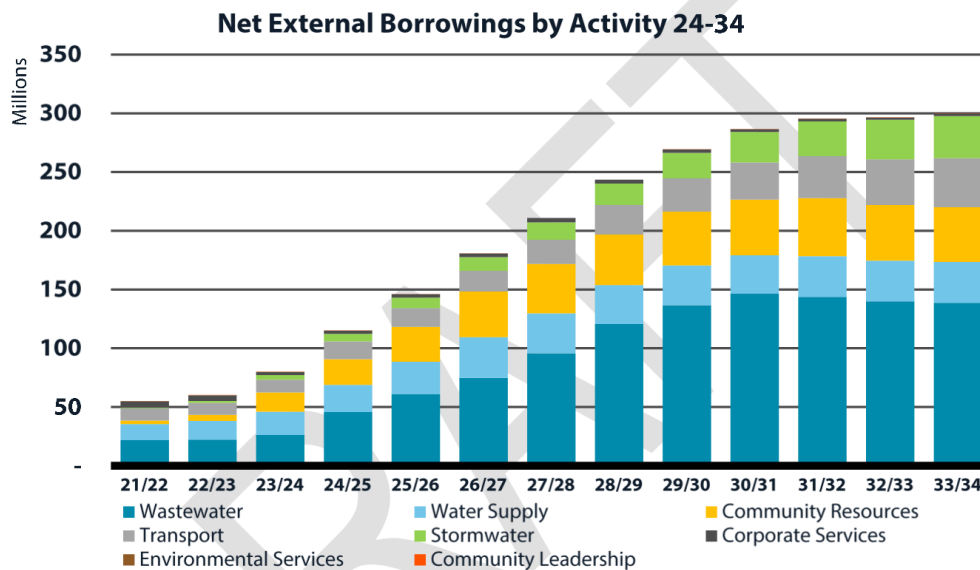
Sector	Land Value	Capital Value	TOTAL RATES				DISTRICT RATES				LOCAL RATES				SERVICE RATES			
			23/24 Actual	24/25 Proposed	Change		23/24 Actual	24/25 Proposed	Change		23/24 Actual	24/25 Proposed	Change		23/24 Actual	24/25 Proposed	Change	
					\$	%			\$	%			\$	%			\$	%
<div> Residential &amp; Lifestyle</div>																		
Residential (Winton)	134,000	470,000	\$3,675	\$4,118	\$443	12%	\$1,598	\$1,720	\$123	8%	\$258	\$269	\$11	4%	\$1,820	\$2,129	\$309	17%
Residential (Manapouri)	560,000	1,000,000	\$4,520	\$5,020	\$499	11%	\$2,246	\$2,442	\$196	9%	\$454	\$449	(\$6)	(1%)	\$1,820	\$2,129	\$309	17%
Residential (Balfour)	97,000	330,000	\$2,189	\$2,310	\$121	6%	\$1,426	\$1,530	\$104	7%	\$306	\$340	\$34	11%	\$456	\$440	(\$16)	(4%)
Residential (Ohai)	50,000	225,000	\$3,553	\$3,981	\$428	12%	\$1,298	\$1,387	\$89	7%	\$436	\$465	\$29	7%	\$1,820	\$2,129	\$309	17%
Residential (Te Anau)	200,000	620,000	\$4,032	\$4,473	\$440	11%	\$1,781	\$1,925	\$144	8%	\$432	\$419	(\$13)	(3%)	\$1,820	\$2,129	\$309	17%
Residential (Otautau)	56,000	375,000	\$3,655	\$4,073	\$418	11%	\$1,481	\$1,591	\$110	7%	\$355	\$353	(\$2)	(0%)	\$1,820	\$2,129	\$309	7%
Residential (Tuatapere)	72,000	235,000	\$3,520	\$4,002	\$482	14%	\$1,310	\$1,400	\$91	7%	\$391	\$472	\$82	21%	\$1,820	\$2,129	\$309	17%
Lifestyle (Athol)	500,000	765,000	\$2,077	\$2,234	\$157	8%	\$1,882	\$2,031	\$149	8%	\$195	\$203	\$8	4%	\$0	\$0	\$0	0%
Lifestyle (Manapouri)	295,000	700,000	\$3,188	\$3,473	\$286	9%	\$1,803	\$1,942	\$140	8%	\$266	\$259	(\$6)	(2%)	\$1,119	\$1,272	\$152	14%
Lifestyle (Wyndham)	210,000	750,000	\$2,415	\$2,555	\$140	6%	\$1,864	\$2,010	\$147	8%	\$95	\$105	\$10	10%	\$456	\$440	(\$16)	(4%)
Lifestyle (Riverton/Aparima)	900,000	1,670,000	\$2,569	\$2,784	\$215	8%	\$2,092	\$2,324	\$232	11%	\$21	\$21	(\$0)	(1%)	\$456	\$440	(\$16)	(4%)
<div> Rural (Farming, Dairy Farming, Mining, Forestry)</div>																		
Farming (Non-Dairy)	4,720,000	5,470,000	\$8,208	\$9,149	\$941	11%	\$8,026	\$8,962	\$936	12%	\$182	\$187	\$5	3%	\$0	\$0	\$0	0%
Farming (Non-Dairy)	6,650,000	7,850,000	\$11,282	\$12,609	\$1,327	12%	\$11,202	\$12,530	\$1,328	12%	\$81	\$79	(\$2)	(2%)	\$0	\$0	\$0	0%
Farming (Non-Dairy)	5,350,000	5,910,000	\$8,778	\$9,790	\$1,013	12%	\$8,596	\$9,604	\$1,008	12%	\$182	\$187	\$5	3%	\$0	\$0	\$0	0%
Farming (Non-Dairy)	2,020,000	2,180,000	\$3,775	\$4,178	\$402	11%	\$3,720	\$4,117	\$397	11%	\$55	\$61	\$5	9%	\$0	\$0	\$0	0%
Dairy	10,400,000	12,700,000	\$22,854	\$27,046	\$4,192	18%	\$22,399	\$26,583	\$4,184	19%	\$455	\$463	\$8	2%	\$0	\$0	\$0	0%
Dairy	8,650,000	10,300,000	\$18,619	\$22,029	\$3,410	18%	\$18,324	\$21,725	\$3,401	19%	\$295	\$304	\$9	3%	\$0	\$0	\$0	0%
Dairy	13,000,000	16,700,000	\$29,532	\$35,089	\$5,557	19%	\$29,206	\$34,696	\$5,490	19%	\$327	\$393	\$66	20%	\$0	\$0	\$0	0%
Dairy	18,900,000	23,000,000	\$44,289	\$51,682	\$7,393	17%	\$39,872	\$47,418	\$7,546	19%	\$308	\$304	(\$4)	(1%)	\$4,108	\$3,960	(\$148)	(4%)
Mining	2,590,000	3,930,000	\$84,888	\$103,895	\$19,006	22%	\$84,791	\$103,791	\$19,000	22%	\$98	\$103	\$6	6%	\$0	\$0	\$0	0%
Forestry	1,120,000	1,160,000	\$6,897	\$11,489	\$4,592	67%	\$6,842	\$11,432	\$4,591	67%	\$55	\$57	\$2	3%	\$0	\$0	\$0	0%
<div> Business (Industrial, Commercial, Other including utilities, churches, schools etc)</div>																		
Industrial	245,000	470,000	\$3,534	\$4,064	\$530	15%	\$1,913	\$2,107	\$194	10%	\$258	\$269	\$11	4%	\$1,363	\$1,689	\$326	24%
Industrial	315,000	830,000	\$6,001	\$6,960	\$959	16%	\$2,596	\$2,893	\$298	11%	\$260	\$275	\$15	6%	\$3,145	\$3,792	\$647	21%
Commercial	215,000	890,000	\$4,840	\$5,491	\$651	13%	\$2,760	\$3,087	\$327	12%	\$260	\$275	\$15	6%	\$1,820	\$2,129	\$309	17%
Commercial	1,000,000	5,900,000	\$12,708	\$14,521	\$1,813	14%	\$12,465	\$14,291	\$1,826	15%	\$243	\$230	(\$13)	(5%)	\$0	\$0	\$0	0%
Other	73,000	83,000	\$1,059	\$1,109	\$50	5%	\$968	\$1,014	\$46	5%	\$91	\$95	\$4	4%	\$0	\$0	\$0	0%

## What about debt?

Debt is an important funding tool, enabling investment in infrastructure to be paid for by both today's ratepayers and those of the future, promoting intergenerational equity.

Our net debt will reach a peak of 162% of total revenue in 2030/2031, near our borrowing limit of 175%. At this point our borrowing headroom would be reduced to \$20 million, severely limiting our ability to respond to unexpected events like natural disasters. Our debt levels are increasing markedly over this 10-year period because of the increased standards in water and waste that have been set by the government, inflation and costs across the whole organisation.

The below table shows the balance of the net external borrowings by activity over the 10 years.



As noted earlier, Council will be continuing to discuss with the government and the regional council, the legislative requirements that is causing a lot of this debt in the wastewater activity.

While the use of debt promotes a level of intergenerational equity, we need to keep in mind that it has to be paid back and also comes with a risk that interest rate rises can increase debt servicing costs. As an example, \$10 million borrowed at an interest rate of 6% for 30 years equates to a 1% increase in rates in the first year.

Our current projected level of borrowing will see our interest costs rise from \$4.5 million and reach \$16 million by year 10, meaning 10% of our annual revenue will be used to fund interest. At this level our debt servicing costs are close to breaching the recommended limit of 10%.

We will need to consider as part of our next LTP whether the borrowing limit should be raised and if so, to what level. An increase to our borrowing limit would require us to get a credit rating and we would then be able to access borrowings up to 280% of total revenue from the Local Government Funding Agency. Based on this LTP, this would increase how much we could borrow and provide a maximum headroom of between \$125 million to \$172 million if we needed access to additional funds for an unforeseen event.

## 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 infrastructural 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.

The goal of fully funding our renewals from rates is a key element in achieving a balanced budget. By 2031/2032 we should be funding 100% of depreciation on water and wastewater assets. This has been a long-term goal made harder by significant increases in the value of assets over time.

At this stage we have decided to prioritise funding depreciation on our water and wastewater assets given affordability concerns and uncertainty about whether some community assets will be replaced in the future. This is something we'll revisit in our next strategy review.

## Other consultation items

Alongside the key issues we have talked about, there are also some other changes being proposed to fees and charges, how we calculate certain targeted rates (including our roading rate) and an update of our development and financial contributions policy. If you are interested in any of these issues and why Council is making these changes, background information is available on our online engagement platform [makeitstick.nz](https://makeitstick.nz).

### Fees and charges

Key changes to fees and charges include increases in a number of building/resource consent fees and cemetery interment charges to reflect the actual costs of completing the work, waste disposal fees to allow for increased landfill and waste levy costs and rents for Council community housing units. A number of hall hire fees are also changing, with several halls moving to hourly rate charging and proposals to increase Stewart Island wharf/jetty user fees. In addition, we are proposing some changes to our fee structure for road reserve and service fees and inflationary increases for a wide range of other charges.

### Roading rate

In terms of rating, the key change being proposed is updating the targeted roading rate differential to ensure that land use sectors associated with heavy vehicle freight (dairy, farming, forestry, mining, commercial, industrial) continue to pay an appropriate share of the roading rate given the significant increase in roading expenditure forecast in the LTP.

To do this, we are updating the differential to use the latest available tonnage and property data and also phasing in increases to the \$ per tonne charged to heavy vehicle sectors (including GST) (by \$0.25 a year) and uniform targeted rate (by \$11.50 a year) for the next three years. This will mean the \$ per tonne will reach \$1.85 and the UTR will reach \$126.50 by year 3. We are also proposing to move a small number of non-commercial protected and indigenous forestry land from the “forestry” differential category to the “other” category given that these types of forests are largely native bush and different from commercially operated exotic forest plantations.

Currently 77% of the roading rate is allocated to these heavy vehicle land use sectors and 23% to other sectors (residential, lifestyle, other). The changes proposed will gradually increase the heavy vehicle sector share to 78% in year one, reaching 80% by year three which will bring the proposed heavy vehicle sector share closer to the 78%-86% in the previous six years.

These proposals along with the budget increases for roading will affect roading rates for all properties. The combined budget/differential changes would see the following increases in roading rate (including GST) for average CV properties - \$6.5m dairy property up \$2,000 (83% of this due to the budget change); \$2m forestry property up \$7,800 (65% of this due to budget change); \$2.5m farm property up \$350 (all of this due to budget change); \$800k industrial or commercial property up \$220-\$230 (62%-65% due to the budget change); \$1m mining property up \$4,800 (6% due to the budget change); \$400k residential property up \$56 (all of this due to the budget change); \$600k lifestyle property up \$78 (all of this due to the budget change); \$400k other property up \$25 (87% of this due to the budget change).

### Targeted rates

The other targeted rate changes have been proposed by local community boards and water supply committees. These changes include replacing the Stewart Island/Rakiura SIESA half charge (\$100) with a full charge (\$200), amending hall rating boundaries for Tokanui and Waimakaha (to take in parts of the old Fortrose hall area) and the Wrights Bush and Waianiwa hall boundaries (to take in the parts of the old Otahuti hall area). We are also reallocating the 7.7-unit charge for the Te Anau Rural water supply rates to annual, full and half charge rates.

### Draft development and financial contributions policy

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The policy on development and financial contributions is also being consulted due to Council's obligation to review the policy every three years under the Local Government Act 2002. The purpose of this policy is to: provide predictability and certainty about how and when Council proposes to use development contributions and financial contributions, what they fund and why, recover a fair, equitable, and proportionate share of the total cost of capital expenditure necessary to service growth over the long term through development contributions from those persons undertaking development, recover financial contributions to deal with the adverse environmental effects of new development in the District and support the principles set out in the Preamble to Te Ture Whenua Maori Act 1993.

Under the draft policy, Council is proposing that development contributions remain in remission and are not charged to in connection with property development. Development contributions can only be used to cover Council's capital expenditure planned to meet additional demand for services/activities arising from growth within the district. As current district growth forecasts remain low, supporting capital expenditure planned by Council to meet additional demand is insufficient to justify the collection of development contributions. By not charging development contributions Council can also help encourage growth and development within the district. Council is also proposing that financial contributions continue to be collected to cover works for roads and reserves under the policy and that it considers remission for development of Maori land.

You can give feedback on all these issues at the same time as the key issues.

### 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 what has been planned by each community board for the first year. The full list of projects can be found on our website: [southlanddc.govt.nz](https://southlanddc.govt.nz).

#### General District projects - 2024-25

		Funding Source
District wide cemetery beams	\$13,800	Rates
Land purchase to increase cemetery size, Riverton	\$225,836	Loan & reserves
Community housing - exterior repairs maintenance, and roofing at Nightcaps	\$152,350	Loan
Archives business case	\$100,000	Loan
Information services equipment renewal	\$140,000	Rates
Ongoing digitisation projects at archives	\$43,000	Loan
Around the mountains cycle trail continuous improvement programme	\$20,000	Rates & grants
District wide acuflo manifolds and check valves for water	\$115,741	Loan & reserves
End of life water pumps and electrical, district wide	\$50,000	Loan & reserves
End of life water storage maintenance, district wide	\$163,587	Loan & reserves

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Manapouri water treatment plant upgrade	\$900,000	Loan & reserves
Replacement of AC pipe - end of life - district wide	\$1,600,000	Loan & reserves
Riverton Aparima district metered areas	\$169,000	Loan & reserves
Tank replacement - Ohai water treatment plant	\$200,000	Loan & reserves
Riverton Aprarima - water treatment plant	\$300,000	Loan & reserves
Library services community hub feasibility study	\$63,600	Loan
Tuatapere library exterior repaint	\$20,000	Reserves
Waikiwi yard, clean up yard, hardfill and fence off section at rear, remove hedges, build new fences and options analysis for future	\$85,000	Loan
Edendale scenic reserve bridge maintenance	\$15,000	Rates
Master plan development for Ivon Wilson reserve and Kowhai reach esplanade	\$80,000	Reserves
Renew reserve management plan for Curio Bay reserve	\$100,000	Reserves
Bridge programme 2024-2034	\$5,500,000	Waka Kotahi, rates & loan
Drainage renewal programme 2024-2034	\$2,245,343	Waka Kotahi & rates
Pavement rehabilitation programme 2024-2034	\$6,800,000	Waka Kotahi, rates & loan
Resurfacing programme 2024-2034	\$8,750,000	Waka Kotahi & rates
Structure component renewal programme 2024-2034	\$1,880,000	Waka Kotahi & rates
Traffic services programme 2024-2034	\$1,344,672	Waka Kotahi & rates
Unsealed road renewal programme 2024-2034	\$2,816,345	Waka Kotahi & rates
Consent Renewal preparation - Mt York rural water supply	\$51,750	Loan
Consent renewal preparation - Takitimu rural water supply	\$51,750	Loan
Homestead rural water supply intake modification	\$30,995	Loan & reserves

Te Anau rural water supply scheme audit	\$500,000	Loan & reserves
District wide completion of oxidation pond desludging	\$1,000,000	Loan & reserves
Consent renewal preparation - Stewart Island wastewater treatment plant	\$159,000	Loan & reserves
Consent renewal treatment upgrade - Balfour wastewater treatment plant	\$547,142	Loan & reserves
Consent renewal treatment upgrade - Edendale/Wyndham wastewater treatment plant	\$1,500,000	Loan & reserves
District wide wastewater network renewals	\$1,000,000	Loan & reserves
End of life wastewater pumps and electrics	\$176,000	Loan & reserves
Manapouri wastewater treatment upgrade	\$1,000,000	Loan & reserves
Wastewater Scada (supervisory control and data acquisition) replacement	\$200,000	Loan & reserves
Sewer main renewal - Stewart Island Rakiura	\$800,000	Loan & reserves
Winton wastewater treatment plant upgrade	\$13,500,000	Loan & reserves
Edendale/Wyndham stormwater main/manhole renewal and subsoils	\$1,143,000	Loan
Investigation and replacement of storm main - Winton	\$500,000	Loan
Mechanical cleaning of open drains - Limehills	\$26,641	Loan
Reticulation upgrade	\$463,000	Loan
Stormwater investigations and renewals - Nightcaps	\$108,009	Loan
Athol toilet- renewal	\$87,000	Loan & reserves
Monkey Island - shelter area development (stage 2)	\$400,000	Loan & reserves
Refurbishment 4 toilets	\$285,000	Loan
Te Anau Lions Park toilet - refurbishment	\$328,390	Loan & reserves
Toilet - renewal preparation	\$20,000	Loan & reserves
Toilet - renewal preparation	\$206,356	Loan & reserves

	Tuatapere Half Mile Road playground toilet - new	\$154,000	Loan & reserves
	Lumsden transfer station shed maintenance	\$15,000	Loan
	Otautau closed landfill protect in place	\$998,000	Loan
	Pad strengthening and shed refurbishment	\$50,000	Loans & reserves
	Stewart Island Rakiura Recovery Centre new 20ft burn bin and regravels	\$15,000	Rates
	Wyndale transfer station greenwaste tidy up	\$30,000	Loan
Community board projects			
<b>Ardlussa</b>	Waikaia additional streetlights	\$26,000	Loan & reserves
	Waikaia otta seal Upper Newburn Road	\$65,000	Loan
	Waikaia school safety project	\$20,000	Reserves
	Balfour playground - equipment renewal	\$120,000	Loan
	Riversdale & Waikaia playground maintenance	\$4,900	Rates
<b>Fiordland</b>	Exterior cladding maintenance of airport building	\$20,000	Rates
	Airport runway surface rehabilitation	\$1,277,150	Loan
	Te Anau boat ramp - renewal of Te Anau Downs	\$300,000	Reserves
	Te Anau - construction of pedestrian facilities on Sandy Brown Road	\$99,181	Development contributions
	Manapouri - sealing of footpath opposite the church and Manapouri shop on Waiau Street	\$65,000	Loan
	Manapouri hall - exterior repaint	\$100,000	Loan & reserves
	Fiordland active recreation improvements	\$260,000	Grant
	Manapouri - renew the Frasers Beach Reserve management plan	\$50,000	Reserves
	Te Anau – urban master plan for the development of the town centre, lakefront and boat harbour.	\$300,000	Loan
	Te Anau Henry Street playground - redevelopment	\$75,000	Loan
	Te Anau Lions park playground - equipment renewal	\$400,000	Loan & reserves
<b>Northern</b>	Athol hall - installation of water tanks, pumps and filters	\$50,000	Loan & reserves
	Lumsden hall - upgrade distribution board and install heat pumps	\$50,000	Loan & reserves

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	Garston playcentre building - exterior repaint and carpentry work	\$30,000	Loan
	Lumsden information centre - exterior painting and repairs	\$30,000	Loan
	Mossburn War Memorial Park playground - equipment renewal	\$30,000	Reserves
	Athol and Garston swing replacements	\$4,300	Rates
	Village projects funded from the Garston Special Reserve	\$56,869	Reserves
	Welcome to Garston signs	\$8,665	Loan & reserves
<b>Oraka-Aparima</b>	Riverton Aparima new footpaths	\$112,500	Loan
	Oraka Colac Bay - Lighting and heat pumps	\$50,000	Loan
	Riverton Aparima T wharf replacement - Design and consents	\$300,000	Loan & reserves
	Colac Bay foreshore playground - equipment renewal - nature play	\$20,000	Loan
	Riverton Aparima - Estuary planting	\$20,000	Reserves
	Riverton Aparima - Play space consolidation	\$25,000	Reserves
	Riverton Aparima - Riparian planting	\$5,000	Reserves
	Riverton Aparima Harbour - Refurbishment viewing platform	\$10,000	Rates
	Riverton Aparima Taramea Bay playground – Redevelopment	\$189,000	Loan & reserves
	Thornbury playground - Equipment renewal	\$8,454	Loan & reserves
<b>Oreti</b>	Winton footpath renewal programme 2024/2025 - 2026/2027	\$245,100	Waka Kotahi & loan
	Limehills Hall - LED lighting and distribution board	\$18,000	Loan & reserves
	Winton RSA Hall interior refurbishment	\$40,000	Loan
	Ryal Bush Hall - Reroof	\$76,667	Grant
	Re-grassing Mores Reserve	\$35,000	Grant
	Dipton repair or replace bridge across ditch at reserve and level street	\$10,000	Reserves
	Wallacetown - Equipment renewal and installation of skate/bike/pump track	\$227,000	Grant
	Winton maternity centre re-roof	\$20,000	Reserves

<b>Stewart Island/ Rakiura</b>	Winton - Great North Road development	\$200,000	Reserves
	SIESA capital renewal programme	\$406,500	Reserves
	Golden Bay Wharf renewal preparation	\$250,000	Grant
	Ulva Island Wharf replacement	\$891,685	Reserves, loans & grants
<b>Tuatapere-Te Waewae</b>	Orepuki & Tuatapere footpath renewal programme 2024/2025 to 2026/2027	\$168,324	Waka Kotahi & loan
	Tuatapere new streetlight on Birch Street	\$2,000	Loan
	Orepuki hall handrails, parking and landscaping	\$20,000	Loan & reserves
	Tuatapere hall - remove chimneys and structural report	\$9,000	Reserves
	Tuatapere - concept design for Memorial Park	\$11,100	Reserves
	Orepuki Playground - Equipment Renewal	\$50,000	Reserve
	Tuatapere Historic Railway Station	\$310,000	Grant
	Orepuki, water tower investigation repair options	\$20,000	Loan
	Edendale new streetlights	\$20,000	Loan
	Edendale & Wyndham footpath renewal programme 2024/2025 to 2026/2027	\$242,563	Waka Kotahi, reserves & loan
<b>Waihopai-Toetoe</b>	Edendale - speed feedback sign at Ferry Road	\$20,000	Reserves
	Wyndham - speed feedback sign at Ferry Street	\$20,000	Reserves
	Gorge Road - speed feedback sign at Gorge Road-Invercargill highway	\$20,000	Reserves
	Edendale - speed feedback sign at Seaward Road	\$20,000	Loan & reserves
	Gorge Road - speed feedback sign at Tokanui-Gorge Road highway	\$20,000	Loan & reserves
	Wyndham - speed feedback sign at Wyndham Letterbox Road	\$20,000	Loan
	Wyndham - speed feedback sign at Wyndham Road	\$20,000	Reserves
	Wyndham camping ground upgrade construction	\$50,000	Loan
	Edendale - Wyndham multi-use track	\$600,000	Reserves, Loan & grants
	Edendale recreation reserve playground equipment renewal	\$30,000	Loan
	Woodlands interpretation panels	\$10,000	Reserves

	Wyndham and Tokanui playground redevelopment concept design	\$20,000	Reserves
<b>Wallace-Takitimu</b>	Otautau footpath renewal programme 2024/2025 to 2026/2027	\$210,000	Waka Kotahi & reserves
	Plunket rooms exterior repaint	\$25,000	Loan
	Holt Park camping ground, Otautau	\$245,000	Grant
	Nightcaps - development of McGregor Park	\$100,000	Loan & reserves
	Otautau - camping ground development	\$150,000	Reserves
	Otautau - War Memorial replacement	\$20,000	Loan
	Playground maintenance	\$5,300	Rates
	Removal of trees on the northern boundary of the rugby fields at the Drummond recreation reserve	\$50,000	Reserves
	<b>Grand Total</b>	<b>\$68,509,565</b>	

## Talk to us about the key issues

The consultation period starts at 9am on 5 June 2024 and ends at 12noon on 5 July 2024.

Consultation documents and background information will be available in the Consultation Corner at your local Council area offices and you will be able to ask questions on our online engagement platform [makeitstick.nz](https://makeitstick.nz)

If you and your friends/whanau are interested in talking with our elected members about any issue in this LTP, register your interest by emailing [xxx](mailto:xxx) or ringing 0800 732 732 and elected members will come out and talk to you

## How you can have your say

### Provide feedback online

We'd encourage you to provide your feedback online. Go to [southlanddc.govt.nz](https://southlanddc.govt.nz) and click on the Long Term Plan Consultation Document 2024-2034 link on the front page of our website.

If you are unable to send us your feedback online, please fill in the attached form and

### Post it to

Long Term Plan 2024-2034

Southland District Council

PO Box 903

Invercargill 9840

### Scan and email it to

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[submissions@southlanddc.govt.nz](mailto:submissions@southlanddc.govt.nz)

**Bring it into 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

**All written feedback must be received by 12 noon on 5 July 2024.**

**Hearings will be held on the 16,17,18 July 2024.**

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](mailto:submissions@southlanddc.govt.nz); or contact us on 0800 732 732 before 5 July 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.



[Entity letterhead]

XX May 2024

Mike Hawken  
Partner  
Deloitte Limited  
P O Box 1245  
**DUNEDIN 9054**

Dear Mike

**LETTER OF REPRESENTATION FOR THE AUDIT OF SOUTHLAND DISTRICT COUNCIL'S LONG-TERM PLAN  
CONSULTATION DOCUMENT**

This representation letter is given in connection with your audit, conducted on behalf of the Auditor-General, of Southland District Council's (the Council's) Long-term Plan (LTP) consultation document for the 10 years commencing 1 July 2024.

This representation letter is provided to you in connection with your responsibility under the Local Government Act 2002 (the Act) to report on:

- whether the consultation document gives effect to the purpose set out in section 93B of the Act; and
- the quality of information and assumptions underlying the forecast information provided in the consultation document.

We understand that your audit was 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 understand you 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.

We also understand that your audit was (to the extent that you deemed appropriate) for the purposes of expressing an opinion about whether the consultation document provides an effective basis for public participation in the Council's decision-making processes about the proposed content of the 2024-34 long-term plan and on the quality of the information and assumptions underlying the information provided in the consultation document, and that the audit would not necessarily disclose any or all irregularities should any exist.

We acknowledge that actual results are likely to be different from the forecast information on which the consultation document is based because anticipated events frequently do not occur as expected and the variation may be material, and that you express no opinion about whether the forecasts will be achieved. We also acknowledge that you do not express an opinion on the merits of any policy content of the consultation document.

We confirm, to the best of our knowledge and belief, the following representations:

*General*

1. The Council accepts that it is responsible for the preparation of a consultation document that meets the requirements of the Act.
2. In complying with the requirements of the Act in relation to the preparation of the consultation document, we have acted in such a manner and included in the consultation document such detail as we consider on reasonable grounds to be appropriate.
3. The consultation document has been prepared using the best information currently available to the Council and, accordingly, the forecast information underlying the consultation document is our best forecast of anticipated events for the 10 years commencing 1 July 2024.
4. The consultation document has been prepared and is consistent with the Council's own policies and strategies and of other organisations where appropriate.
5. We believe the effects of uncorrected misstatements in the underlying information are immaterial, both individually and in the aggregate, to the consultation document as a whole.

*Underlying information and assumptions*

6. The forecast information has been properly prepared on the basis of the underlying information and the assumptions adopted. The assumptions and information underlying the forecast information have a reasonable and supportable basis in the context of the Council's position and have been based on the best information currently available to the Council. The assumptions are consistent among themselves, consistent with the current strategies and plans of the Council, and have been consistently applied.
7. All significant forecasting assumptions have been included in the preparation of the forecast information and have been clearly identified in the underlying information on which the consultation document is based. Where significant forecasting assumptions have a high level of uncertainty, that uncertainty has been stated and the potential effects of the uncertainty on the forecast financial information have been disclosed in the adopted underlying information and will be included in the long-term plan when it is adopted.
8. The consultation document is based on the adopted underlying information that will form the basis of the long-term plan. The underlying information includes all the items of operating expenditure and capital projects the Council reasonably expects will be done in the 10 years covered by the plan, based on the best information currently available to the Council.
9. The forecast of capital expenditure and operating expenditure contained in the adopted underlying information that supports the consultation document are supported by, and consistent with, underlying information such as asset management plans and the infrastructure strategy.
10. The records maintained by the Council were adequate for the preparation of the underlying information on which the consultation document is based.
11. We have made available to you all supporting documentation on the underlying information and assumptions used to prepare the consultation document.
12. All minutes of meetings of the Council and its sub-committees held to date have been made available to you for inspection, including summaries of recent meetings for which minutes have not yet been prepared or approved.

*Performance framework*

13. Forecast information and proposed performance measures provide an appropriate framework for the meaningful assessment of the actual levels of service. Proposed performance measures reflect the intended levels of service for those activities the Council has chosen to carry out. Proposed performance targets are based on the equivalent basis of reasonable and supportable assumptions and underlying information.

*Systems and processes*

14. The Council accepts that it is responsible for establishing and maintaining systems and processes designed to provide reasonable assurance about the integrity and reliability of the forecast information on which the consultation document is based. The Council has maintained effective systems and processes, and they operated to generate accurate and reliable forecast information.

*Legislative compliance*

15. The Council accepts that it is responsible for ensuring that all applicable aspects of the Act that affect the consultation document have been complied with. To the best of its knowledge, the Council has complied with all legislative requirements in the preparation of the consultation document.
16. The Council has followed the decision-making provisions of Part 6 of the Act in making decisions about the content and options considered for inclusion and exclusion from the consultation document.
17. The Council intends to follow the special consultative procedures outlined in section 93A of the Act in relation to the consultation document. We acknowledge our responsibility to provide a consultation document that enables the consultation to be done. In considering this, we are satisfied the information provided can be readily understood by interested or affected people.
18. We have a significance and engagement policy that outlines the Council's approach to determining the significance of proposals and decisions in relation to issues, assets, and other matters in accordance with section 76AA of the Act.
19. The Council has considered the balanced budget requirements outlined in section 100 of the Act, and is managing its revenue, expenses, assets, liabilities, and general financial dealings prudently as required by sections 101 and 101A of the Act. We have made adequate provision to meet the expenditure needs of the Council identified in the underlying information that has formed the basis of the consultation document.
20. The Council has adopted the following policies that underlie the consultation document:
  - a revenue and financing policy that complies with section 103 of the Act and has been prepared following consideration of the matters outlined in section 101(3) of the Act;
  - a liability management policy that complies with section 104 of the Act;
  - an investment policy that complies with section 105 of the Act;
  - a policy on development contributions or financial contributions that complies with section 106 of the Act;
  - a policy on remission and postponement of rates on Māori freehold land that complies with section 108 of the Act; and
  - a local boards funding policy that complies with section 48M of the Act;<sup>1</sup> and
  - a rates postponement policy adopted under section 110 or rates remission policy adopted under section 109 of the Act [*delete if not relevant*].

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<sup>1</sup>

These policies have formed the basis for the financial parameters used in the preparation of the consultation document.

21. We consider that the underlying information and recommended direction inherent in the consultation document supports financial prudence.

*Generally accepted accounting practice*

22. The accounting policies applied to the forecast financial statements underlying the consultation document comply with generally accepted accounting practice and are those that the Council intends to use in the future for reporting historical financial statements. Any change in accounting policy from policies previously applied and reported in historical financial statements will be disclosed in the accounting policies included in the underlying information.
23. The estimated effect of the revaluation of service delivery assets has been incorporated into the underlying information on which the consultation document is based.
24. The underlying forecast financial information on which the consultation document has been based has been prepared in accordance with PBE FRS 42, Prospective Financial Statements.
25. The forecast financial information on which the consultation document has been prepared is in accordance with the accounting policies.
26. The Council's assumption about future price changes on the forecast financial information on which the consultation document has been based is also based on best information currently available to the Council and is reasonable and supportable.

*Publication of the consultation document and related audit report on the Council's website*

27. The Council accepts that it is responsible for the electronic presentation of the audited consultation document.
28. The electronic version of the audited consultation document and related audit report presented on the website are the same as the final signed version of the audited consultation document and audit report.
29. We have clearly differentiated between audited and unaudited information in the presentation of the consultation document on the Council's website and understand the risk of potential misrepresentation in the absence of appropriate controls.
30. We have assessed the security controls over the audited forecast information and the related audit report and are satisfied that procedures in place are adequate to ensure the integrity of the information provided.

These representations are made at your request, and to supplement information obtained by you from the records of the Council and to confirm information given to you orally.

Yours faithfully

Rob Scott  
Mayor

Cameron McIntosh  
Chief Executive

## t) Long Term Plan 2034 - Management Report on the Consultation Document from Deloitte

Record No: R/24/4/29718

Author: Robyn Laidlaw, Corporate performance lead

Approved by: Anne Robson, Group manager finance and assurance

☐ Decision

☐ Recommendation

☒ Information

### 10 Purpose

- 1 To present the management report from Audit New Zealand which relates to the audit of the consultation document and supporting information for the Long Term Plan 2024 – 2034.

### 11 Summary

- 2 As part of the audit process, audit partners Deloitte provides Council with a report (known as the management report) at the conclusion of the consultation document audit and the final stage audit of the Long Term Plan.
- 3 The Deloitte report on the 2024-2034 Consultation Document is included as attachment A. It outlines in more detail the key findings of the audit report, review of the control environment, areas of audit focus and any other matters.
- 4 Overall, Deloitte noted they had focused their audit on the four consultation topics, the assumptions under which the document was prepared and the financial and infrastructure strategies.
- 5 In undertaking their audit, they identified and noted for the readers of the documents two key risk areas for Council, being the NZTA Waka Kohati funding assumption, due to NZTA still working through their budgets and the do-ability of Councils capital programme, given previous years delivery level and the large increase indicated. As a note, this large increase is a mixture of cost increases, eg: roading costs have increased 30% and the programme, there is a large increase in the projects to be undertaken eg: there is a significant increase in wastewater projects. These two areas have become emphasis of matter topics in the audit opinion.
- 6 The management report and audit opinion has confirmed that Councils consultation document provides an effective basis for public participation in the Councils decision about the proposed content of its 2024-34 Long Term Plan.
- 7 Overall the Audit opinion of Councils consultation document is unmodified with the two emphasis of matter issues noted above.

## **12 Recommendation**

**That the Council:**

- a) **Receives the report titled “Long Term Plan 2034 - Management Report on the Consultation Document from Deloitte ” dated 24 May 2024.**

## **13 Attachments**

- A Audit Report to Council LTP 34 consultation document



## Southland District Council

Report to Council  
for the 2024-2034 Consultation Document

24 May 2024



**Purpose of report**

*This report has been prepared for the Councillors of Southland District Council and is part of our ongoing discussions as auditor in accordance with our engagement letter and master terms of business and as required by New Zealand auditing standards.*

*This report is intended for the Councillors and should not be distributed further. We do not accept any responsibility for reliance that a third party might place on this report should they obtain a copy without our consent.*

*This report includes only those matters that have come to our attention as a result of performing our audit procedures and which we believe are appropriate to communicate to the Councillors. The ultimate responsibility for the preparation of the consultation document rests with the Councillors.*

**Responsibility statement**

*We are responsible for conducting an audit of Southland District Council's 2024-2034 Consultation Document in accordance with the local authority audit methodology issued by the Office of the Auditor-General. Our audit is performed pursuant to the requirements of the Local Government Act 2002, with the objective of forming and expressing an opinion on the consultation documentation that have been prepared by management with the oversight of the Councillors. The audit of the Consultation Document does not relieve management or the Councillors of their responsibilities.*

*Our audit is not designed to provide assurance as to the overall effectiveness of the Council's controls but we will provide you with any recommendations on controls that we may identify during the course of our audit work.*





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# Our final report

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Otago Regional Council | Final report to the Audit Committee | CONFIDENTIAL



## Introduction

Dear Councillors

We are pleased to provide you with the results of the audit Southland District Council's 2024-2034 Consultation Document. Included in this report are the results and insights arising from our audit which we consider appropriate for the attention of the Councillors. These matters have been discussed with management and their comments have been included where appropriate. We also include those matters we are required to report to you in accordance with the assurance standards. As a result, this report is intended for the Councillors and should not be distributed further.

We would like to take this opportunity to extend our appreciation to management and staff for their assistance and cooperation during the course of our audit.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'MHL', on a white background.

**Mike Hawken**, Partner  
for Deloitte Limited on behalf of the Office of the Auditor-General  
Dunedin | 24 May 2024



# Status of the audit

As of the date of this report, the status of our audit is summarised as follows:

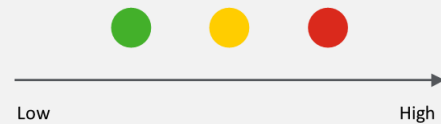
Stage of audit	Progress	Details of outstanding items
Planning	<div></div>	<ul style="list-style-type: none"><li>No items outstanding</li></ul>
Planning & Budgeting for Non-Infrastructure Activities	<div></div>	<ul style="list-style-type: none"><li>No items outstanding</li></ul>
Asset Management Processes	<div></div>	<ul style="list-style-type: none"><li>No items outstanding</li></ul>
Significant Forecast Assumptions	<div></div>	<ul style="list-style-type: none"><li>No items outstanding</li></ul>
Financial Model and Forecasts	<div></div>	<ul style="list-style-type: none"><li>No items outstanding</li></ul>
Infrastructure Strategy	<div></div>	<ul style="list-style-type: none"><li>No items outstanding</li></ul>
Financial Strategy	<div></div>	<ul style="list-style-type: none"><li>No items outstanding</li></ul>
Review of Consultation Document	<div></div>	<ul style="list-style-type: none"><li>No items outstanding</li></ul>



## Areas of audit focus – dashboard

Area of audit focus	Findings	Page #
Emphasis of matter– Waka Kotahi funding assumption		8
Emphasis of matter– Capex do-ability		9
Consultation Topic – Water services management		10
Consultation Topic – Levels of service of roading		11
Consultation Topic – Glass recycling		12
Consultation Topic – The Te Anau Airport Manapouri		13
Assumptions		14
Financial and Infrastructure Strategy		15

### Level of management judgement required



### Findings



Completed, no  
issues noted



Completed, insights  
identified



Completed, significant  
findings identified



## Areas of audit focus

### Emphasis of matter– Waka Kotahi NZ Transport Agency funding assumption

#### Risk identified

As a result of our audit procedures in relation to the financial model covering the period of the 2024-2034 long term plan, we have identified increased expenditure relating to levels of roading services is dependent on co-funding from Waka Kotahi NZ Transport Agency.

There is an assumption included in the financial strategy and the significant assumptions that roading services will be funded through a co-funding arrangement with Waka Kotahi NZ Transport Agency. This assumption comes with a high level of risk if the Agency does not provide funding or provides less funding than assumed, the additional roading services will need to be reconsidered, which could affect intended levels of service.

#### Audit response

We have:

- Made inquiries of management to understand the assumptions applied in relation to Waka Kotahi NZ grant funding.
- Reviewed the financial strategy and the financial model for consistency.
- Obtained information from management which forms the basis for the assumption applied in the financial model including recent communications with Waka Kotahi NZ Transport Agency.
- Consulted with the Office of the Auditor-General to discuss the impact of the inclusion of the grant assumption in the financial model on our audit opinion.

#### Audit findings

We note that Council has appropriately highlighted the high risk associated with the assumed funding from Waka Kotahi NZ Transport Agency and the risk to the proposed level of service if this co-funding is not received in the Consultation Document.

Given Council is consulting on a change in proposed levels of roading services alongside the assumed funding to be received from Waka Kotahi NZ Transport Agency being significant, it is considered appropriate that this matter is given particular mention in our audit opinion for the Consultation Document.

As a result of the above, in consultation with the Office of the Auditor General's Opinion Review Committee, we will issue an unqualified audit opinion, but include an 'emphasis of matter' paragraph which highlights the risk relating to this assumption to the readers of the consultation document.



## Areas of audit focus

### Emphasis of matter– Capex do-ability

#### Risk identified

As a result of our audit procedures in relation to the financial model covering the period of the 2024-2034 long term plan, we have identified that the proposed level of infrastructure capital expenditure is significantly higher than the level that has been historically achieved by Council.

While the Council has put initiatives in place to achieve its proposed capital expenditure levels, there is a level of uncertainty over delivery of the programme, due to constraints such as contractor availability and the impacts of weather events on completing planned work. If the Council is unable to deliver on a planned project, it could affect levels of service.

#### Audit response

We have:

- Made inquiries of management in order to understand the assumptions applied in relation to the infrastructure capital expenditure.
- Reviewed the financial strategy and infrastructure strategy to verify that the financial model is consistent with these key documents.
- Obtained information from management which forms the basis for the assumptions applied in the model.
- Consulted with the Office of the Auditor-General to discuss the impact of the inclusion of the capital expenditure do-ability assumption in the financial model on our audit opinion.

#### Audit findings

From testing performed, we note that the Council has not achieved forecast levels of capital expenditure in at least each of the last 3 years. This, alongside a significant increase in planned capital expenditure on infrastructure assets in the 2024-34 LTP compared to that included in the 2021-31 LTP, we consider there is a high risk that the forecast infrastructure capital expenditure levels may not be achieved over the period of the long term plan.

This was a particular area of focus from the Office of the Auditor General (OAG) which was carefully considered as part of the Hot Review process.

As a result of the above, in consultation with the OAG's Opinion Review Committee, we will issue an unqualified audit opinion which includes an 'emphasis of matter' paragraph highlighting the risk relating to this assumption to the readers of the consultation document.



## Areas of audit focus

### Consultation Topic – Water Services Management

#### Risk identified

With the three water reform being repealed by the new government, council had to bring back the management of water services to the current LTP. To manage the water services council has proposed two options:

Options provided are:

1. Do the work but slow it down - This would mean putting off proactive work beyond 2034 and increase in maintenance cost by \$1 million.
2. Carry out the work as it falls due - In this option, wastewater treatment plants and treated water supplies will be renewed and improved as and when their consent falls due.

Option 1 is Councils preferred option.

#### Audit response

We have:

- Obtained the calculations for the rates and related expenses and ensured these agreed with the underlying financial model and that assumptions were reasonable.
- Ensured accurate and complete rating information is being used.
- Determined whether the impact on ratepayers is reasonable.

#### Audit findings

We consider the rating options have been adequately and accurately disclosed within the Consultation Document to enable informed decision making by the public.





## Areas of audit focus

### Consultation Topic – Levels of service of roading

#### Risk identified

Council is continuing to face ongoing challenges meeting present levels of services versus the cost of doing so. The roading budgets continue to grow because of the increases in construction and material costs, and the economic environment.

Options provided are:

1. Reduce levels of service on roading but maintain bridges budget.
2. Retaining the present levels of service on the roads – what is needed by the network.
3. Overall reduction in levels of service.

Option 1 is Council's preferred option.

#### Audit response

We have:

- Obtained the calculations for the rates and related expenses and ensured these agreed with the underlying financial model and that assumptions were reasonable
- Ensured accurate and complete rating information is being used
- Determined whether the impact on ratepayers is reasonable.

#### Audit findings

We consider the rating options have been adequately and accurately disclosed within the Consultation Document to enable informed decision making by the public. However, we note that an emphasis of matter paragraph will be included in our audit report in relation to the high risk associated with assumed co-funding for these proposed services from Waka Kotahi NZ Transport Agency. This is discussed in more detail on page 8.



## Areas of audit focus

### Consultation Topic – Glass Recycling

#### Risk identified

Government legislation requires councils to do a kerbside collection of glass by 2027 and Wastenet, and the shared waste management service with Invercargill City Council and Gore District Council is recommending to do it now to meet the legislative requirements.

Options provided are:

1. Introduce a new 240-litre glass recycling bin monthly collection service.
2. Introduce a new 240-litre glass recycling bin fortnightly collection service.
3. No change to current combined recycling.

Option 1 is Councils preferred option.

#### Audit response

We have:

- Obtained the calculations for the rates and related expenses and ensured these agreed with the underlying financial model and that assumptions were reasonable
- Ensured accurate and complete rating information is being used
- Determined whether the impact on ratepayers is reasonable.

#### Audit findings

We consider the rating options have been adequately and accurately disclosed within the Consultation Document to enable informed decision making by the public.



## Areas of audit focus

### Consultation Topic – The Te Anau Airport Manapouri – District funding

#### Risk identified

The airport is considered a strategic district asset of Council because, as the only airport with a sealed runway in the Southland District, it provides an important alternative transport option, particularly in times of emergency. Over the past five years of actuals to 30 June 2022, rental and fee income has not been enough to fund annual operating expenses with the shortfall ranging between \$217,000 to just under \$320,000 funded from rates.

Options provided are:

1. Maintain current approach by fully funding the shortfall through targeted airport rates from Fiordland area.
2. Fund the shortfall by 30% general rates and 70% from targeted airport rates from Fiordland area.
3. Fund the shortfall by 50% general rates and 50% from targeted airport rates from Fiordland area.
4. Fund the shortfall by 70% general rates and 30% from targeted airport rates from Fiordland area.
5. Open for submitters to make other suggestions.

Council does not have a preferred option on this topic and decision will be made post consultation process.

#### Audit response

We have:

- Obtained the calculations for the proposed rate changes and ensured these agreed with the underlying financial model and that assumptions were reasonable.
- Ensured accurate and complete rating information is being used.
- Determined whether the impact on ratepayers is reasonable.

#### Audit findings

We consider the rating options have been adequately and accurately disclosed within the Consultation Document to enable informed decision making by the public.



## Areas of audit focus (cont.)

Area of audit focus	Our approach	Audit findings
<p><b>Assumptions</b></p> <p>We have considered the key assumptions used by Council within the Financial Model, Infrastructure Strategy and the Financial Strategy, and assessed these for consistency and reasonableness. We considered the level of uncertainty and likelihood of the assumptions to focus our testing on the material assumptions. Additionally, we assessed the completeness of the assumptions through comparison to the OAG guidelines.</p> <p>We note that the assumptions relating to Waka Kotahi NZ Transport Agency funding of roading networks and infrastructure capex do-ability are included on pages 8 and 9.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>Reviewed Council's significant forecasting assumptions and confirmed they are materially complete;</li> <li>Tested the application of selected assumptions within the financial forecasts to ensure they have been reasonably applied;</li> <li>Confirmed for all significant forecasting assumptions that involve a high level of uncertainty, the estimate of the potential effects on the uncertainty in the financial forecasts are appropriately disclosed in the CD; and</li> <li>Reviewed the climate change assumptions that have been used to ensure they are reasonable and supportable.</li> </ul>	<p>We have considered there to be a heightened level of uncertainty in relation to the Waka Kotahi NZ Transport Agency Funding and the ability to complete capital expenditure projects. We noted Council has disclosed (in the CD) the impact to the region if the forecast level of road funding is not received or if infrastructure capital projects are not completed as planned.</p> <p>As noted on pages 8 and 9, we will emphasize the disclosure of the high level of risk relating to these assumptions in our audit opinion.</p>
<p><b>Financial Strategy and Infrastructure Strategy</b></p> <p>The key strategies which underpin the Consultation Document and Long Term Plan are the Financial and Infrastructure Strategies. Given the dependency on these, this has been deemed an area of audit focus.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>Confirmed the four strategies are appropriately aligned;</li> <li>Understood the impact in the financial forecasts included in the Infrastructure Strategy on the prudence of the Financial Strategy;</li> <li>Assessed the reasonableness of the forecasts prepared through: <ul style="list-style-type: none"> <li>Understanding how the Council has applied the impact of its assumptions and levels of service on expenditure decisions and the implications on decisions in these strategies ; and</li> <li>Checking the Infrastructure Strategy is appropriately inflated.</li> </ul> </li> <li>Ensured the strategies are presented in such a way they are engaging and informative, supporting the presentation of issues, options and implications presented in the Consultation Document; and</li> <li>Assessed the strategies for compliance with the Local Government Act 2002.</li> </ul>	<p>We have no findings to report to Council other than those noted above.</p>



## Areas of audit focus (cont.)

### Area of audit focus

#### Other matters identified.

Balanced Budget – Council run a deficit for seven years of the LTP period. It is not usual to run deficits for such an extended period. To keep the costs down in the short term, council is planning to not collect enough money from rates to cover operating costs, resulting in an unbalanced budget. This is primarily because the council will not be fully rate funding depreciation. While this is not common we are comfortable this is adequately explained in the consultation document.

Capex expenditure - Council acknowledges the \$148m reduction in non-critical capex over the LTP period may impact levels of service, particularly in the latter stages of the LTP period. Further work will be necessary to re-prioritise deferred capex as part of the 2027 LTP refresh. The impact on levels of service has been clearly articulated by Council in the consultation document.



# Your control environment and findings

## Details of findings identified

No other control findings identified on the consultation document.



## Summary of unadjusted differences

No unadjusted differences were identified on the consultation document



# Appendices

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# Other communications

Additional matters we report to you in accordance with the requirements of New Zealand auditing standards

Related parties	No significant related party matters came to our attention that, in our professional judgement, need to be communicated to you
Written representation	A copy of the representation letter to be signed on behalf of the Council has been circulated separately.



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## u) Draft Policy on Development and Financial Contributions - Consultation

Record no: R/24/4/28983

Author: Chris Rout, Team leader, organisational policy

Approved by: Anne Robson, Group manager finance and assurance

☒ Decision

☐ Recommendation

☐ Information

### 14 Purpose

- 1 The purpose of this report is to present the draft Policy on Development and Financial Contributions (the draft policy), for Council to endorse for consultation.

### 15 Executive summary

- 2 Council has a combined policy that outlines the approach to both development and financial contributions. The current policy is included with this report as attachment A.
- 3 Development contributions (DCs) are established under the Local Government Act 2002 (the LGA) and are a capital charge on development to recover a fair, equitable and proportionate share of the capital costs that development imposes on network/community infrastructure. Financial contributions (FCs) are established under the Resource Management Act 1991 (the RMA) and are a capital charge for works undertaken to mitigate the environmental effects of subdivision, land use and development.
- 4 The draft policy is included with this report as attachment B. The draft policy is proposed to be consistent with the current policy in that it keeps the collection of DCs in remission on the basis that there is insufficient growth forecast and associated capital expenditure projects, and in order to encourage development. The FC part of the policy is proposed to remain operative.
- 5 The review of the policy will sit outside of the three year statutory period ordinarily required. An extension for the current policy through to adoption of the Long Term Plan 2024-2034 (LTP) is also being sought from Council in accordance with extensions permitted by the Water Services Acts Repeal Act 2024.
- 6 Only minor changes have been made to the draft policy. Data on projected population growth in the District has been updated to give a more accurate view of likely growth. Minor changes have also been made to update legislation and dates. Schedules one and two have also been updated. These schedules outline the projects being undertaken over the period for the LTP that have a demand related component.
- 7 If Council endorses the draft policy and releases it for consultation, staff will undertake a consultation process in accordance with s.82 of the LGA from 9am on 5 June 2024 to 12pm on 5 July 2024.
- 8 If Council endorses the draft policy and releases it for consultation, it is recommended Council make a delegation to the chief executive, giving the chief executive the authority to approve minor amendments to the schedules in the draft policy, before the commencement of the public consultation period.

## 16 Recommendation

That the Council:

- a) **receives the report titled “Draft Policy on Development and Financial Contributions - Consultation”.**
- 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) **Agrees to extend the application period of the current Policy on Development and Financial Contributions until the adoption of the Southland District Council Long Term Plan 2024-2034 in accordance with Subsection 46(2)(b) of Schedule 1AA of the Local Government Act 2002.**
- e) **Agrees to endorse and release the draft Policy on Development and Financial Contributions as included in Attachment B for consultation, in accordance with Section 82 of the Local Government Act 2002, from 9am on 5 June 2024 to 12pm on 5 July 2024.**

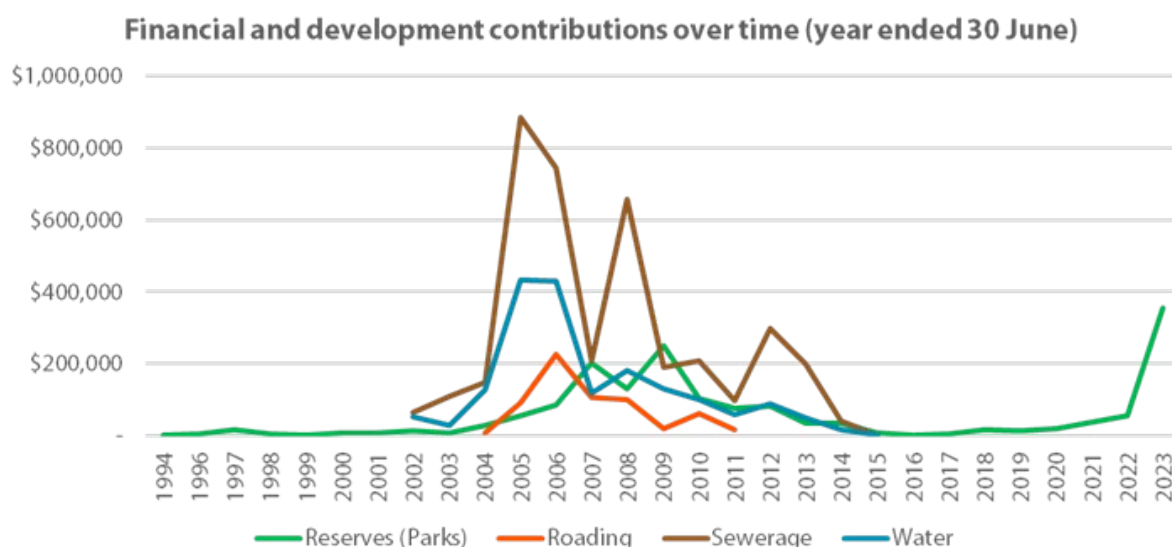
### v) Background

- 9 Council currently maintains a combined policy on development and financial contributions and has historically had a number of different approaches to collecting these.
- 10 Until 2015, Council collected FC's for roading, esplanade reserves, water and wastewater and DCs for water and wastewater in Te Anau only, and across the District for reserves.
- 11 Since commencement of the 2015-2025 LTP, collection of DCs have been in general remission leaving only FCs for roading and reserves being collected by Council under the Policy. A history of collection of different contribution types is provided in Attachment C.
- 12 Reviews undertaken in connection with LTPs for 2018-28 and 2021-31 reconfirmed Council's approach to keep DCs in remission, with none currently being collected.
- 13 Council has decided under previous reviews of the Policy to not collect DC's, due to low levels of forecast growth and in order to encourage development in the District, resulting in wellbeing benefits for the broader community and adding further ongoing financial benefits from rates collected through additional rateable properties.
- 14 If fully operative in its current state, the Financial and Development Contributions Policy would allow DCs to be taken for water supply, wastewater and community facilities. FCs for roading

and reserves, which are collected through resource consents under the District Plan, would continue to apply.

- 15 DCs and FCs have not been historically significant revenue streams for Council. The table below presents a summary of the FCs and DCs collected by Council since inception, over approximately 30 years, and the accompanying graph shows this over time.

	Mostly Financial Contributions		Development Contributions	
Status of contribution	Reserves (Parks)	Roading	Water	Sewerage
Collected	\$1,649,863	\$647,282	\$1,818,538	\$3,846,002
Used	\$1,056,582	\$191,090	\$1,816,543	\$3,846,002
Refunded		\$23,625	\$1,996	
Expired (to be refunded)	\$75,700			
Available to use	\$517,581	\$432,567		



- 16 While contributions do have the potential to be a useful funding source for some specific projects, the ability to realise that revenue is dependent on the economic cycle, trends in development, and also what demand related capital expenditure is carried out.
- 17 It should also be noted that any DCs and FCs collected, which are not used for the specified purposes for which they were collected, must be returned within 10 years. For FCs, this only includes FCs collected under the provisions of the current District Plan. Under the previous District Plan, not all FCs included a time limit for return.

## w) Issues

### Requirement for growth

- 18 Section 197AB(a) of the LGA requires that DCs only be assessed for demand related expenditure. As such, DCs should only be assessed where there is projected growth that is likely to increase demand for services/activities and where capital expenditure is planned to meet this additional demand.
- 19 The limited information currently available to Council forecasts that growth over the 2024-2034 LTP period is expected to be low, with District population forecast to grow by approximately 2,000 people over this period, or 0.63% annually, although it is noted there is expected to be some variability between different parts of the District, with Te Anau and Riverton forecast to experience more growth, and other areas less.
- 20 It is also noted that other strategic planning initiatives need to progress further to help identify growth, and the need for growth related projects within the District, such as the spatial plan and the Te Anau Basin Development Plan.
- 21 In order to justify DCs, activity managers also need to be planning capital expenditure projects related to growth. However, consistent with the level of information available to inform development projects, Councils infrastructure strategy, prepared in conjunction with this LTP period, has mainly focussed on maintaining levels of service, rather than planning for growth.
- 22 While the projects able to utilise DCs has increased from those presented in the initial draft policy to Finance and Assurance Committee on 6 December 2023, the proportion of these projects which are growth related, and the methodology to fund these within specific catchments present risk of successfully funding these projects utilising DCs in a low growth environment.
- 23 Capital expenditure is the only type of expenditure that can be considered in the assessment of DCs (all operational costs, maintenance, overheads, etc, are excluded). Reflective of the low levels of forecast growth, there is a small number of projects scheduled under the LTP which are spread across different catchments under the policy. These projects are set out in Schedule 1 of the draft policy.
- 24 In addition to the current projects, the Te Anau / Manapouri Wastewater Treatment and Disposal Project, completed in 2022, includes further surplus capacity which may still be utilised to meet increased demand, and is eligible to have DCs applied to new development which will use this capacity, details of this are set out in Schedule 2 of the draft policy. However, it is acknowledged that choosing to collect DCs after completion may frustrate new developers, when past developers have not been required to contribute DCs towards the project, but whose developments have benefited from the increased demand capacity created under the project.
- 25 Taking all of the above information into account, it remains difficult to justify reinstating DCs at this time, but it may be worth reconsidering at a later date as Council gains more clarity on plans, strategies and projects which have a more significant growth focus and composition.

#### **Further legislative requirements**

- 26 Council must also consider Section 101(3)(a) of the LGA, when it determines the sources for expenditure requirements. This section states that funding needs to meet expenditure requirements, must be met from sources that Council determines to be appropriate, following a consideration of a number of matters. These factors include who is benefiting, and when the benefits are expected to occur. Council also must consider the overall impact of any allocation of liability for revenue needs on the community.

- 27 Council's consideration of these matters, as it relates to the funding of capital expenditure, is outlined in the Revenue and Financing Policy. The analysis contained in the Revenue and Financing Policy is also applicable to the draft policy.
- 28 Council has previously had regard to and made the determinations in relation to the matters set out under Section 101(3)(a)(i) to (v) of the LGA, that development contributions are an appropriate source of funding for providing additional capacity in water supply, wastewater and community infrastructure assets.
- 29 This is because when development occurs it takes up capacity in these assets and requires Council to provide additional capacity in existing assets or new assets to serve the development. Community infrastructure contributions will only be required on residential developments.

### **Stormwater**

- 30 As part of this review, staff have identified that stormwater has been overlooked for utilisation of DCs for capital expenditure within the Revenue and Financing Policy.
- 31 Staff intend to recommend the final adoption proposal for Revenue and Financing Policy includes that DCs are also an appropriate source of capital expenditure funding for providing additional capacity in stormwater.
- 32 The effect of this change on the Policy on Development and Financial Contributions, while DCs remain in remission, is not considered to be significant.

### **Feedback from the May 2023 LTP workshop**

- 33 Following the LTP Workshop with Councillors in May 2023, staff have considered whether there are other ways DCs and FCs can be easily used to access funding.
- 34 The legal framework for setting and collecting DCs and FCs is heavily prescribed, with little scope to be innovative, and for DCs a risk of legal challenges. As mentioned above, growth related infrastructure projects are required to seek and utilise DCs, and there are few identified for the 2024-34 LTP period within targeted catchments. There may however be an opportunity to explore improvements to Council's operational application of existing FCs which can already be charged under the policy.
- 35 DCs may discourage new development and consequently impede or act as a barrier to new economic development. Historically, this issue has been viewed as contrary to Council's aspirations for encouraging growth. When new developments occur, these can also contribute positively to ongoing community wellbeing and contribute financially on an ongoing basis through rates.
- 36 As mentioned earlier, progress on other strategic planning initiatives within the District, such as the spatial plan and the Te Anau Basin Development Plan, will help identify growth areas in the District, and the need for growth related projects, which could be funded with the assistance of DCs.

### **Changes included in the draft policy**

- 37 Only minor changes have been proposed in the draft policy. These changes relate to:

- growth and development data to give a current view on the likelihood of growth in the District.
- clarification that catchments used for DC funding stormwater projects are split by ward, in alignment with community infrastructure catchments.
- minor changes have also been made to reflect legislative changes and dates.

38 Staff have also included in the schedules to the draft policy the projects being undertaken in the LTP 2021-31 that have a demand related component. Currently five new demand related projects have been identified within the district:

Project	LTP Activity	DC Category	DCP Catchment
<b>Additional water bores (P-11268A)</b>	Water Supply	Network Infrastructure	Te Anau
<b>Water treatment plant upgrade (P11406A+B)</b>	Water Supply	Network Infrastructure	Riverton
<b>Luxmore Subdivision - Pump station or gravity system upgrade (P-11421)</b>	Wastewater	Network Infrastructure	Te Anau
<b>Te Anau - Creation of a new detention/retention basin (P-11228A)</b>	Stormwater	Network Infrastructure	Mararoa Waimea Ward
<b>Cemetery land purchase for expansion (P-10989)</b>	Community services - Cemeteries	Community Infrastructure	Waiau Aparima Ward

39 Staff have not changed the models and formulas for the calculation of DCs within the policy as they are currently in remission, however, if Council seek to take the DC component out of remission, either in connection with the current review, or in future, as further work identifies the need for growth related capital expenditure to be funded using DCs, then a complete review of the DC part of the policy will need to be completed to ensure it is appropriate.

#### **x) Legislative reform**

##### **Te Ture Whenua Māori Act**

- 40 Following the enactment of Local Government (Rating of Whenua Māori) Amendment Act 2021, Section 22 of Part 4 of Schedule 1AA of the LGA requires the Policy on Development and Financial Contributions to be reviewed, and amended or replaced, to give effect to the principles in the preamble to the Te Ture Whenua Māori Act 1993 at the time of completion of its next review in accordance with Section 106(6) of the LGA.
- 41 To meet these requirements staff have proposed under this review that within the draft policy:
- the purpose is amended to include that Council support the principles set out in the Preamble to Te Ture Whenua Māori Act 1993



- Council recognises that land is a taonga tuku iho of special significance to Māori and is committed to promoting the retention of, and facilitating the occupation, development, and utilisation of Māori land in the hands of and for the benefit of its owners, their whanau, and their hapū and to protect wāhi tapu.
- Council will consider remission of both DCs and FCs for Māori Land concerning the occupation, development, and utilisation of that land for the benefit of its owners, their whānau, or their hapū.

### **Discontinued reform**

- 42 The first draft policy, presented to the Finance and Assurance Committee on 6 December 2023, made minor allowances for in flight reform related to both water services and resource management, which staff proposed a ‘wait and see’ approach to Council until further clarity was provided rather than making significant changes related to these areas.
- 43 The Government has since halted and repealed most aspects of the previous reform program and they have now begun developing and implementing a new reform programme for these areas.
- 44 This change in direction has resulted in the previously proposed minor adjustments to the policy no longer being required, which have now been withdrawn from the draft policy.
- 45 Whilst government’s new reform programme continues to progress, staff retain their previous view that DCs related to water services continue to remain in remission and FCs continue to remain in effect.

### **Extension of review period**

- 46 Repeal of water services legislation under the Water Services Acts Repeal Act 2024 has provided local authorities with options to extend the timeframe for adopting both the LTP and the three year review period for this policy.
- 47 If Council adopts its 2024-2034 LTP between 1 July and 30 September 2024, it may also extend the current policy out until the LTP adoption date, and beyond the statutory three year period, which falls due on 30 June 2024.
- 48 As the policy is contingent on development projects identified under the LTP, including water services, and adoption of the draft policy is scheduled to occur outside of the three year review period, staff have proposed a resolution within this report to extend the period for the current Policy on Development and Financial Contributions until date of adoption of the LTP.

## **y) Factors to consider**

### **Legal and statutory requirements**

- 49 Section 102 of the LGA requires that Council have a policy on DCs or FCs.
- 50 Section 106 of the LGA sets out the requirements of the policy. Sections 197-211 and Schedule 13 cover the application and calculation methodology related to contributions.
- 51 When developing a financial and development contributions policy, Council must consider a number of principles that are outlined in the LGA. Section 197AB(a) outlines that DCs should

only be required if developments will create or have created the need for Council to provide new or additional assets or assets of increased capacity.

- 52 Council must also consider the principle in Section 197AB(c) of the LGA, which outlines that cost allocations used to establish DCs should be determined according to, and be proportional to, the persons who will benefit from the assets to be provided (including the community as a whole) as well as those who created the need for those assets.
- 53 Council may review its position on contributions at any time, but is ordinarily required to do so at least every 3 years. The policy was last reviewed for the 2021-31 therefore should have been reviewed by June 2024. It is proposed that the current policy is extended until the adoption of the 2024-2034 LTP in accordance with extensions provided under the Water Services Acts Repeal Act 2024.
- 54 There is no legislative requirement for this policy to be included in the LTP and the draft of this policy must not be included in the LTP Consultation Document.
- 55 The policy is required to be released for public consultation in compliance with Section 82 of the LGA.

### **Community views**

- 56 It is proposed that Council will undertake consultation on the draft policy in accordance with Section 82 of the LGA and as part of the wider LTP consultation process.
- 57 Council will make the draft policy and relevant information publicly available (in accordance with Section 82A of the LGA), and encourage people to give feedback on Council's 'make it stick' platform, alongside LTP:
- placing advertisements in local newspapers including the Ensign, Southland Express and Southland Times
  - promoting the consultation on Council's and Community Board Facebook pages
  - having the draft policy accessible on Council's website and at all of its offices
- 58 It is proposed that this consultation process be run parallel to the consultation process for Councils 2024-2034 Long Term Plan from 9am 5 June 2024 to 12pm 5 July 2024.
- 59 Staff are also working with the Whenua Advisory Service in Te Puni Kōkiri to engage directly with local rūnanga and Māori landowners to obtain their feedback on the proposed changes and more generally to help inform future reviews.
- 60 The consultation process proposed will allow Council to consider community views regarding this policy.

### **Costs and funding**

- 61 As the draft policy has the same approach to both DCs and FC as the current policy, the funding obtained through FCs is likely to be consistent with what is currently collected. The revenue collected will be dependent on the economic cycle and trends in development.

- 62 There will only be minor costs associated with progressing the draft policy through the consultation process, including the costs associated with staff time and advertising. These costs will be met within current budgets.

### **Policy implications**

- 63 The draft policy would retain DCs in remission. This means that if the draft policy is adopted, DCs will continue to not be assessed when development takes place.
- 64 Continuing to have the DCs in remission would mean that the costs associated with demand are borne by ratepayers (and by those who have paid previous DCs). However, Council has taken an approach that encourages development in Southland District, recognising that this will benefit the community as a whole.
- 65 Council may review its position on contributions at any time, so in future, where new projects need to be established which are associated to demand and DCs are identified as being necessary source of funding, the remission of DCs can be revisited.

### **Analysis**

#### **z) Options considered**

- 66 There are two options for consideration in this report:
- option 1 – that Council endorse the draft policy (with any desired amendments) for consultation in accordance with Section 82 of the LGA.
  - option 2 - that Council delay consultation and propose a different way forward.

#### **aa) Analysis of Options**

##### **bb) Option 1 – that Council endorse the draft policy (with any desired amendments) for consultation in accordance with Section 82 of the LGA.**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"><li>• captures community views on the draft policy</li><li>• the draft policy has been updated</li><li>• achieves legislative compliance</li><li>• may encourage growth and development in Southland District, which would have wide public benefit</li><li>• Council continues to capture FCs</li><li>• Council may review its policy at any time if circumstances change to reinstate DCs</li></ul>	<ul style="list-style-type: none"><li>• by having the DC part of the policy in remission, it may frustrate some developers who have already paid DCs</li><li>• Council may miss assessing DCs on developments</li><li>• rate payers may not like bearing the cost of demand related expenditure</li></ul>

##### **cc) Option 2 – that Council delay consultation and propose a different way forward.**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"><li>• would give further opportunity to clarify Councillors' views regarding the policy</li></ul>	<ul style="list-style-type: none"><li>• will be difficult to complete review of the policy prior to 2024-2034 LTP adoption</li></ul>

	<ul style="list-style-type: none"><li>would cause additional costs to consult separately from the 2024-2034 LTP</li></ul>
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#### **dd) Assessment of significance**

- 67 It has been identified that this matter is of lower significance in relation to Council's Significance and Engagement Policy and the Act.
- 68 No major changes are proposed to the current policy. In addition, there are very few projects identified with a demand component and only a nominal amount of funds are raised through FCs.
- 69 Three submissions were received when this policy was last reviewed, indicating a lower level of community engagement with the issue.

#### **Recommended option**

- 70 It is recommended that Council proceed with option 1 and endorse the draft policy (with any desired amendments) for consultation in accordance with Section 82 of the LGA.

#### **Next steps**

- 71 If Council endorses the draft policy, staff will undertake a consultation process in accordance with Section 82 of the LGA from 5 June to 5 July 2024. It is intended that the written submissions received will be presented to Council alongside LPT submissions and hearings between 16-18 July 2024.
- 72 If, after undertaking consultation, Council endorses the proposed changes in the draft policy, Council would then adopt the policy with it to come into effect upon adoption with the 2024-2034 Long Term Plan.
- 73 If Council proposes a different way forward, staff will outline next steps in line with the approach taken.

## **17 Attachments**

- A Policy on Development and Financial Contributions 2021-2031
- B Draft Policy on Development and Financial Contributions 2024-34 for Consultation
- C Summary of policy provisions for Development and Financial Contributions types over time



## Policy on Development and Financial Contributions

<b>Group responsible:</b>	<b>Finance</b>
<b>Date adopted:</b>	<b>10 March 2021</b>
<b>Implementation date:</b>	<b>1 July 2021</b>
<b>File no:</b>	<b>R/20/7/30795</b>

### 1 Introduction

#### 1.1 Purpose

To provide predictability and certainty about how and when Council proposed to use development contributions and financial contributions, what they fund and why.

Council may recover a fair, equitable, and proportionate share of the total cost of capital expenditure necessary to service growth over the long term through development contributions from those persons undertaking development. Council may recover financial contributions to deal with the adverse environmental effects of new development in the District.

#### 1.2 Statutory context

Council is required by s.102(2)(d) of the Local Government Act 2002 (the act), to have a policy on development contributions or financial contributions.

Council has chosen to use both development contributions and financial contributions to recover the total cost of capital expenditure necessary to service new development and to deal with its effects.

Financial contribution provisions for recovering the growth-related costs of roading and reserves are detailed in 2.14 of the District Plan.

This policy on Development and Financial Contributions (the policy) deals with development contributions for water supply, wastewater and community infrastructure.

Council, in addition to determining matters of content in this policy, has determined:

- that the decision to adopt the policy is not a significant decision;
- that it believes it has met the decision-making and consultation requirements of the act to the extent required.

Draft Policy on Development and Financial Contributions  
2021-31  
Enter publish date

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### 1.3 Growth and development

The population of Southland District grew by 1176 persons (4.1%) in the six years between 2006 and 2013. The total number of dwellings increased by 873 (7.9%) and the number of rating units increased in the same period. Projections by BERL estimate there will be approximately 6,400 more people in the District by 2043. Te Anau and Winton will see the largest growth in total population between 2013 and 2043, with each township growing by between 400 and 500 people. At the other end, Monowai, Nightcaps, Riversdale, Tokanui, and Otautau are projected to either maintain their 2013 population through to 2043 or see a small decline.

In making this policy, Council has considered the matters under s.101(3) of the act. This section of the act states that the funding needs to meet expenditure requirements must be met from sources that the local authority determines to be appropriate, following a consideration of the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community.

### 1.3 Remission of policy and background

This policy is currently in remission and development contributions will not be required under it. The financial contributions provisions in the Southland District Plan are not in remission and continue to apply to development in the District.

As Council wants to encourage development and economic growth in the District, Council proposes to fund the total cost of capital expenditure for water supply and wastewater necessary to service development from sources other than development contributions. Development contributions will not be required under this policy until resolved otherwise by Council in which case the provisions of the policy will apply in full. Council has full discretion as to the timing of a review.

Council will continue to require financial contributions for roading and reserves under 2.14 of the Southland District Plan. Council is concerned that in the event of any substantial development, the resulting costs for roads and reserves to serve the development could affect the level of rates unless funded by financial contributions. The ability to require financial contributions will not limit the ability of Council to impose resource consent conditions requiring an applicant to carry out roading and reserves works to offset the adverse effects of a development.

Council may review its position on remissions at any time but shall do so no more than three years from the date on which this policy becomes operative.

## 2 Policy details

Council has considered all matters it is required to consider under the act when making a policy on development contributions or financial contributions. Council has also considered requirements in s.106, 201 and 201A of the act relating to the content of such a policy. Policy resulting from these considerations is set out in this section. The way in which the policy will be applied in practice is set out in Section 3.



## 2.1 Appropriate sources of funding

Council incurs capital works expenditure in order to:

- a) provide additional capacity in assets to cater for new development;
- b) improve the level of service to existing households and businesses;
- c) meet environmental and other legislative requirements; and
- d) renew assets to extend their service life.

Section 101(3)(a) of the act states that the funding needs to meet these expenditure requirements must be met from sources that Council determines to be appropriate, following a consideration, in relation to each activity, of a number of matters. Council's consideration of these matters as it relates to the funding of capital expenditure is outlined in the Revenue and Financing Policy. The analysis contained in the Revenue and Financing Policy is also applicable to this policy.

Council has had regard to and made the following determinations under each activity in relation to the matters set out under s.101(3)(a)(i) to (v) of the act:

- a) that development contributions are an appropriate source of funding for providing additional capacity in water supply, wastewater and community infrastructure assets because when development occurs it takes up capacity in these assets and requires Council to provide additional capacity in existing assets or new assets or to serve the development;
- b) that financial contributions are an appropriate source of funding for roading and reserves assets because Council only seeks contributions towards these assets to mitigate adverse effects in the vicinity of developments and not to fund these assets in the wider network;
- c) community infrastructure contributions will only be required on residential developments although Council may still require financial contributions for reserves on non-residential developments as a condition of resource consent under the Resource Management Act 1991 (the RMA).

In keeping with the principles in ss.197AB(e) and (f) of the act, Council is required to make information available and provide certain schedules.

Section 201A of the act requires a development contribution policy to include a schedule of assets for which development contributions will be used, and specifies the contents of that schedule. This requirement is met by Schedule 1 of this policy.

Section 106 of the act requires Council to:

- a) summarise and explain the total cost of capital expenditure that Council expects to incur to meet the increased demand for community facilities resulting from growth; and
- b) state the proportion of that total cost of capital expenditure that will be funded by—
  - i. development contributions;
  - ii. financial contributions; and
  - iii. other sources of funding.



These requirements are met in Schedule 2 of this policy.

Section 201 of the act requires inclusion in a development contribution policy of a schedule of development contributions. This requirement is met by Schedule 3 of this policy.

## **2.2 Financial contributions**

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The RMA authorises local authorities to impose financial contributions to address effects associated with subdivision, land use or development. Council may require a financial contribution, as a condition of consent, in accordance with any relevant rule in the Southland District Plan.

Provisions regarding financial contributions towards roading and reserves infrastructure are detailed in Section 2.14 of the District Plan and should be referred to when reading this policy. The financial contribution rules in Section 2.14 the Southland District Plan are operative.

Section 106(2)(f) of the act states that if financial contributions will be required, this policy must summarise the provisions that relate to financial contributions. This summary is set out in Appendix 4.

## **2.3 Limitations on contributions**

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While Council is able to seek both development contributions for infrastructure under the Local Government Act 2002 and financial contributions under the RMA, s.200 of the Local Government Act 2002 prevents Council from requiring a development contribution where it has imposed a contribution requirement on the same development under the RMA or where developers or other parties fund the same infrastructure for the same purpose.

Although under the Southland District Plan, Council may impose a financial contribution as a condition of resource consent, it shall ensure that no condition of resource consent is imposed that would require work to be done or funded that is identified in the Long Term Plan and funded in whole or in part by development contributions.

Nothing in this policy, including the amounts of development contribution payable in Schedule 3, will diminish from any other legal requirement to make a payment for community facilities other than a development contribution, including connection fees or any other fee required to be paid pursuant to any other policy or bylaw or by agreement with Council.

## **2.4 Limitations on costs eligible for inclusion in development contributions**

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In calculating development contributions under this policy, the contributions shall not include the value of any project or work or part of any project or work required for:

- a) rehabilitating or renewing an existing asset; or
- b) operating and maintaining an existing asset.

In accordance with s.200(1) of the act, no development contribution calculated under this policy shall include the value of any funding obtained from third parties, external agencies or other funding sources in the form of grants, subsidies or works. This limitation shall not include the value of works provided by a





developer on behalf of Council and used as a credit against contributions normally payable, which Council may seek to recover from other developers in contributions.

Council may require development contributions where it has incurred capital expenditure via a third party and has provided a credit against development contributions payable by any person where that person has incurred capital expenditure on behalf of Council, which provides additional capacity to serve further development.

The value of any subsidy or grant toward the value of any project or work shall be deducted prior to the allocation for funding of the balance portion of project cost between development contributions and other sources of Council funding.

## **2.5 Vested assets and local works**

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The value of assets vested or expenditure made by a developer, pursuant to a requirement under the RMA, shall not be used to off-set development contributions payable on a development unless all or a portion of such assets or expenditure can be shown to avoid or reduce the need for Council to incur costs providing an asset that is included in its capital works programme, for which development contributions are sought.

The value of assets vested or expenditure made voluntarily by a developer to enhance a development shall not be used to offset development contributions payable on development.

## **2.6 Past surplus capacity provided**

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In accordance with s.199(2) of the act, development contributions may be required to fund capital expenditure already incurred by Council in anticipation of development, prior to the adoption of this policy.

Where Council has in recent years incurred expenditure to undertake works or acquire land in anticipation of development, it may seek to recover this expenditure from development contributions yet to be made. Council may include the value of past surplus capacity in its calculation of development contributions.

## **2.7 Cumulative and network effects**

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In accordance with s.199(3) of the act, development contributions may be required under this policy, where a development, in combination with other developments, has a cumulative effect including the cumulative effect of developments on network infrastructure.

## **2.8 Geographic grouping (catchments)**

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In keeping with the principle in s.197AB(g) of the act, Council considers that development contributions should be required from new developments on a geographic basis using separate catchments those being determined:

- a) in a manner that balances practical and administrative efficiency with considerations of fairness and equity; and



b) avoids, wherever practical, grouping across the entire District.

A catchment is an area of Southland District within which growth and development is occurring, which is likely, either solely or cumulatively, to give rise to the need for, or benefit from, particular Council activities.

This policy avoids the use of District-wide catchments for the recovery of development contributions.

This policy uses five separate ward-based catchments for community infrastructure assets because it is considered impractical to divide the areas of benefit of these types of asset into smaller geographic areas.

This policy uses separate local scheme-by-scheme catchments for water supply and wastewater activities. Development contributions will be payable only where the service is available and in the case of water supply and wastewater, only to those new households, businesses or other developments connecting to the networks concerned. It is considered reasonably practical to administer the policy using local scheme-by-scheme catchments. The catchments used in this policy are summarised in Appendix 2.

## 2.9 Principles of cost allocation

In keeping with the principle in s.197AB(a) of the act, an asset should not be considered for cost allocation for recovery through a development contribution unless it is a new or additional asset or an asset of increased capacity required to be provided by Council to deal with the effects of developments.

In keeping with the principle in s.197AB(c) of the act, the cost of any project identified in the Long Term Plan will, after deductions for subsidies and other sources of funding, be allocated between:

- a) the costs if any for improving levels of service to existing households and businesses by bringing assets up to the service standard and/or by providing additional service life, to be expressed as the ILOS cost; and
- b) the costs if any for providing additional capacity to service the development of new households and businesses, to be expressed as the AC cost.

Council will allocate project costs between ILOS costs and AC costs, in the manner described in Section 4.0 - Methodology.

The methodology used to allocate costs is a need/benefits matrix approach.

## 2.10 Capacity life of assets

In keeping with the principle in s.197AB(b) of the Act, Council has considered the period over which the benefits of capital expenditure for new development are expected to occur. It considers that capital expenditure on infrastructure during the Long Term Plan period should be recovered over the full take-up period of each asset, from all development that created the need for that expenditure or will benefit from capacity it provides, including development occurring after the Long Term Plan period.

Council has determined that:

- a) new development occurring in the Long Term Plan period will contribute only to that proportion of additional asset capacity that it is expected to consume;
- b) future development occurring after the Long Term Plan period will contribute toward the remaining surplus capacity in assets at the end of that period.



In calculating the development contributions payable by new development for each activity type, Council will:

- a) include the value of any past surplus capacity in assets provided after 1 July 2005 that is expected to be consumed by new development, where this can be identified and where it can be shown to have been provided in anticipation of growth;
- b) include the value of capacity in assets to be provided in the Long Term Plan period, that is expected to be consumed by new development; and
- c) exclude the value of remaining surplus capacity in assets at the end of the Long Term Plan period, which is likely to be consumed by future development.

Recovery of the whole of a project's cost from only those households and businesses establishing in the Long Term Plan period may place an unfair burden on them. Households and businesses developing after the period will arrive to a fully paid up asset with spare capacity for their developments.

This policy uses a development contributions calculation period extending from 1 July 2005 (to include past surplus capacity) to 30 June 2051 in order to ensure more equitable attribution under Schedule 13 of the act. This future outlook in excess of 30 years is to take account of major infrastructure projects that may retain spare capacity for up to 30 years, particularly as a result of prolonged periods of slow growth as have been experienced in the District.

## 2.11 Significant assumptions

Section 201(1)(b) of the act requires this policy to set out the significant assumptions underlying the calculation of the schedule of development contributions, including an estimate of the potential effects, if there is a significant level of uncertainty as to the scope and nature of the effects.

The significant assumptions underlying the calculation of the schedule of development contributions are that:

- a) the rate, level and location of growth will occur as forecast in the rating growth projections accompanying the Long Term Plan
- b) capital expenditure will be in accordance with the capital works programme in the Long Term Plan and future capital expenditure is based on the best available knowledge at the time of preparation. These are to take into account known or likely construction costs and assumed inflation rates
- c) no significant changes to service standards are expected to occur in the Long Term Plan period other than those planned for in the activity management plans
- d) the level of any third party funding for projects will continue at predicted levels for the period of the Long Term Plan
- e) there will be no significant variations to predicted rates of interest and inflation to those set out in the Long Term Plan
- f) each residential dwelling comprises the average number of residents from the 2013 Census. The demand on Council assets placed by a standard dwelling (Unit of Demand) is assumed to be 2.5 persons per dwelling and this is applied District-wide.



An assessment of effects, if there is a significant level of uncertainty as to the scope and nature of the effects, is set out in Appendix 3 of this policy.

## **2.12 Financial policy**

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All project costs used in the development contributions section of the policy should be based on current estimates of infrastructure construction prices at the time of planning in the dollars of the year of planning, with inflation of all capital costs over the period using local government cost adjusters supplied by a commercial research and analysis agency, such as BERL.

All capital expenditure and development contributions contained in this policy are exclusive of GST (except where shown to be inclusive).

No cost of capital, including interest, is included in growth cost calculations for the purposes of this policy.

## **2.13 Policy on existing lots or development**

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When granting a consent or authorising a connection for development, and calculating the units of demand from that development, Council will deduct the units of demand generated by existing lots or development already legally established at the date of granting consent, other than as required in the three paragraphs below.

The paragraph above shall apply to any lot or development that:

- a) was already legally established at the date on which this policy became operative, on 1 July 2021; or
- b) has been legally established since the date on which this policy became operative and for which a development contribution has been paid; or
- c) is not yet legally established but for which a development contribution has been paid (and not refunded).

Legally established development includes buildings and structures which can be shown to have been in existence on but have been demolished up to three years prior to this policy becoming operative on 1 July 2021.

Section 2.13 shall not apply to any lot or development for which a contribution has been required and has not yet been paid.

Council may require a development contribution to be paid for any existing legally established lot or development, in a water supply or wastewater area, with no connection to the service, which is to be connected for the first time or seeks connection to either a water supply network or a wastewater network, as the case may be, where no development contribution or other such payment for these services can be shown to have been previously paid.

Council may require a development contribution to be paid for any existing legally established lot that has previously been prevented from being developed by any open space covenant or by any other restriction registered against the title of the lot and that covenant or restriction has been removed.



In considering legally established developments already on a development site, Council will use the current or most recent use of the site and not its zoning to determine the existing units of demand that will be deducted when calculating the development contribution.

#### **2.14 Use of development contributions**

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In keeping with the principle in s.197AB(d) of the act, development contributions will be used:

- a) for or towards the purpose of the activity or the group of activities for which the contributions were required; and
- b) for the benefit of Southland District or the part of the District that is identified in this policy in which the development contributions were required.

Development contributions will be used for the capital expenditure for which they were required in accordance with s.204(1) of the act and will not be used for the maintenance of reserves, network infrastructure or community infrastructure.

#### **2.15 Network infrastructure**

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Under s.197 of the act, the term development excludes the pipes and lines of any network utility operator. Council will not seek development contributions for the installation or expansion of network infrastructure, including the pipes, lines, roads, water supply, wastewater and stormwater networks by network utility operators.

The paragraph above does not apply to development by network utility operators carried out in order to run their normal business such as offices, industrial buildings, warehouses and storage areas, which may be liable for the payment of development contributions.

#### **2.16 Policy on remission or postponements of development contributions**

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In accordance with s.201(1)(c) of the act, Section 3.5 of this policy includes provisions that will enable Council to consider remissions and postponements of development contributions.

#### **2.17 Policy on refunds**

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Council will refund development contributions in accordance with the requirements of ss.209 and 210 of the act.

#### **2.18 Development agreements**

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Council may enter into development agreements with developers for the provision, supply, or exchange of infrastructure, land, or money to provide network infrastructure, community infrastructure, or reserves to the District or a part of the District. The provisions of ss.207A to 207F shall apply to such agreements.



### 3 Practical application

#### 3.1 Requirement for development contributions

Upon granting:

- a) a resource consent under the RMA;
- b) a building consent under the Building Act 2004;
- c) an authorisation for a service connection;

Council will determine whether the activity to which the consent or authorisation relates is a “development” under the act, which:

- a) has the effect of requiring new or additional assets or assets of increased capacity (including assets which may already have been provided by Council in anticipation of development); and
- b) as a consequence requires (or has required) Council to incur capital expenditure to provide appropriately for those assets; and
- c) that capital expenditure is not otherwise funded or provided for.

Upon determining that the activity is a “development”, Council may require a development contribution to be made towards the activity associated with that development, according to the geographic catchment in which the development is located, for:

- a) water supply;
- b) wastewater; and
- c) community infrastructure.

Council shall calculate the development contribution payable at the time of granting the consent or authorisation and issue an assessment of development contributions payable.

A development contribution may be paid at any time from the date of assessment up to the date when the contribution is required to be paid as a result of Council issuing an invoice.

In accordance with s.198(2A) of the act, a development contribution must be consistent with the content of the policy that was in force at the time that the application for a resource consent, building consent, or service connection was submitted.

Council will invoice a development contribution at the following times:

- a) in the case of a resource consent for subdivision, at the time of application for a certificate under s.224(c) of the RMA, with payment required prior to the issue of the certificate;
- b) in the case of a resource consent for land use, at the time of notification of commencement or commencement of the consent, whichever is the earlier, with payment required prior to commencement of the consented activity;
- c) in the case of a building consent, at the time of granting the building consent with payment no later than 90 days from the date of granting consent or prior to the issue of a code compliance certificate, whichever is the earlier;





- d) in the case of a service connection, at the time of approval of the service connection with payment prior to connection.

In accordance with s.208 of the act, if contributions are not paid at the times required this section, the Council may:

- a) withhold a certificate under s.224(c) of the RMA in the case of a subdivision;
- b) prevent the activity commencing in the case of a land use consent;
- c) withhold a code compliance certificate or certificate of acceptance in the case of a building consent;
- d) withhold a service connection to the development.

If, after exercising its powers under s.208 of the act, any development contribution remains unpaid, Council may under s.252 of the act regard the amount payable as a debt and take debt recovery action to recover that development contribution.

In the case of a resource consent for land use only, where a building consent is required to give effect to the resource consent, the applicant may apply for a postponement of payment under Section 3.5 of this policy. If this is granted, Council will only require payment at the time it issues a building consent.

If a grantee of a consent is in possession of two development contribution invoices for different consents relating to the same lot, both invoices will continue to have effect until payment is made of one of those invoices. When the first invoice is paid, the second invoice will be withdrawn and a reassessment of development contributions payable for the subdivision or development, as the case may be, relating to the second invoice, will be made under section 3.2. If any development contribution is payable on re-assessment, a new invoice will be issued.

No consented activity or building work shall commence prior to the payment of the development contribution and where such activity or work has commenced prior to such payment, Council shall require this to cease until payment has been made.

### 3.2 Amount of total development contribution

The total amount of development contribution payable when issuing any consent or authorisation for subdivision or development, shall be the sum of the development contribution payable for each activity, calculated as:

$$[(a) \times (\Sigma(n) - \Sigma(x))] + \text{GST}$$

Where:

(a) = the applicable development contribution per unit of demand determined from Schedule 3 and the activity-funding area for each type of community facility in which the subdivision or development lies.

$\Sigma$  = the sum of the terms inside the brackets.

(n) = for each lot at the completion of the consent or authorisation application, the total lot units of demand OR the total activity units of demand, determined by Table 1, whichever is the greater.

(x) = for each lot in existence (or for which a s.224 certificate under the RMA has been issued) prior to the date of the consent or authorisation application, the total lot units of demand OR the total activity units of demand for the existing development, determined by Table 1, whichever is the greater.



Examples of the method for calculating units of demand from different types of development are set out in Appendix 6.

The development contribution per unit of demand in Schedule 3, may be increased for any Producer Price Index adjustment in accordance with s.106(2B) of the act.

### 3.3 Determination of units of demand

In accordance with Schedule 13 of the act, the additional capacity (AC cost) component of capital expenditure associated with new development in any catchment will be allocated equally between the numbers of new units of demand expected to occur in that catchment during the development contributions calculation period.

Council has determined that units of demand generated by different land use types shall be those reflected in Table 1.

Demand for services may be necessitated by the creation of new lots (lot units of demand) that are required to be serviced in advance of their occupation. Demand for services may also be generated by the use and development of lots (activity units of demand), including the intensification or expansion of activity on those lots.

TABLE 1 - UNITS OF DEMAND GENERATED BY SUBDIVISION AND DEVELOPMENT	
Lot unit of demand	Units of demand
one residential or rural lot	1.0
one mixed-use residential/commercial lot	1.0
one commercial, industrial or other non-residential lot with an area of less than 1,000 m <sup>2</sup>	Lot area divided by 1,000 per square metre
one commercial, industrial or other non-residential lot with an area of 1,000 m <sup>2</sup> or more	1.0
for the purposes of calculating community infrastructure development contributions only, one commercial, industrial or other non-residential lot	0
for the purposes of calculating water supply and wastewater development contributions ONLY, any <b>existing</b> <i>legally established lot</i> not connected to either the water supply network or the wastewater network as the case may be	0
for the purposes of calculating water supply and wastewater development contributions ONLY, any <b>proposed</b> <i>lot</i> not to be connected to either the water supply network or the wastewater network as the case may be	0
one <i>serviced camping site</i>	Special application
one <i>lot</i> : <ul style="list-style-type: none"> <li>wholly covenanted in perpetuity as provided for by s.22 of the Queen Elizabeth the Second National Trust Act 1977</li> <li>the title of which prevents any form of development on the <i>lot</i>.</li> </ul>	0





TABLE 1 - UNITS OF DEMAND GENERATED BY SUBDIVISION AND DEVELOPMENT	
Activity unit of demand	Units of demand
one <i>dwelling unit</i> or <i>accommodation unit</i> (excluding a serviced camping site) of two or more <i>bedrooms</i> per unit	1.0
one commercial unit including the commercial part of any activity but excluding any part that comprises accommodation units	the <i>net lettable area</i> on the <i>lot</i> multiplied by the applicable <i>unit of demand</i> factors in this table
one industrial unit or any other non-residential development	special application
for the purposes of calculating community infrastructure development contributions only, one commercial, industrial or other non-residential development	0
any <i>dwelling unit</i> , or <i>accommodation unit</i> (excluding a serviced camping site) of one or fewer <i>bedrooms</i> per unit	0.5
any room in an <i>accommodation unit</i> or any room in a retirement village or school, normally accommodating more than three persons	the number of persons able to be accommodated in the room divided by 6
any <i>retirement unit</i> for purposes of calculating the water supply and wastewater contributions only	0.5 otherwise 0
any <i>aged care room</i> for purposes of calculating the water supply and wastewater contributions only	0.2 otherwise 0
other activity (activity not specified elsewhere in this table)	special application
for the purposes of calculating water supply and wastewater development contributions ONLY, any <b>existing</b> <i>legally established</i> development not connected to either the water supply network or the wastewater network as the case may be	0
for the purposes of calculating water supply and wastewater development contributions ONLY, any <b>proposed</b> development not to be connected to either the water supply network or the wastewater network as the case may be	0
network infrastructure, including pipes, lines and installations, roads, water supply, wastewater and stormwater collection and management systems	0
farm buildings associated with normal farming operations including sheds, barns, garages and buildings for indoor poultry livestock and crop production	0
Crown developments	0
<b>Unit of demand factors commercial development</b>	<b>Calculated in Appendix 5</b>
water supply – commercial development	1 per 769 m <sup>2</sup> <i>net lettable area</i>
wastewater - commercial development	1 per 322 m <sup>2</sup> <i>net lettable area</i>



The different units of demand generated by a unit of commercial activity, as compared with a unit of residential activity, arise mainly from the different scale and nature of activity when compared to demand from a standard dwelling unit.

To ensure fair and equitable assessment this policy:

- a) uses lot size in the case of subdivision for commercial purposes;
- b) uses net lettable area in the case of commercial development as a proxy for assessing the different units of demand on services, likely to be generated respectively by residential and commercial activity and incorporates multipliers (unit of demand factors) to quantify those differences;
- c) requires a special application to assess development contributions on industrial activity.

The assumptions used in this policy to derive the unit of demand factors for commercial development in Table 1 are described in Appendix 5 of this policy.

### 3.4 Information requirements

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The applicant for any consent or authorisation shall provide all information necessary for Council to calculate the amount of a development contribution, including the net lettable area of the development if required for purposes of an assessment under Table 1.

The applicant shall be responsible for providing proof of the legal establishment of existing units of demand for purposes of an assessment under Table 1.

Existing units of demand may include legally established buildings and structures that have been demolished up to three years prior to this policy becoming operative on 1 July 2021.

### 3.5 Remissions and postponements of development contributions

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In addition to rights to reconsideration provided for by s.199A and 199B of the act, Council will consider applications for remission or postponement of development contributions.

Council will consider applications for and may grant a remission of any development contribution where the applicant has provided and/or funded the same infrastructure that a development contribution has been required for but that remission shall be limited to the value of infrastructure provided or funded. In cases where the value of infrastructure provided or funded exceeds the development contribution payable, Council shall meet the excess costs by separate agreement with the applicant.

Council will consider applications for and may grant a postponement of the payment of a development contribution in the case of resource consent for land use only, where a building consent is required to give effect to that resource consent. At the discretion of Council, the payment of a development contribution on the resource consent may be postponed until a building consent is granted.

Council will consider applications for a postponement of the payment of a development contribution in the case of a subdivision consent. If it grants a postponement it may do so on whatever terms Council thinks fit, including that it may:



- a) issue a certificate under s.224(c) of the RMA, prior to the payment of a development contribution; and
- b) register the development contribution under subpart 5 of the Land Transfer Act 2017, as a charge on the title of the land in respect of which the development contribution was required.

An applicant may formally request Council to review the development contribution required and remit or postpone the development contribution payment.

Any such request shall be made in writing no later than 15 working days after the date on which Council issues an invoice under section 3.1, setting out the reasons for the request.

Prior to accepting any such request for review, Council shall require the applicant to provide specific details of the manner in which its proposals qualify for a remission or postponement.

In undertaking the review, Council or a committee of Council or an officer so delegated:

- a) shall, as soon as reasonably practicable, consider the request
- b) may determine whether to hold a hearing for the purposes of the review and if it does, give at least five working days' notice to the applicant of the date, time and place of the hearing
- c) may at its discretion uphold, remit in whole or in part or postpone (as the case may be) the original development contribution required and shall advise the applicant in writing of its decision within ten working days of making that decision
- d) may charge such fee as determined in its annual schedule of fees, to consider the request.

### 3.6 Reconsideration process

As required by s.202A of the act, this policy must set out the process for requesting reconsideration of a requirement for a development contribution under s.199A of the act. The process for reconsideration must set out:

- a) how the request can be lodged with Council; and
- b) the steps in the process that Council will apply when reconsidering the requirement to make a development contribution.

An applicant who is required to make a development contribution may request a reconsideration of that requirement if they believe that:

- a) the development contribution was incorrectly calculated or assessed under this policy; or
- b) Council incorrectly applied this policy; or
- c) the information used to assess the applicant's development against this policy, or the way Council has recorded or used it when requiring the development contribution, was incomplete or contained errors.

Any request for reconsideration shall be made in writing, no later than 15 working days after the date on which Council issues an invoice under Section 3.1 of this policy.



Prior to accepting any request for review, Council shall require the applicant to state the reasons for reconsideration and provide sufficient information to enable Council to reconsider the development contribution.

Council or a committee of Council (or an officer so delegated) will limit its considerations to matters set out in s.199A of the act.

In accordance with s.199B(1) of the act, Council must, within 15 working days after the date on which it receives all required relevant information relating to a request, give written notice of the outcome of its reconsideration to the applicant who made the request.

In accordance with s.199B(2) of the act, an applicant who requested reconsideration may object to the outcome of the reconsideration.

### 3.7 Special applications

Where developments are marked for special application or not adequately represented in Table 1 or there are specific circumstances related to the applications, these may be considered on a case-by-case basis. Units of demand calculated are based on potential demand not actual demand at any one time. Accordingly specific circumstances do not include those where the users do not utilise the full potential demand (eg a hotel with a 50% occupancy rate will still be assessed at a 100% of the unit of demand relating to hotels; a house with one occupant will be assessed at the unit of demand for a household).

### 3.8 Crown developments

The Crown is exempt from the provisions of this policy by virtue of s.8 of the act. If an applicant considers that it is the Crown for the purposes of avoiding liability to pay a development contribution, Council may require the applicant to provide written advice to Council outlining the basis on which the applicant considers that it is the Crown.

### 3.9 Statement on GST

Any development or financial contribution referred to in this policy or in the accompanying development contributions model and any development contribution required in the form of money, pursuant to this policy, is exclusive of Goods and Services Tax.

## 4 Methodology

The calculation of the separate portions of the cost of any combined project (AC/ILOS project) between that for improving levels of service to existing households and businesses (ILOS costs), and that for providing additional capacity to accommodate new development of households and businesses (AC costs) under this policy, is carried out using the following procedure.



#### 4.1 Step 1: Listing projects

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Every project in the capital works programme of the Long Term Plan for the activities for which the Council intends to require development contributions is listed in the Project Allocation Schedule of the Development Contributions Model.

Every surplus capacity project is listed in the Surplus Capacity Schedule.

Where possible, distinct stages of a project or distinct parts of a project are listed in the schedules as separate components and separate calculations carried out for each.

For each project in the schedules, the following base information is provided:

- a) the total project cost
- b) the catchment which the project will serve
- c) the level of any subsidy, third party funding or other source of funding if any which is deducted from the total project cost to give the net project cost
- d) the year in which the project or component is to be carried out in the Long Term Plan, or in the case of each surplus capacity project (SC project), the year it was completed
- e) the year in which the project capacity is expected to be fully consumed.

#### 4.2 Step 2: Initial screening

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Each project in the Project Allocation Schedule is categorised “Yes” or “No” in answer to the question – “Is this capital expenditure required at least partly to provide appropriately for new or additional assets or assets of increased capacity in order to address the effects of development?” By answering:

- a) “No” - the project is treated as a pure renewal or level of service project and the cost of the project is removed from the development contribution calculation
- b) “Yes” - the project is treated as either a combined project (AC/ILOS project) or an additional capacity for growth project (AC project) and is subject to further analysis.

Each project in the Surplus Capacity Schedule is categorised “Yes” or “No” in answer to the question – “Was capital expenditure on this project incurred, at least partly, in anticipation of development?” By answering:

- a) “No” - the project is treated as a pure renewal or level of service project and the cost of the project is removed from the development contribution calculation;
- b) “Yes” - the project is treated as either a combined project (AC/ILOS project) or an additional capacity for growth project (AC project) and is subject to further analysis.



### 4.3 Step 3: Cost allocation of combined projects or additional capacity for growth projects

Using the information provided on combined projects (AC/ILOS projects) and additional capacity for growth projects (AC projects) in the project schedules, a needs/benefits matrix analysis is carried out by which it is required to state for each project:

- the degree, on a scale of 0 to 10 to which growth created the need for the project to be undertaken. (0 = not at all, 10 = totally)
- the degree on a scale of 0 to 10 to which the growth community will benefit from the project being undertaken. (0 = not at all, 10 = totally).

Calculation of Growth Component % - Need/Benefit Matrix

		NEED										
		To what degree does Growth create the need for the project? 0 = not at all, 10 = totally										
BENEFIT	Factor	0	1	2	3	4	5	6	7	8	9	10
	0	0	5	10	15	20	25	30	35	40	45	50
	1	5	10	15	20	25	30	35	40	45	50	55
	2	10	15	20	25	30	35	40	45	50	55	60
	3	15	20	25	30	35	40	45	50	55	60	65
	4	20	25	30	35	40	45	50	55	60	65	70
	5	25	30	35	40	45	50	55	60	65	70	75
	6	30	35	40	45	50	55	60	65	70	75	80
	7	35	40	45	50	55	60	65	70	75	80	85
	8	40	45	50	55	60	65	70	75	80	85	90
	9	45	50	55	60	65	70	75	80	85	90	95
	10	50	55	60	65	70	75	80	85	90	95	100

The value is chosen in each case from the need/benefits matrix in the model which produces an estimated percentage of cost attributable to growth.

The matrix generates 121 different need/benefit combinations. The percentage derived is applied to the net project cost to determine the AC cost. The remainder of the net project cost is the ILOS cost.

A unit price is calculated for each project by dividing the project cost by the total units of demand that will consume its capacity comprising:

- existing units of demand at 2021; plus
- additional units of demand expected to consume capacity in the asset by the end of its asset life.

### 4.4 Step 4: Capacity life - cost allocation between new and future units of demand

Using information provided on the year in which capacity take up of a project is expected to start and the year in which the project capacity is expected to be fully consumed, the AC cost of the project is divided between new units of demand (N) arriving in the activity-funding area in the Long Term Plan period and future units of demand (F) arriving after the end of the Long Term Plan period, as follows:





- a) the AC cost to F is the AC cost determined in section 4.3 above multiplied by the years of capacity take up after the Long Term Plan period divided by total years of capacity take-up;
- b) the AC cost to N is the AC cost less the AC cost to F.

Only the AC cost to N is used in the calculation of development contributions.

In addition to predicting the capacity take up of an asset, by comparing the start and end years of capacity life against rating unit projections, the development contributions model is able to accept a finite capacity figure from the activity manager which, regardless of years of take-up, can be used to share the cost of an asset equitably among the known number of units of demand that will eventually consume its capacity.

#### **4.5 Step 5: Growth assumptions - sharing 10-year costs among projected growth**

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In order to calculate the amount of new development to which the growth related portion of capital expenditure (AC costs) for infrastructure will be attributed, area-by-area projections of new and future units of demand for services in the period 2021 to 2051 are required.

Council maintains a detailed rating database that provides the numbers of rating units for all parts of the District.

The numbers of rating units provide a close correlation with numbers of lots in the District and a measure of separate units of activity on any lot where this is the case. They are considered to provide a reasonably sound measure of the units of demand for infrastructure and services.

The growth projection worksheet of the development contributions model, projections schedule, contains as the base year, the number of rating units (units of demand) for each activity type existing at the time of the 2020/2021 rates year. Rating data is available for the whole Southland District, and each of the water supply, wastewater and community infrastructure catchments.

Long Term Plan assumptions have been used to determine the expected annual increase in the numbers of rating units and hence units of demand to 2031, in each of these catchment areas.

The projections schedule also provides long-term estimates for future rating units (units of demand) after the Long Term Plan period to 2051, in order to ensure that any portion of remaining surplus capacity at the end of the period may be attributed to future development.

Geographic catchments will apply to each activity type. Projections schedule provides rating units at 2021 and projected rating units for each activity-funding area to 2051.

#### **4.6 Step 6: Allocation of costs to units of demand - schedule of development contributions**

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The development contribution for each activity and each catchment to be charged per unit of demand is derived by dividing the costs of growth in the Long Term Plan period (AC Cost to N), derived in Step 3 and Step 4 by the number of additional rating units expected in the period, derived in Step 5.



A full schedule of development contributions (Schedule 3) must be prepared as part of the policy to enable the development contributions to be calculated by infrastructure type and catchment on each development application.

#### **4.7 Interest and inflation**

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The development contributions model does not include interest on growth related capital expenditure in the calculation of the development contribution amounts.

Council does not intend to recover past interest that has been funded from rates from development contributions and has not included it in the development contribution calculation.

The development contributions model uses the inflated capital costs in the Long Term Plan to calculate development contributions.





## 5 Schedules

### Schedule 1 – Schedule of assets for which development contributions will be used (s.201A of the act)

ACTIVITY GROUP	DCP CATCHMENT	PROJECT NAME	TYPE	PROJECT COST	PROPORTION RECOVERED THROUGH DEVELOPMENT CONTRIBUTIONS	PROPORTION RECOVERED THROUGH OTHER SOURCES
WASTEWATER	Te Anau CB	Te Anau/Manapouri Treatment and Disposal	LTP Project	\$27,019,939.00	1.27%	98.73%
COMMUNITY SERVICES	Riverton/Aparima CB	Cemetery - Riverton	LTP Project	\$231,707.00	15.11%	84.89%
<b>TOTAL</b>				<b>\$27,251,646.00</b>		

\* Council has deemed that the Te Anau/Manapouri treatment and disposal project has a demand component. The demand component of this project has been calculated at 36.80%. However, Council has put development contributions into remission across the District in order to encourage economic growth. Whilst development contributions are in remission, the demand share of the project will be funded by rates and previously collected contributions. Council would periodically review its decision to remit development contributions to ensure that it remains appropriate in consideration of the economic and population growth.



## Schedule 2 - Capital expenditure identified to meet increased demand resulting from growth\* and sources of funding by activity

ACTIVITY	2021-31 LTP					SURPLUS CAPACITY					
	Total cap project costs	Dev contrib (New)	Dev contrib (Future)	Rates	Subsidies/ grants/ contrib recov	Total value of surplus capacity projects	Dev contrib (New)	Dev contrib (Future)	Dev contrib (already used)	Rates	Subsidies/ grants/ contrib recov
<b>WASTEWATER</b>	\$27,019,939	\$ -	\$ -	\$21,677,334	\$7,342,605	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>CEMETERIES</b>	\$231,707	\$ -	\$ -	\$ 196,707	\$35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL</b>	\$27,251,646	\$ -	\$ -	\$19,874,841	\$7,377,605	\$ -	\$ -	\$ -		\$ -	\$ -

\* Although there are a number of projects with demand components scheduled, Council is proposing to place the collection of development contributions into remission. Under this proposal, funding for the Te Anau / Manapouri Treatment and Disposal project (wastewater) will be sourced from contributions already recovered and rates. The demand component of this project (currently calculated at \$5,311,375), would typically be funded by development contributions. If Council deems it appropriate to reinstate development contributions in the future, they will be used as a source of funding for this project and reduce the rates requirement.



### Schedule 3 - Schedule of development contributions

AREA	WASTEWATER	WATER SUPPLY	COMMUNITY INFRASTRUCTURE	RESERVES	ROADING	TOTAL
TE ANAU COMMUNITY BOARD	\$-*	\$-	\$-	\$-	\$-	\$-
<b>NOTE 1: THESE CONTRIBUTION AMOUNTS DO NOT INCLUDE GST</b>						

Council will invoice a development contribution at the following times:

- in the case of a resource consent for subdivision, at the time of application for a certificate under s.224(c) of the RMA, with payment required prior to the issue of the certificate;
- in the case of a resource consent for land use, at the time of notification of commencement or commencement of the consent, whichever is the earlier, with payment required prior to commencement of the consented activity;
- in the case of a building consent, at the time of granting the building consent with payment no later than 90 days from the date of granting consent or prior to the issue of a code compliance certificate, whichever is the earlier;
- in the case of a service connection, at the time of approval of the service connection with payment prior to connection.

\* Council has put development contributions into remission across the District in order to encourage economic growth. As such, the Te Anau / Manapouri treatment and disposal project will be funded through rates and contributions which have already been recovered. Council will periodically review its decision to remit development contributions to ensure that it remains appropriate in consideration of the economic and population growth.

If development contributions were not placed in remission, the amount of contributions for the Te Anau / Manapouri Treatment and Disposal project would be \$5,735.22 per unit of demand (GST exclusive) from 1 July 2021.



## 6 Roles and responsibilities

ROLE	ROLES AND RESPONSIBILITIES
<b>COUNCIL</b>	decision on whether to review and reinstate the policy when in remission
<b>ALL COUNCIL STAFF</b>	ensure that the policy is given full effect

## 7 Review and revision record

This policy may be reviewed at any time but no longer than three years from the date of its adoption.

Section 106(6) of the Act requires that a policy on development or financial contributions must be reviewed at least once every three years using a consultation process that gives effect to s.82 of the Act.

DATE	VERSION	REVISION DESCRIPTION
<b>R/20/7/30795</b>	Policy on Development and Financial Contributions	LTP 2021-31
<b>R/17/10/24438</b>	Development and Financial Contributions Policy	Long Term Plan 2018-28
<b>R/14/11/17513</b>	Development and Financial Contributions Policy	Long Term Plan 2015-25
<b>R/14/6/8794</b>	Development and Financial Contributions Policy	Annual Plan 2014-15
<b>R/13/2/1981</b>	Development and Financial Contributions Policy	June 2013
<b>R/09/9/13493</b>	Development Contributions and Reserve Contributions under Local Government Act 2002 Policy	LTP 2009-2019

## 8 Implementation

This policy will come into effect on 1 July 2021.

## 9 Appendix 1 - Definitions and abbreviations

DEFINITIONS	
Term	Meaning
<b>ACCOMMODATION UNIT</b>	has the definition given to it in s.197(2) of the act 2002, “ <i>means units, apartments, rooms in 1 or more buildings, or cabins or sites in camping grounds and holiday parks, for the purpose of providing overnight, temporary, or rental accommodation.</i> ”
<b>AC COST</b>	means the cost for providing additional capacity to service the development of new households and businesses
<b>ACTIVITY</b>	means a good or service provided by Council under s.5 of the act, and for which development contributions are normally collected
<b>ACTIVITY UNIT OF DEMAND</b>	means the demand for a community facility generated by development activity other than subdivision
<b>ADDITIONAL CAPACITY PROJECT OR AC PROJECT</b>	means a capital project in the Long Term Plan intended only to provide additional capacity to service new and future households and businesses
<b>AGED CARE ROOM</b>	means any residential unit in a “rest home” or “hospital care institution” as defined in s.58(4) of the Health and Disability Service (Safety) Act 2001
<b>ALLOTMENT OR LOT</b>	has the meaning given to the term “allotment” in s.218(2) of the RMA: (a) any parcel of land under the Land Transfer Act 1952 that is a continuous area and whose boundaries are shown separately on a survey plan, whether or not: (i) the subdivision shown on the survey plan has been allowed, or subdivision approval has been granted, under another act; or (ii) a subdivision consent for the subdivision shown on the survey plan has been granted under this act; or (b) any parcel of land or building or part of a building that is shown or identified separately— (i) on a survey plan; or (ii) on a licence within the meaning of Part 7A of the Land Transfer Act 1952; or (c) any unit on a unit plan; or (d) any parcel of land not subject to the Land Transfer Act 1952.
<b>BEDROOM</b>	means a room used for sleeping, normally accommodating no more than three persons
<b>CATCHMENT</b>	is an area of the District identified in this policy within which growth and development is occurring, which is likely, either solely or cumulatively, to give rise to the need for, or benefit from, particular Council activities.

DEFINITIONS	
<b>COMBINED PROJECT OR AC/ILOS PROJECT</b>	means a project in the Long Term Plan intended to deal with shortfalls in levels of service to existing households and businesses by bringing assets up to the <i>service standard</i> and/or by providing additional service life, and to provide capacity for further growth
<b>COMMERCIAL</b>	means non-residential development using land or buildings for the provision of goods and services in the course of a trade or business and includes retail development
<b>COMMUNITY FACILITIES</b>	means parks and reserves, network infrastructure, or community infrastructure for which development contributions may be required
<b>COMMUNITY INFRASTRUCTURE</b>	has the definition given to it in s.197(2) of the act
<b>DEVELOPMENT</b>	has the definition given to it in s.197(1) of the act
<b>DEVELOPMENT CONTRIBUTIONS CALCULATION PERIOD</b>	means the period between 1 July 2021 and a date 30 years after the date of adoption of this policy.
<b>DISTRICT PLAN</b>	The operative Southland District Plan including any proposed plan or variation.
<b>DWELLING UNIT</b>	any building or group of buildings or any part of those buildings, used or intended to be used solely or principally for residential purposes and occupied or intended to be occupied by not more than one household – and includes a minor household unit, a utility building or any unit of commercial accommodation
<b>HOUSEHOLD UNIT</b>	a building or part of a building capable of being used as an independent residence and includes dwelling apartments, semi-detached or detached houses, units, town houses, granny flats (or similar), and caravans (where used as a place of residence or occupied for a period of time exceeding six months in a calendar year)
<b>ILOS COST</b>	the cost of improving levels of service to existing households and businesses by bringing assets up to the <i>service standard</i> and/or by providing additional service life
<b>IMPROVED LEVEL OF SERVICE PROJECT OR ILOS PROJECT</b>	a capital project in the Long Term Plan intended only to deal with shortfalls in levels of service to existing households and businesses by bringing assets up to the <i>service standard</i> and/or by providing additional service life
<b>INDUSTRIAL</b>	a non-residential development using land or buildings where people use material and physical effort in the course of a trade or business to: <ul style="list-style-type: none"> <li>• extract or convert natural resources</li> <li>• produce goods or energy from natural or converted resources</li> <li>• repair goods, but</li> </ul>

DEFINITIONS	
	does not include mineral extraction or farm buildings associated with normal farming operations including sheds, barns, garages and buildings for indoor poultry livestock and crops production
<b>LEGALLY ESTABLISHED</b>	in relation to any <i>lot</i> or development, any <i>lot</i> for which a title has been issued, or any dwelling, commercial or industrial unit for which a code compliance certificate has been issued. <i>Legally established</i> development includes buildings and structures that can be shown to have been in existence when this policy became operative on 1 July 2021, but have since been demolished
<b>LOT UNIT OF DEMAND</b>	the demand for a community facility generated by the creation of lots through subdivision
<b>NET LETTABLE AREA</b>	the area for which a tenant could be charged for occupancy under a lease. Generally, it is the floor space contained within a tenancy at each floor level measured from the internal finished surfaces of permanent external walls and permanent internal walls but excluding features such as balconies and verandahs, common use areas, areas less than 1.5 m in height, service areas, and public spaces and thoroughfares
<b>NON-RESIDENTIAL LOT OR DEVELOPMENT</b>	any lot or development that is not for residential purposes. This includes: <ul style="list-style-type: none"> <li>• all buildings that are considered a fundamental place of work such as dairy milking sheds, shearing sheds, and indoor farming facilities such as chickens or pigs</li> <li>• all buildings for the provision of sport, recreation or entertainment</li> <li>• all buildings for the provision of social and cultural pursuits</li> </ul>
<b>PAST SURPLUS CAPACITY</b>	capacity in assets provided as a result of capital expenditure made in anticipation of development since 1 July 2005.
<b>REMAINING SURPLUS CAPACITY</b>	the estimated remaining capacity in capital assets at the end of the Long Term Plan period, available to service future development occurring after the Long Term Plan period
<b>RESIDENTIAL DEVELOPMENT</b>	any use of land and/or buildings by people for the purpose of living accommodation. It includes accessory buildings and leisure activities associated with needs generated principally from living on the site
<b>RETIREMENT UNIT</b>	any residential unit other than an aged care room, in a “ <i>retirement village</i> ” as defined in s.6 of the Retirement Villages Act 2003.
<b>SERVICED SITE</b>	any site dedicated for the location of a vehicle or tent for the accommodation of persons, which is provided with utility services such as water supply, wastewater disposal, solid waste disposal, electricity or gas, either directly to the site or in the immediate vicinity

DEFINITIONS	
<b>SURPLUS CAPACITY PROJECT OR SC PROJECT</b>	a past capital expenditure project carried out since 1 July 2005 in anticipation of new development and providing surplus capacity for further development.
<b>UTILITY BUILDING</b>	is a structure containing facilities (such as toilet, shower, laundry, hot water cylinder, laundry tub) that make the site habitable prior to or during the erection of a dwelling
<b>UNIT OF DEMAND</b>	is a unit of measurement by which the relative demand for an activity, generated by different types of development (existing or proposed), can be assessed. A <i>unit of demand</i> may be expressed as a <i>lot unit of demand</i> or an <i>activity unit of demand</i>



**10 Appendix 2 - Development contribution catchments**

COMMUNITY FACILITY	CATCHMENT	DEVELOPMENT TO WHICH DEVELOPMENT CONTRIBUTION APPLIES
<b>WATER SUPPLY</b>	10 community potable water supplies: <ul style="list-style-type: none"> <li>• Edendale/Wyndham</li> <li>• Manapouri</li> <li>• Mossburn</li> <li>• Ohai/Nightcaps/Wairio</li> <li>• Orawia</li> <li>• Otautau</li> <li>• Riverton</li> <li>• Te Anau</li> <li>• Tuatapere</li> <li>• Winton</li> </ul> 2 treated rural water supply areas: <ul style="list-style-type: none"> <li>• Eastern Bush/Otahu Flat</li> <li>• Lumsden/Balfour</li> </ul>	Development in any separate water supply scheme
<b>WASTEWATER</b>	18 wastewater scheme areas: <ul style="list-style-type: none"> <li>• Balfour</li> <li>• Browns</li> <li>• Edendale/Wyndham</li> <li>• Gorge Road</li> <li>• Lumsden</li> <li>• Manapouri</li> <li>• Monowai</li> <li>• Nightcaps</li> <li>• Ohai</li> <li>• Riversdale</li> <li>• Riverton</li> <li>• Stewart Island</li> <li>• Te Anau</li> <li>• Tokanui</li> <li>• Tuatapere</li> <li>• Otautau</li> <li>• Wallacetown</li> <li>• Winton</li> </ul>	Development in any separate wastewater scheme
<b>COMMUNITY INFRASTRUCTURE</b>	Waihopai Toetoe Ward, Winton Wallacetown Ward, Mararoa Waimea Ward, Waiau Aparima Ward, Stewart Island Rakiura Ward	Development in each separate ward

## 11 Appendix 3 - Assessment of significant assumptions

ASSUMPTION	LEVEL OF UNCERTAINTY	POTENTIAL EFFECTS
The rate, level and location of growth will occur as forecast in the rating growth projections accompanying the Long Term Plan	High	Lower than forecast growth will result in a significant under-recovery of development contributions revenue
Capital expenditure will be in accordance with the capital works programme in the Long Term Plan and future capital expenditure is based on the best available knowledge at the time of preparation. These are to take into account known or likely construction costs and assumed inflation rates	Moderate	In current circumstances significant changes to the capital programme are unlikely
No significant changes to service standards are expected to occur in the Long Term Plan period other than those planned for in the Activity Management Plans	Low	No significant effects anticipated
The level of third party funding (such as NZ Transport Agency subsidies) will continue at predicted levels for period of the Long Term Plan	Low	No significant effects anticipated
There will be no significant variations to predicted rates of interest and inflation to those set out in the Long Term Plan	Low/moderate	No significant effects anticipated
Each residential dwelling comprises the average number of residents from the 2013 census. The demand on Council assets placed by a standard dwelling (Unit of Demand) is assumed to be 2.5 persons per dwelling and this is applied District-wide	Moderate	The average dwelling occupancy will remain steady over time but there may be local areas where residential occupancy goes above the District average and places increased demands on infrastructure from that anticipated

## 12 Appendix 4 - Summary of financial contribution provisions in District Plan

Section 106(2)(f) of the act states that if Council is to require financial contributions then this policy must summarise the provisions that relate to financial contributions in the District Plan.

Section 2.14 of the Southland District Plan requires the following contributions:

**Roading** - A contribution may be required for the development, maintenance and upgrading of roading infrastructure that serves the subdivision. The amount of contribution is 100% of the cost of the required work reduced with regard to:

- a) the current status and standard of roading leading to and fronting the site;
- b) the benefit of works to existing users and the wider public;
- c) the standard and classification of the road and expenditure required to meet this standard;
- d) the use or likely future use of the road by other parties;
- e) contributions made by central government and other agencies towards the development of the road; and
- f) previous financial contributions from developers who will benefit from the work.

**Reserves** - A contribution shall be required in the following situations:

- a) a contribution of 2% of the value of additional allotments created by subdivision, up to a maximum value of 2% of the value of 1,000 m<sup>2</sup> per lot, where existing reserves in the locality cannot deal with additional demand; or
- b) a contribution of 1% of the value (given as money or land) of additional allotments created by subdivision for minor improvements to existing reserves in the locality up to a maximum value of 1% of the value of 100 m<sup>2</sup> per lot;
- c) a contribution of the value of 20 m<sup>2</sup> for each additional residential unit created in a development;
- d) a contribution of the value of 4 m<sup>2</sup> of land for each additional 100 m<sup>2</sup> of net non-residential building floor area created in a development in the urban zone, commercial precinct or industrial zone.

### 13 Appendix 5 - Calculating units of demand for commercial development

Industrial and other non-residential development (other than commercial development) will be subject to special application under section 3.7 of this policy. In calculating the units of demand generated by commercial development for water supply and wastewater, as compared to that of an average dwelling unit, Council accepts that demand may vary between different types of commercial activity. However changes to the type of business over time may not constitute “development” under the act or even trigger a resource consent, building consent or new connection requiring a development contribution. This policy therefore treats all types of commercial activity as generating the same average unit of demand for a given net lettable area.

#### Water - comparison of residential and commercial demand

The residential daily demand for water comprises that for domestic purposes and non-domestic uses (eg gardening, car washing, firefighting, leakages etc). The following figures are used in the assessment:

- a) the average daily residential demand for domestic purposes is 230 litres/person/day
- b) the average daily residential demand for non-domestic purposes is 1,200 litres/dwelling.

In determining the units of demand for one dwelling unit, it is noted that not all potential demand will occur at the same time and therefore an average peak of four persons per household is used to assess peak usage per dwelling at 2,120 litres/day (4 x 230 litres/day + 1200 litres).

Water consumption sampling<sup>1</sup> of various commercial premises, offers data for premises which may be typical of many Southland main street businesses in the range 0 - 5,000 m<sup>2</sup> net lettable area (NLA). These would also generally be premises naturally rather than mechanically cooled with air conditioning systems using higher quantities of water.

Sampling found consumption in the range 875 - 1,200 m<sup>3</sup> (average 1,037 m<sup>3</sup>) per annum per 1,000 m<sup>2</sup> NLA. This converts as follows:

***Commercial premises consuming an average 2,840 litres per day per 1,000 m<sup>2</sup> NLA; thus  
If 2,120 litres per day is one unit of demand for residential; then  
2,840 litres per day (1,000 m<sup>2</sup> NLA) is 1.3 units of demand; then  
769 m<sup>2</sup> NLA is 1 unit of demand.***

#### Wastewater - comparison of residential and commercial demand

Average daily residential wastewater flows are assumed to equate to the domestic purposes water use of 230 litres/person/day, with water for non-domestic purposes not finding its way to the sewer. Average peak usage per property at four persons per dwelling is therefore 920 litres/day (4 x 230 litres/day).

It is assumed that all water consumption on commercial premises (2,840 litres per day per 1,000 m<sup>2</sup> NLA in main street situations will find its way to the sewer. To calculate the units of demand for wastewater:

***Commercial premises generate an average 2,840 litres wastewater per day per 1,000 m<sup>2</sup> NLA; thus  
If 920 litres per day is one unit of demand for residential; then  
2,840 litres per day (1,000 m<sup>2</sup> NLA) is 3.1 units of demand; then  
322 m<sup>2</sup> NLA is one unit of demand.***

<sup>1</sup> Water Performance Benchmarks for New Zealand: an approach to understanding water consumption in commercial office buildings, Bint, Isaacs and Vale, School of Architecture, Victoria University Wellington

## 14 Appendix 6 - Calculation of development contribution amount on a development

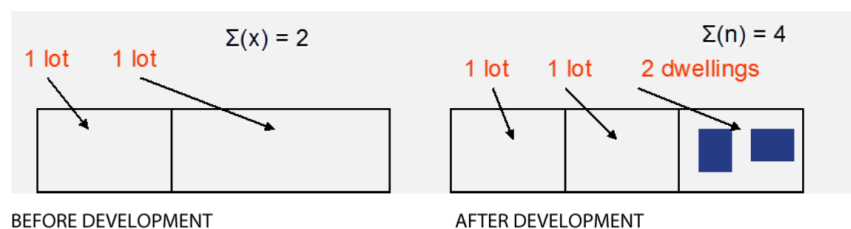
The formula in **Section 3.2.1** of this policy calculates the demand on infrastructure from any development site after the proposed development has taken place (n) and subtracts the existing demand already generated by the site before the development occurs (x). In this way, it identifies only additional demand placed on infrastructure as a result of the development. This additional demand is multiplied by the development contribution amount for each type of infrastructure to calculate the total development contribution payable.

Using Table 1 of this policy, the units of demand before and after development are calculated, as the greater of the number of lot units of demand making up the development site OR activity units of demand (building development) on the development site at the time.

The calculation is  $[(a) \times [\Sigma(n) - \Sigma(x)]] + \text{GST}$  where:

- (a) is the development contribution for the catchment eg wastewater \$1,316 per unit;
- (x) is, for each lot existing before development, the lot units of demand OR activity units of demand whichever is the greater;
- (n) is, for each lot after the development, the lot units of demand OR activity units of demand whichever is the greater.

**Residential development example using Table 1:**



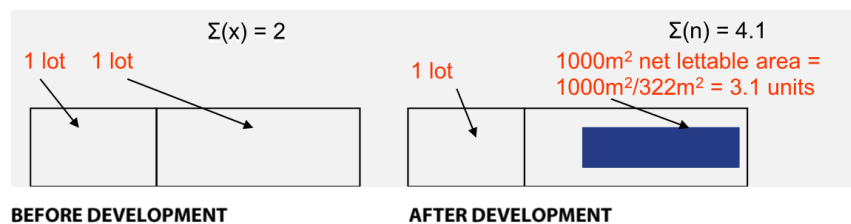
BEFORE DEVELOPMENT

AFTER DEVELOPMENT

Additional units of demand  $\Sigma(n) - \Sigma(x) = 4(n) - 2(x) = 2$  Units

Development contribution for wastewater is 2 units X \$1,316 = \$2,632 + GST

**Commercial development example using Table 1:**



BEFORE DEVELOPMENT

AFTER DEVELOPMENT

Additional units of demand  $\Sigma(n) - \Sigma(x) = 4.1(n) - 2(x) = 2.1$  Units

Development contribution for wastewater is 2.1 units X \$1,316 = \$2,764 + GST



## Draft Policy on Development and Financial Contributions

**Group responsible:** Finance and Assurance

**Date adopted:**

**Implementation date:**

**File no:**

### 1 Introduction

#### 1.1 Purpose

The purpose of this policy is to:

- provide predictability and certainty about how and when Council proposed to use development contributions and financial contributions, what they fund and why.
- allow Council to recover a fair, equitable, and proportionate share of the total cost of capital expenditure necessary to service growth over the long term through development contributions from those persons undertaking development.
- allow Council to recover financial contributions to deal with the adverse environmental effects of new development in the District.
- support the principles set out in the Preamble to Te Ture Whenua Māori Act 1993.

#### 1.2 Statutory context

Council is required by s.102(2)(d) of the Local Government Act 2002 (the act), to have a policy on development contributions or financial contributions.

Council has chosen to use both development contributions and financial contributions to recover the total cost of capital expenditure necessary to service new development and to deal with its effects.

Financial contribution provisions for recovering the growth-related costs of roading and reserves are detailed in the Southland District Plan.

This policy on Development and Financial Contributions (the policy) deals with development contributions for water supply, wastewater and community infrastructure.



### 1.3 Growth and development

Stats NZ estimates that the population of Southland District grew by approximately 1,100 persons (3.4%) between 2018 and 2022. The total number of dwellings increased by 1134 (7.2%) and the number of rating units increased by around 220 (1%) between 2019 and 2022. Baseline projections by Infometrics estimate there will be approximately 2,113 more people in the District by 2034. Te Anau and Riverton are expected to see the largest population growth between 2024 and 2034, forecast to grow by 329 and 250 people respectively. Most other townships within the District are projected to experience smaller increases over the same period, with only Tuatapere forecast to experience a small decline.

In making this policy, Council has considered the matters under s.101(3) of the act. This section of the act states that the funding needs to meet expenditure requirements must be met from sources that the local authority determines to be appropriate, following a consideration of the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community.

### 1.3 Remission of policy and background

This policy is currently in remission and development contributions will not be required under it. The financial contributions provisions in the Southland District Plan are not in remission and continue to apply to development in the District.

As Council wants to encourage development and economic growth in the District, Council proposes to continue to fund the total cost of any capital expenditure for water supply and wastewater necessary to service development from sources other than development contributions. Development contributions will not be required under this policy until resolved otherwise by Council in which case the provisions of the policy will apply in full. Council has full discretion as to the timing of a review.

Council will continue to require financial contributions for roading and reserves under the District Plan. Council is concerned that in the event of any substantial development, the resulting costs for roads and reserves to serve the development could affect the level of rates unless funded by financial contributions. The ability to require financial contributions will not limit the ability of Council to impose resource consent conditions requiring an applicant to carry out roading and reserves works to offset the adverse effects of a development.

Council may review its position on remissions at any time but shall do so no more than three years from the date on which this policy becomes operative.

### 1.4 Development on Māori land

Council recognises that land is a taonga tuku iho of special significance to Māori and is committed to promoting the retention of, and facilitating the occupation, development, and utilisation of Māori land in the hands of and for the benefit of its owners, their whānau, and their hapū and to protect wāhi tapu.

While Council supports the facilitation of the occupation, development, and utilisation of Māori land for the benefit of its owners, their whānau, and their hapū through the current general remission of development contributions, it will also consider applications for remission or development contributions and financial contributions related to specific resource consents for Māori Land.





## 2 Policy details

Council has considered all matters it is required to consider under the act when making a policy on development contributions or financial contributions. Council has also considered requirements in s.106, 201 and 201A of the act relating to the content of such a policy. Policy resulting from these considerations is set out in this section. The way in which the policy will be applied in practice is set out in Section 3.

### 2.1 Appropriate sources of funding

Council incurs capital works expenditure in order to:

- a) provide additional capacity in assets to cater for new development;
- b) improve the level of service to existing households and businesses;
- c) meet environmental and other legislative requirements; and
- d) renew assets to extend their service life.

Section 101(3)(a) of the act states that the funding needs to meet these expenditure requirements must be met from sources that Council determines to be appropriate, following a consideration, in relation to each activity, of a number of matters. Council's consideration of these matters as it relates to the funding of capital expenditure is outlined in the Revenue and Financing Policy. The analysis contained in the Revenue and Financing Policy is also applicable to this policy.

Council has had regard to and made the following determinations under each activity in relation to the matters set out under s.101(3)(a)(i) to (v) of the act:

- a) that development contributions are an appropriate source of funding for providing additional capacity in water supply, wastewater and community infrastructure assets because when development occurs it takes up capacity in these assets and requires Council to provide additional capacity in existing assets or new assets or to serve the development;
- b) that financial contributions are an appropriate source of funding for roading and reserves assets because Council only seeks contributions towards these assets to mitigate adverse effects in the vicinity of developments and not to fund these assets in the wider network;
- c) community infrastructure contributions will only be required on residential developments although Council may still require financial contributions for reserves on non-residential developments as a condition of resource consent under the Resource Management Act 1991 (the RMA).

In keeping with the principles in ss.197AB(e) and (f) of the act, Council is required to make information available and provide certain schedules.

Section 201A of the act requires a development contribution policy to include a schedule of assets for which development contributions will be used, and specifies the contents of that schedule. This requirement is met by Schedule 1 of this policy.

Section 106 of the act requires Council to:





- a) summarise and explain the total cost of capital expenditure that Council expects to incur to meet the increased demand for community facilities resulting from growth; and
- b) state the proportion of that total cost of capital expenditure that will be funded by—
  - i. development contributions;
  - ii. financial contributions; and
  - iii. other sources of funding.

These requirements are met in Schedule 2 of this policy.

Section 201 of the act requires inclusion in a development contribution policy of a schedule of development contributions. This requirement is met by Schedule 3 of this policy.

## **2.2 Financial contributions**

The RMA authorises local authorities to impose financial contributions to address effects associated with subdivision, land use or development.

Council may require a financial contribution, as a condition of consent, in accordance with any relevant rule in the Southland District Plan.

Provisions regarding financial contributions towards roading and reserves infrastructure are detailed in Section 2.14 of the District Plan and should be referred to when reading this policy. The financial contribution rules within the Southland District Plan are operative.

A summary of the provisions that relate to financial contributions is set out in Appendix 4.

## **2.3 Limitations on contributions**

While Council is able to seek both development contributions for infrastructure under the Local Government Act 2002 and financial contributions under the RMA, s.200 of the act prevents Council from requiring a development contribution where it has imposed a contribution requirement on the same development under the RMA or where developers or other parties fund the same reserve, network infrastructure or community infrastructure.

Although under the District Plan, Council may impose a financial contribution as a condition of resource consent, it shall ensure that no condition of resource consent is imposed that would require work to be done or funded that is identified in the Long Term Plan and funded in whole or in part by development contributions.

Nothing in this policy, including the amounts of development contribution payable in Schedule 3, will diminish from any other legal requirement to make a payment for community facilities other than a development contribution, including connection fees or any other fee required to be paid pursuant to any other policy or bylaw or by agreement with Council.



## **2.4 Limitations on costs eligible for inclusion in development contributions**

In calculating development contributions under this policy, the contributions shall not include the value of any project or work or part of any project or work required for:

- a) rehabilitating or renewing an existing asset; or
- b) operating and maintaining an existing asset.

In accordance with s.200(1) of the act, no development contribution calculated under this policy shall include the value of any funding obtained from third parties, external agencies or other funding sources in the form of grants, subsidies or works. This limitation shall not include the value of works provided by a developer on behalf of Council and used as a credit against contributions normally payable, which Council may seek to recover from other developers in contributions.

Council may require development contributions where it has incurred capital expenditure via a third party and has provided a credit against development contributions payable by any person where that person has incurred capital expenditure on behalf of Council, which provides additional capacity to serve further development.

The value of any subsidy or grant toward the value of any project or work shall be deducted prior to the allocation for funding of the balance portion of project cost between development contributions and other sources of Council funding.

## **2.5 Vested assets and local works**

The value of assets vested or expenditure made by a developer, pursuant to a requirement under the RMA, shall not be used to off-set development contributions payable on a development unless all or a portion of such assets or expenditure can be shown to avoid or reduce the need for Council to incur costs providing an asset that is included in its capital works programme, for which development contributions are sought.

The value of assets vested or expenditure made voluntarily by a developer to enhance a development shall not be used to offset development contributions payable on development.

## **2.6 Past surplus capacity provided**

In accordance with s.199(2) of the act, development contributions may be required to fund capital expenditure already incurred by Council in anticipation of development, prior to the adoption of this policy.

Where Council has in recent years incurred expenditure to undertake works or acquire land in anticipation of development, it may seek to recover this expenditure from development contributions yet to be made. Council may include the value of past surplus capacity in its calculation of development contributions.

## **2.7 Cumulative and network effects**

In accordance with s.199(3) of the act, development contributions may be required under this policy, where a development, in combination with other developments, has a cumulative effect including the cumulative effect of developments on network infrastructure.



## 2.8 Geographic grouping (catchments)

In keeping with the principle in s.197AB(g) of the act, Council considers that development contributions should be required from new developments on a geographic basis using separate catchments those being determined:

- a) in a manner that balances practical and administrative efficiency with considerations of fairness and equity; and
- b) avoids, wherever practical, grouping across the entire District.

A catchment is an area of Southland District within which growth and development is occurring, which is likely, either solely or cumulatively, to give rise to the need for, or benefit from, particular Council activities.

This policy avoids the use of District-wide catchments for the recovery of development contributions.

This policy uses five separate ward-based catchments for community infrastructure and stormwater assets because it is considered impractical to divide the areas of benefit of these types of asset into smaller geographic areas.

This policy uses separate local scheme-by-scheme catchments for water supply and wastewater activities. Development contributions will be payable only where the service is available and in the case of water supply and wastewater, only to those new households, businesses or other developments connecting to the networks concerned. It is considered reasonably practical to administer the policy using local scheme-by-scheme catchments. The catchments used in this policy are summarised in Appendix 2.

## 2.9 Principles of cost allocation

In keeping with the principle in s.197AB(a) of the act, an asset should not be considered for cost allocation for recovery through a development contribution unless it is a new or additional asset or an asset of increased capacity required to be provided by Council to deal with the effects of developments.

In keeping with the principle in s.197AB(c) of the act, the cost of any project identified in the Long Term Plan will, after deductions for subsidies and other sources of funding, be allocated between:

- a) the costs if any for improving levels of service to existing households and businesses by bringing assets up to the service standard and/or by providing additional service life, to be expressed as the ILOS cost; and
- b) the costs if any for providing additional capacity to service the development of new households and businesses, to be expressed as the AC cost.

Council will allocate project costs between ILOS costs and AC costs using a need/benefits matrix methodology in the manner described in Section 4.0 - Methodology.

## 2.10 Capacity life of assets

In keeping with the principle in s.197AB(b) of the Act, Council has considered the period over which the benefits of capital expenditure for new development are expected to occur. It considers that capital expenditure on infrastructure during the Long Term Plan period should be recovered over the full take-up



period of each asset, from all development that created the need for that expenditure or will benefit from capacity it provides, including development occurring after the Long Term Plan period.

Council has determined that:

- a) new development occurring in the Long Term Plan period will contribute only to that proportion of additional asset capacity that it is expected to consume;
- b) future development occurring after the Long Term Plan period will contribute toward the remaining surplus capacity in assets at the end of that period.

In calculating the development contributions payable by new development for each activity type, Council will:

- a) include the value of any past surplus capacity in assets provided after 1 July 2005 that is expected to be consumed by new development, where this can be identified and where it can be shown to have been provided in anticipation of growth;
- b) include the value of capacity in assets to be provided in the Long Term Plan period, that is expected to be consumed by new development; and
- c) exclude the value of remaining surplus capacity in assets at the end of the Long Term Plan period, which is likely to be consumed by future development.

Recovery of the whole of a project's cost from only those households and businesses establishing in the Long Term Plan period may place an unfair burden on them. Households and businesses developing after the period will arrive to a fully paid up asset with spare capacity for their developments.

This policy uses a development contributions calculation period extending from 1 July 2005 (to include past surplus capacity) to 30 June 2054 in order to ensure more equitable attribution under Schedule 13 of the act. This future outlook in excess of 30 years is to take account of major infrastructure projects that may retain spare capacity for up to 30 years, particularly as a result of prolonged periods of slow growth as have been experienced in the District.

## 2.11 Significant assumptions

Section 201(1)(b) of the act requires this policy to set out the significant assumptions underlying the calculation of the schedule of development contributions, including an estimate of the potential effects, if there is a significant level of uncertainty as to the scope and nature of the effects.

The significant assumptions underlying the calculation of the schedule of development contributions are that:

- a) the rate, level and location of growth will occur as forecast in the rating growth projections accompanying the Long Term Plan
- b) capital expenditure will be in accordance with the capital works programme in the Long Term Plan and future capital expenditure is based on the best available knowledge at the time of preparation. These are to take into account known or likely construction costs and assumed inflation rates
- c) no significant changes to service standards are expected to occur in the Long Term Plan period other than those planned for in the activity management plans



- d) the level of any third party funding for projects will continue at predicted levels for the period of the Long Term Plan
- e) there will be no significant variations to predicted rates of interest and inflation to those set out in the Long Term Plan
- f) each residential dwelling comprises the average number of residents from the 2018 Census. The demand on Council assets placed by a standard dwelling (Unit of Demand) is assumed to be 2.7 persons per dwelling and this is applied District-wide.

An assessment of effects, if there is a significant level of uncertainty as to the scope and nature of the effects, is set out in Appendix 3 of this policy.

## 2.12 Financial policy

All project costs used in the development contributions section of the policy should be based on current estimates of infrastructure construction prices at the time of planning in the dollars of the year of planning, with inflation of all capital costs over the period using local government cost adjusters supplied by a commercial research and analysis agency, such as BERL.

All capital expenditure and development contributions contained in this policy are exclusive of GST (except where shown to be inclusive).

No cost of capital, including interest, is included in growth cost calculations for the purposes of this policy.

## 2.13 Policy on existing lots or development

When granting a consent or authorising a connection for development, and calculating the units of demand from that development, Council will deduct the units of demand generated by existing lots or development already legally established at the date of granting consent, other than as required in the three paragraphs below.

The paragraph above shall apply to any lot or development that:

- a) was already legally established at the date on which this policy became operative, on 1 July 2024; or
- b) has been legally established since the date on which this policy became operative and for which a development contribution has been paid; or
- c) is not yet legally established but for which a development contribution has been paid (and not refunded).

Legally established development includes buildings and structures which can be shown to have been in existence on but have been demolished up to three years prior to this policy becoming operative on 1 July 2024.

Section 2.13 shall not apply to any lot or development for which a contribution has been required and has not yet been paid.

Council may require a development contribution to be paid for any existing legally established lot or development, in a water supply or wastewater area, with no connection to the service, which is to be connected for the first time or seeks connection to either a water supply network or a wastewater network,



as the case may be, where no development contribution or other such payment for these services can be shown to have been previously paid.

Council may require a development contribution to be paid for any existing legally established lot that has previously been prevented from being developed by any open space covenant or by any other restriction registered against the title of the lot and that covenant or restriction has been removed.

In considering legally established developments already on a development site, Council will use the current or most recent use of the site and not its zoning to determine the existing units of demand that will be deducted when calculating the development contribution.

## **2.14 Use of development contributions**

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In keeping with the principle in s.197AB(d) of the act, development contributions will be used:

- a) for or towards the purpose of the activity or the group of activities for which the contributions were required; and
- b) for the benefit of Southland District or the part of the District that is identified in this policy in which the development contributions were required.

Development contributions will be used for the capital expenditure for which they were required in accordance with s.204(1) of the act and will not be used for the maintenance of reserves, network infrastructure or community infrastructure.

## **2.15 Network infrastructure**

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Under s.197 of the act, the term development excludes the pipes and lines of any network utility operator. Council will not seek development contributions for the installation or expansion of network infrastructure, including the pipes, lines, roads, water supply, wastewater and stormwater networks by network utility operators.

The paragraph above does not apply to development by network utility operators carried out in order to run their normal business such as offices, industrial buildings, warehouses and storage areas, which may be liable for the payment of development contributions.

## **2.16 Policy on remission or postponements of development contributions**

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In accordance with s.201(1)(c) of the act, Section 3.5 of this policy includes provisions that will enable Council to consider remissions and postponements of development contributions.

## **2.17 Policy on refunds**

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Council will refund development contributions in accordance with the requirements of ss.209 and 210 of the act.





### 2.18 Development agreements

Council may enter into development agreements with developers for the provision, supply, or exchange of infrastructure, land, or money to provide network infrastructure, community infrastructure, or reserves to the District or a part of the District. The provisions of ss.207A to 207F shall apply to such agreements.

## 3 Practical application

### 3.1 Requirement for development contributions

Upon granting:

- a) a resource consent under the RMA;
- b) a building consent under the Building Act 2004;
- c) an authorisation for a service connection;

Council will determine whether the activity to which the consent or authorisation relates is a “development” under the act, which:

- a) has the effect of requiring new or additional assets or assets of increased capacity (including assets which may already have been provided by Council in anticipation of development); and
- b) as a consequence requires (or has required) Council to incur capital expenditure to provide appropriately for those assets; and
- c) that capital expenditure is not otherwise funded or provided for.

Upon determining that the activity is a “development”, Council may require a development contribution to be made towards the activity associated with that development, according to the geographic catchment in which the development is located, for:

- a) water supply;
- b) wastewater; and
- c) community infrastructure.

Council shall calculate the development contribution payable at the time of granting the consent or authorisation and issue an assessment of development contributions payable.

A development contribution may be paid at any time from the date of assessment up to the date when the contribution is required to be paid as a result of Council issuing an invoice.

In accordance with s.198(2A) of the act, a development contribution must be consistent with the content of the policy that was in force at the time that the application for a resource consent, building consent, or service connection was submitted.

Council will invoice a development contribution at the following times:

- a) in the case of a resource consent for subdivision, at the time of application for a certificate under s.224(c) of the RMA, with payment required prior to the issue of the certificate;



- b) in the case of a resource consent for land use, at the time of notification of commencement or commencement of the consent, whichever is the earlier, with payment required prior to commencement of the consented activity;
- c) in the case of a building consent, at the time of granting the building consent with payment no later than 90 days from the date of granting consent or prior to the issue of a code compliance certificate, whichever is the earlier;
- d) in the case of a service connection, at the time of approval of the service connection with payment prior to connection.

In accordance with s.208 of the act, if contributions are not paid at the times required this section, the Council may:

- a) withhold a certificate under s.224(c) of the RMA in the case of a subdivision;
- b) prevent the activity commencing in the case of a land use consent;
- c) withhold a code compliance certificate or certificate of acceptance in the case of a building consent;
- d) withhold a service connection to the development.

If, after exercising its powers under s.208 of the act, any development contribution remains unpaid, Council may under s.252 of the act regard the amount payable as a debt and take debt recovery action to recover that development contribution.

In the case of a resource consent for land use only, where a building consent is required to give effect to the resource consent, the applicant may apply for a postponement of payment under Section 3.5 of this policy. If this is granted, Council will only require payment at the time it issues a building consent.

If a grantee of a consent is in possession of two development contribution invoices for different consents relating to the same lot, both invoices will continue to have effect until payment is made of one of those invoices. When the first invoice is paid, the second invoice will be withdrawn and a reassessment of development contributions payable for the subdivision or development, as the case may be, relating to the second invoice, will be made under section 3.2. If any development contribution is payable on re-assessment, a new invoice will be issued.

No consented activity or building work shall commence prior to the payment of the development contribution and where such activity or work has commenced prior to such payment, Council shall require this to cease until payment has been made.

### 3.2 Amount of total development contribution

The total amount of development contribution payable when issuing any consent or authorisation for subdivision or development, shall be the sum of the development contribution payable for each activity, calculated as:

$$[(a) \times [\Sigma(n) - \Sigma(x)]] + \text{GST}$$

Where:

(a) = the applicable development contribution per unit of demand determined from Schedule 3 and the activity-funding area for each type of community facility in which the subdivision or development lies.

$\Sigma$  = the sum of the terms inside the brackets.





(n) = for each lot at the completion of the consent or authorisation application, the total lot units of demand OR the total activity units of demand, determined by Table 1, whichever is the greater.

(x) = for each lot in existence (or for which a s.224 certificate under the RMA has been issued) prior to the date of the consent or authorisation application, the total lot units of demand OR the total activity units of demand for the existing development, determined by Table 1, whichever is the greater.

Examples of the method for calculating units of demand from different types of development are set out in Appendix 6.

The development contribution per unit of demand in Schedule 3, may be increased for any Producer Price Index adjustment in accordance with s.106(2B) of the act.

### 3.3 Determination of units of demand

In accordance with Schedule 13 of the act, the additional capacity (AC cost) component of capital expenditure associated with new development in any catchment will be allocated equally between the numbers of new units of demand expected to occur in that catchment during the development contributions calculation period.

Council has determined that units of demand generated by different land use types shall be those reflected in Table 1.

Demand for services may be necessitated by the creation of new lots (lot units of demand) that are required to be serviced in advance of their occupation. Demand for services may also be generated by the use and development of lots (activity units of demand), including the intensification or expansion of activity on those lots.

TABLE 1 - UNITS OF DEMAND GENERATED BY SUBDIVISION AND DEVELOPMENT	
Lot unit of demand	Units of demand
one residential or rural lot	1.0
one mixed-use residential/commercial lot	1.0
one commercial, industrial or other non-residential lot with an area of less than 1,000 m <sup>2</sup>	Lot area divided by 1,000 per square metre
one commercial, industrial or other non-residential lot with an area of 1,000 m <sup>2</sup> or more	1.0
for the purposes of calculating community infrastructure development contributions only, one commercial, industrial or other non-residential lot	0
for the purposes of calculating water supply and wastewater development contributions ONLY, any <b>existing</b> <i>legally established lot</i> not connected to either the water supply network or the wastewater network as the case may be	0
for the purposes of calculating water supply and wastewater development contributions ONLY, any <b>proposed</b> <i>lot</i> not to be connected to either the water supply network or the wastewater network as the case may be	0
one <i>serviced camping site</i>	Special application

**TABLE 1 - UNITS OF DEMAND GENERATED BY SUBDIVISION AND DEVELOPMENT**

one <i>lot</i> : <ul style="list-style-type: none"> <li>wholly covenanted in perpetuity as provided for by s.22 of the Queen Elizabeth the Second National Trust Act 1977</li> <li>the title of which prevents any form of development on the <i>lot</i>.</li> </ul>	0
<b>Activity unit of demand</b>	<b>Units of demand</b>
one <i>dwelling unit</i> or <i>accommodation unit</i> (excluding a serviced camping site) of two or more <i>bedrooms</i> per unit	1.0
one commercial unit including the commercial part of any activity but excluding any part that comprises accommodation units	the <i>net lettable area</i> on the <i>lot</i> multiplied by the applicable <i>unit of demand</i> factors in this table
one industrial unit or any other non-residential development	special application
for the purposes of calculating community infrastructure development contributions only, one commercial, industrial or other non-residential development	0
any <i>dwelling unit</i> , or <i>accommodation unit</i> (excluding a serviced camping site) of one or fewer <i>bedrooms</i> per unit	0.5
any room in an <i>accommodation unit</i> or any room in a retirement village or school, normally accommodating more than three persons	the number of persons able to be accommodated in the room divided by 6
any <i>retirement unit</i> for purposes of calculating the water supply and wastewater contributions only	0.5 otherwise 0
any <i>aged care room</i> for purposes of calculating the water supply and wastewater contributions only	0.2 otherwise 0
other activity (activity not specified elsewhere in this table)	special application
for the purposes of calculating water supply and wastewater development contributions ONLY, any <b>existing</b> <i>legally established</i> development not connected to either the water supply network or the wastewater network as the case may be	0
for the purposes of calculating water supply and wastewater development contributions ONLY, any <b>proposed</b> development not to be connected to either the water supply network or the wastewater network as the case may be	0
network infrastructure, including pipes, lines and installations, roads, water supply, wastewater and stormwater collection and management systems	0
farm buildings associated with normal farming operations including sheds, barns, garages and buildings for indoor poultry livestock and crop production	0
Crown developments	0
<b>Unit of demand factors commercial development</b>	<b>Calculated in Appendix 5</b>
water supply – commercial development	1 per 769 m <sup>2</sup> <i>net lettable area</i>
wastewater - commercial development	1 per 322 m <sup>2</sup> <i>net lettable area</i>



The different units of demand generated by a unit of commercial activity, as compared with a unit of residential activity, arise mainly from the different scale and nature of activity when compared to demand from a standard dwelling unit.

To ensure fair and equitable assessment this policy:

- a) uses lot size in the case of subdivision for commercial purposes;
- b) uses net lettable area in the case of commercial development as a proxy for assessing the different units of demand on services, likely to be generated respectively by residential and commercial activity and incorporates multipliers (unit of demand factors) to quantify those differences;
- c) requires a special application to assess development contributions on industrial activity.

The assumptions used in this policy to derive the unit of demand factors for commercial development in Table 1 are described in Appendix 5 of this policy.

### 3.4 Information requirements

The applicant for any consent or authorisation shall provide all information necessary for Council to calculate the amount of a development contribution, including the net lettable area of the development if required for purposes of an assessment under Table 1.

The applicant shall be responsible for providing proof of the legal establishment of existing units of demand for purposes of an assessment under Table 1.

Existing units of demand may include legally established buildings and structures that have been demolished up to three years prior to this policy becoming operative on 1 July 2024.

### 3.5 Remissions and postponements of development contributions

In addition to rights to reconsideration provided for by s.199A and 199B of the act, Council will consider applications for remission or postponement of development contributions.

Council will consider applications for and may grant a remission of any development contribution where the applicant has provided and/or funded the same infrastructure that a development contribution has been required for but that remission shall be limited to the value of infrastructure provided or funded. In cases where the value of infrastructure provided or funded exceeds the development contribution payable, Council shall meet the excess costs by separate agreement with the applicant.

Council will consider applications for and may grant a remission of any development contribution or financial contribution for Māori Land to the extent the resource consent relates to the occupation, development, and utilisation of that land for the benefit of its owners, their whānau, or their hapū.

Council will consider applications for and may grant a postponement of the payment of a development contribution in the case of resource consent for land use only, where a building consent is required to give effect to that resource consent. At the discretion of Council, the payment of a development contribution on the resource consent may be postponed until a building consent is granted.



Council will consider applications for a postponement of the payment of a development contribution in the case of a subdivision consent. If it grants a postponement it may do so on whatever terms Council thinks fit, including that it may:

- a) issue a certificate under s.224(c) of the RMA, prior to the payment of a development contribution; and
- b) register the development contribution under subpart 5 of the Land Transfer Act 2017, as a charge on the title of the land in respect of which the development contribution was required.

An applicant may formally request Council to review the development contribution required and remit or postpone the development contribution payment.

Any such request shall be made in writing no later than 15 working days after the date on which Council issues an invoice under section 3.1, setting out the reasons for the request.

Prior to accepting any such request for review, Council shall require the applicant to provide specific details of the manner in which its proposals qualify for a remission or postponement.

In undertaking the review, Council or a committee of Council or an officer so delegated:

- a) shall, as soon as reasonably practicable, consider the request
- b) may determine whether to hold a hearing for the purposes of the review and if it does, give at least five working days' notice to the applicant of the date, time and place of the hearing
- c) may at its discretion uphold, remit in whole or in part or postpone (as the case may be) the original development contribution required and shall advise the applicant in writing of its decision within ten working days of making that decision
- d) may charge such fee as determined in its annual schedule of fees, to consider the request.

### 3.6 Reconsideration process

As required by s.202A of the act, this policy must set out the process for requesting reconsideration of a requirement for a development contribution under s.199A of the act. The process for reconsideration must set out:

- a) how the request can be lodged with Council; and
- b) the steps in the process that Council will apply when reconsidering the requirement to make a development contribution.

An applicant who is required to make a development contribution may request a reconsideration of that requirement if they believe that:

- a) the development contribution was incorrectly calculated or assessed under this policy; or
- b) Council incorrectly applied this policy; or
- c) the information used to assess the applicant's development against this policy, or the way Council has recorded or used it when requiring the development contribution, was incomplete or contained errors.

Any request for reconsideration shall be made in writing, no later than 15 working days after the date on which Council issues an invoice under Section 3.1 of this policy.



Prior to accepting any request for review, Council shall require the applicant to state the reasons for reconsideration and provide sufficient information to enable Council to reconsider the development contribution.

Council or a committee of Council (or an officer so delegated) will limit its considerations to matters set out in s.199A of the act.

In accordance with s.199B(1) of the act, Council must, within 15 working days after the date on which it receives all required relevant information relating to a request, give written notice of the outcome of its reconsideration to the applicant who made the request.

In accordance with s.199B(2) of the act, an applicant who requested reconsideration may object to the outcome of the reconsideration.

### **3.7 Special applications**

Where developments are marked for special application or not adequately represented in Table 1 or there are specific circumstances related to the applications, these may be considered on a case-by-case basis.

Units of demand calculated are based on potential demand not actual demand at any one time.

Accordingly specific circumstances do not include those where the users do not utilise the full potential demand (eg a hotel with a 50% occupancy rate will still be assessed at a 100% of the unit of demand relating to hotels; a house with one occupant will be assessed at the unit of demand for a household).

### **3.8 Crown developments**

The Crown is exempt from the provisions of this policy by virtue of s.8 of the act. If an applicant considers that it is the Crown for the purposes of avoiding liability to pay a development contribution, Council may require the applicant to provide written advice to Council outlining the basis on which the applicant considers that it is the Crown.

### **3.9 Statement on GST**

Any development or financial contribution referred to in this policy or in the accompanying development contributions model and any development contribution required in the form of money, pursuant to this policy, is exclusive of Goods and Services Tax.

## **4 Methodology**

The calculation of the separate portions of the cost of any combined project (AC/ILOS project) between that for improving levels of service to existing households and businesses (ILOS costs), and that for providing additional capacity to accommodate new development of households and businesses (AC costs) under this policy, is carried out using the following procedure.



#### 4.1 Step 1: Listing projects

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Every project in the capital works programme of the Long Term Plan for the activities for which the Council intends to require development contributions is listed in the Project Allocation Schedule of the Development Contributions Model.

Every surplus capacity project is listed in the Surplus Capacity Schedule.

Where possible, distinct stages of a project or distinct parts of a project are listed in the schedules as separate components and separate calculations carried out for each.

For each project in the schedules, the following base information is provided:

- a) the total project cost
- b) the catchment which the project will serve
- c) the level of any subsidy, third party funding or other source of funding if any which is deducted from the total project cost to give the net project cost
- d) the year in which the project or component is to be carried out in the Long Term Plan, or in the case of each surplus capacity project (SC project), the year it was completed
- e) the year in which the project capacity is expected to be fully consumed.

#### 4.2 Step 2: Initial screening

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Each project in the Project Allocation Schedule is categorised “Yes” or “No” in answer to the question – “Is this capital expenditure required at least partly to provide appropriately for new or additional assets or assets of increased capacity in order to address the effects of development?” By answering:

- a) “No” - the project is treated as a pure renewal or level of service project and the cost of the project is removed from the development contribution calculation
- b) “Yes” - the project is treated as either a combined project (AC/ILOS project) or an additional capacity for growth project (AC project) and is subject to further analysis.

Each project in the Surplus Capacity Schedule is categorised “Yes” or “No” in answer to the question – “Was capital expenditure on this project incurred, at least partly, in anticipation of development?” By answering:

- a) “No” - the project is treated as a pure renewal or level of service project and the cost of the project is removed from the development contribution calculation;
- b) “Yes” - the project is treated as either a combined project (AC/ILOS project) or an additional capacity for growth project (AC project) and is subject to further analysis.

#### 4.3 Step 3: Cost allocation of combined projects or additional capacity for growth projects

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Using the information provided on combined projects (AC/ILOS projects) and additional capacity for growth projects (AC projects) in the project schedules, a needs/benefits matrix analysis is carried out by which it is required to state for each project:





- the degree, on a scale of 0 to 10 to which growth created the need for the project to be undertaken. (0 = not at all, 10 = totally)
- the degree on a scale of 0 to 10 to which the growth community will benefit from the project being undertaken. (0 = not at all, 10 = totally).

**Calculation of Growth Component % - Need/Benefit Matrix**

		NEED To what degree does Growth create the need for the project 0 = not at all, 10 = totally										
BENEFIT To what degree does Growth benefit from the project 0 = not at all, 10 = totally	Factor	0	1	2	3	4	5	6	7	8	9	10
	0	0	5	10	15	20	25	30	35	40	45	50
	1	5	10	15	20	25	30	35	40	45	50	55
	2	10	15	20	25	30	35	40	45	50	55	60
	3	15	20	25	30	35	40	45	50	55	60	65
	4	20	25	30	35	40	45	50	55	60	65	70
	5	25	30	35	40	45	50	55	60	65	70	75
	6	30	35	40	45	50	55	60	65	70	75	80
	7	35	40	45	50	55	60	65	70	75	80	85
	8	40	45	50	55	60	65	70	75	80	85	90
	9	45	50	55	60	65	70	75	80	85	90	95
	10	50	55	60	65	70	75	80	85	90	95	100

The value is chosen in each case from the need/benefits matrix in the model which produces an estimated percentage of cost attributable to growth.

The matrix generates 121 different need/benefit combinations. The percentage derived is applied to the net project cost to determine the AC cost. The remainder of the net project cost is the ILOS cost.

A unit price is calculated for each project by dividing the project cost by the total units of demand that will consume its capacity comprising:

- existing units of demand at 2024; plus
- additional units of demand expected to consume capacity in the asset by the end of its asset life.

#### 4.4 Step 4: Capacity life - cost allocation between new and future units of demand

Using information provided on the year in which capacity take up of a project is expected to start and the year in which the project capacity is expected to be fully consumed, the AC cost of the project is divided between new units of demand (N) arriving in the activity-funding area in the Long Term Plan period and future units of demand (F) arriving after the end of the Long Term Plan period, as follows:

- the AC cost to F is the AC cost determined in section 4.3 above multiplied by the years of capacity take up after the Long Term Plan period divided by total years of capacity take-up;
- the AC cost to N is the AC cost less the AC cost to F.

Only the AC cost to N is used in the calculation of development contributions.

In addition to predicting the capacity take up of an asset, by comparing the start and end years of capacity life against rating unit projections, the development contributions model is able to accept a finite capacity



figure from the activity manager which, regardless of years of take-up, can be used to share the cost of an asset equitably among the known number of units of demand that will eventually consume its capacity.

#### **4.5 Step 5: Growth assumptions - sharing 10-year costs among projected growth**

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In order to calculate the amount of new development to which the growth related portion of capital expenditure (AC costs) for infrastructure will be attributed, area-by-area projections of new and future units of demand for services in the period 2024 to 2054 are required.

Council maintains a detailed rating database that provides the numbers of rating units for all parts of the District.

The numbers of rating units provide a close correlation with numbers of lots in the District and a measure of separate units of activity on any lot where this is the case. They are considered to provide a reasonably sound measure of the units of demand for infrastructure and services.

The growth projection worksheet of the development contributions model, projections schedule, contains as the base year, the number of rating units (units of demand) for each activity type existing at the time of the proposed 2024/2025 rates year. Rating data is available for the whole Southland District, and each of the water supply, wastewater, stormwater and community infrastructure catchments.

Long Term Plan assumptions have been used to determine the expected annual increase in the numbers of rating units and hence units of demand to 2034, in each of these catchment areas.

The projections schedule also provides long-term estimates for future rating units (units of demand) after the Long Term Plan period to 2054, in order to ensure that any portion of remaining surplus capacity at the end of the period may be attributed to future development.

Geographic catchments will apply to each activity type. Projections schedule provides rating units at 2024 and projected rating units for each activity-funding area to 2054.

#### **4.6 Step 6: Allocation of costs to units of demand - schedule of development contributions**

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The development contribution for each activity and each catchment to be charged per unit of demand is derived by dividing the costs of growth in the Long Term Plan period (AC Cost to N), derived in Step 3 and Step 4 by the number of additional rating units expected in the period, derived in Step 5.

A full schedule of development contributions (Schedule 3) must be prepared as part of the policy to enable the development contributions to be calculated by infrastructure type and catchment on each development application.

#### **4.7 Interest and inflation**

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The development contributions model does not include interest on growth related capital expenditure in the calculation of the development contribution amounts.





Council does not intend to recover past interest that has been funded from rates from development contributions and has not included it in the development contribution calculation.

The development contributions model uses the inflated capital costs in the Long Term Plan to calculate development contributions.

DRAFT



## 5 Schedules

### Schedule 1 – Schedule of assets for which development contributions will be used (s.201A of the act)

Activity	DCP catchment	Project name	Type	Project cost	Demand related proportion for recovery through development contributions		Proportion recovered through other sources	
					With dev contrib in remission	*If dev contrib were not in remission and charged	With dev contrib in remission	*If dev contrib were not in remission and charged
2024-2034 LTP								
Water Supply (Network Infrastructure)	Te Anau	Te Anau - Additional water bores (P-11268A)	2024 LTP Project	\$1,698,762	0%	50%*	100%	50%*
	Riverton	Riverton – Water treatment plant upgrade (P11406A+B)	2024 LTP Project	\$3,375,000	0%	50%*	100%	50%*
Wastewater (Network Infrastructure)	Te Anau	Te Anau Luxmore Subdivision - Pump station or gravity system upgrade (P-11421)-	2024 LTP Project	\$1,052,675	0%	100%*	100%	0%*
Stormwater (Network Infrastructure)	Mararoa Waimea Ward	Te Anau - Creation of a new detention/retention basin (P-11228A)	2024 LTP Project	\$473,704	0%	60%*	100%	40%*
Community services - Cemeteries (Community Infrastructure)	Waiau Aparima Ward	Riverton cemetery land purchase for expansion (P-10989)	2024 LTP Project	\$225,836	0%	0%*	100%	100%*
Total 2024 LTP				\$6,825,977				
Past surplus capacity								
Wastewater (Network Infrastructure)	Te Anau	Te Anau/Manapouri Treatment and Disposal	2021 LTP Project	\$26,299,340	1.30%	16.40%*	98.70%	83.60%*
Total surplus capacity				\$26,299,340				

The information *\*If dev contrib were not in remission and charged* has been included for information purposes only to show what proportion of project costs would be funded by development contributions if these were reinstated in the future. While these projects have a demand component, because Council has put development contributions into remission across the District in order to encourage economic growth, the demand share of the project that would otherwise be recovered by development contribution will be funded by rates and previously collected contributions. Council will periodically review its decision to remit development contributions to ensure that it remains appropriate in consideration of the economic and population growth.

## Schedule 2 - Capital expenditure identified to meet increased demand resulting from growth\* and sources of funding by activity

2(A) WITH DEVELOPMENT CONTRIBUTIONS IN REMISSION											
Activity	2024-34 LTP					Surplus Capacity					
	Total cap project costs	Dev contrib (New)	Dev contrib (Future)	Rates	Subsidies/ grants/ dev contrib already collected	Total value of surplus capacity projects	Dev contrib (New)	Dev contrib (Future)	Dev contrib (already consumed)	Rates	Subsidies/ grants/ dev contrib already collected
Wastewater	\$1,052,675	\$ -	\$ -	\$1,052,675	\$ -	\$26,299,340	\$ -	\$ -	\$ -	\$17,456,734	\$8,842,606
Water Supply	\$6,020,996	\$ -	\$ -	\$6,020,996	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Stormwater	\$473,704	\$ -	\$ -	\$473,704	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Community Services (Cemeteries)	\$225,839	\$ -	\$ -	\$225,836	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$7,773,211</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$7,773,211</b>	<b>\$ -</b>	<b>\$26,299,340</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$17,456,734</b>	<b>\$8,842,606</b>

Although there are a number of projects with demand components scheduled, Council is proposing to place the collection of development contributions into remission. Under this proposal the cost of any capital expenditure to meet increased demand from growth which would have been funded by development contributions will instead be sourced from development contributions already collected and rates. Table 2(A) above shows the remission approach. Table 2(B) below has been included for information purposes only to show what the impact of reinstating development contributions as a source of funding for demand related capital expenditure would be if Council deemed it appropriate to reinstate these in the future. Any reinstatement would reduce the rates requirement assuming that anticipated demand related development (e.g. subdivision) occurs in line with Council's growth assumption.

2(B) WITH DEVELOPMENT CONTRIBUTIONS BEING CHARGED (NOT IN REMISSION)											
Activity	2024-34 LTP					Surplus Capacity					
	Total cap project costs	Dev contrib (New)	Dev contrib (Future)	Rates	Subsidies/ grants/ dev contrib already collected	Total value of surplus capacity projects	Dev contrib (New)	Dev contrib (Future)	Dev contrib (already consumed)	Rates	Subsidies/ grants/ dev contrib already collected
Wastewater	\$1,052,675	\$713,332	\$339,343	\$ -	\$ -	\$26,299,340	\$1,437,410	\$2,587,337	\$287,482	\$13,144,505	\$8,842,606
Water Supply	\$6,020,996	\$1,688,671	\$1,321,827	\$3,010,498	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Stormwater	\$473,704	\$211,135	\$73,087	\$189,482	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Community Services (Cemeteries)	\$225,839	\$ -	\$ -	\$225,836	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$7,773,211</b>	<b>\$2,613,138</b>	<b>\$1,734,257</b>	<b>\$3,425,816</b>	<b>\$ -</b>	<b>\$26,299,340</b>	<b>\$1,437,410</b>	<b>\$2,587,337</b>	<b>\$287,482</b>	<b>\$13,144,505</b>	<b>\$8,842,606</b>

### Schedule 3 - Schedule of development contributions

3(A) WITH DEVELOPMENT CONTRIBUTIONS IN REMISSION							
Area	Water supply	Wastewater	Stormwater	Community infrastructure	Reserves	Roading	Total
Riverton	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Te Anau	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mararoa Waimea Ward	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note 1: these contribution amounts do not include GST

Because Council has put development contributions into remission across the District in order to encourage economic growth, Table 3(A) shows the remission approach with no contributions. Instead the demand share of project costs will be funded by rates and previously collected contributions. Table 3(B) below has been included for information purposes only to show what the amount of contributions would be across the various catchments if development contributions were not in remission. Council will periodically review its decision to remit development contributions to ensure that it remains appropriate in consideration of the economic and population growth.

3(B) WITH DEVELOPMENT CONTRIBUTIONS BEING CHARGED (NOT IN REMISSION)							
Area	Water supply	Wastewater	Stormwater	Community infrastructure	Reserves	Roading	Total
Riverton	\$4,638	\$ -	\$ -	\$ -	\$ -	\$ -	\$4,638
Te Anau	\$4,144	\$5,620	\$ -	\$ -	\$ -	\$ -	\$9,764
Mararoa Waimea Ward	\$ -	\$ -	\$543	\$ -	\$ -	\$ -	\$543

Note 1: these contribution amounts do not include GST

Council will invoice a development contribution at the following times:

- in the case of a resource consent for subdivision, at the time of application for a certificate under s.224(c) of the RMA, with payment required prior to the issue of the certificate;
- in the case of a resource consent for land use, at the time of notification of commencement or commencement of the consent, whichever is the earlier, with payment required prior to commencement of the consented activity;
- in the case of a building consent, at the time of granting the building consent with payment no later than 90 days from the date of granting consent or prior to the issue of a code compliance certificate, whichever is the earlier;
- in the case of a service connection, at the time of approval of the service connection with payment prior to connection.



## 6 Roles and responsibilities

ROLE	ROLES AND RESPONSIBILITIES
<b>COUNCIL</b>	decision on whether to review and reinstate the policy when in remission
<b>ALL COUNCIL STAFF</b>	ensure that the policy is given full effect

## 7 Review and revision record

This policy may be reviewed at any time but no longer than three years from the date of its adoption.

Section 106(6) of the Act requires that a policy on development or financial contributions must be reviewed at least once every three years using a consultation process that gives effect to s.82 of the Act.

DATE	FILE NO.	VERSION	REVISION DESCRIPTION
<b>TBC</b>	TBC	Policy on Development and Financial Contributions	Long Term Plan 2024-34
<b>1 July 2021</b>	R/20/7/30795	Policy on Development and Financial Contributions	Long Term Plan 2021-31
<b>20 June 2018</b>	R/17/10/24438	Development and Financial Contributions Policy	Long Term Plan 2018-28
<b>20 May 2015</b>	R/15/6/10845	Development and Financial Contributions Policy	Long Term Plan 2015-25
<b>25 May 2014</b>	R/14/6/8794	Development and Financial Contributions Policy	Annual Plan 2014-15
<b>26 June 2013</b>	R/13/2/1981	Development and Financial Contributions Policy	June 2013
<b>30 June 2009</b>	R/09/9/13493	Development Contributions and Reserve Contributions under Local Government Act 2002 Policy	Long Term Council Community Plan 2009-19

## 8 Implementation

This policy will come into effect on [Date to be confirmed].

## 9 Appendix 1 - Definitions and abbreviations

DEFINITIONS	
Term	Meaning
<b>ACCOMMODATION UNIT</b>	has the definition given to it in s.197(2) of the act 2002, <i>“means units, apartments, rooms in 1 or more buildings, or cabins or sites in camping grounds and holiday parks, for the purpose of providing overnight, temporary, or rental accommodation.”</i>
<b>AC COST</b>	means the cost for providing additional capacity to service the development of new households and businesses
<b>ACTIVITY</b>	means a good or service provided by Council under s.5 of the act, and for which development contributions are normally collected
<b>ACTIVITY UNIT OF DEMAND</b>	means the demand for a community facility generated by development activity other than subdivision
<b>ADDITIONAL CAPACITY PROJECT OR AC PROJECT</b>	means a capital project in the Long Term Plan intended only to provide additional capacity to service new and future households and businesses
<b>AGED CARE ROOM</b>	means any residential unit in a “rest home” or “hospital care institution” as defined in s.58(4) of the Health and Disability Service (Safety) Act 2001
<b>ALLOTMENT OR LOT</b>	has the meaning given to the term “allotment” in s.218(2) of the RMA: (a) any parcel of land under the Land Transfer Act 1952 that is a continuous area and whose boundaries are shown separately on a survey plan, whether or not: (i) the subdivision shown on the survey plan has been allowed, or subdivision approval has been granted, under another act; or (ii) a subdivision consent for the subdivision shown on the survey plan has been granted under this act; or (b) any parcel of land or building or part of a building that is shown or identified separately— (i) on a survey plan; or (ii) on a licence within the meaning of Part 7A of the Land Transfer Act 1952; or (c) any unit on a unit plan; or (d) any parcel of land not subject to the Land Transfer Act 1952
<b>BEDROOM</b>	means a room used for sleeping, normally accommodating no more than three persons
<b>CATCHMENT</b>	is an area of the District identified in this policy within which growth and development is occurring, which is likely, either solely or cumulatively, to give rise to the need for, or benefit from, particular Council activities

DEFINITIONS	
<b>COMBINED PROJECT OR AC/ILOS PROJECT</b>	means a project in the Long Term Plan intended to deal with shortfalls in levels of service to existing households and businesses by bringing assets up to the <i>service standard</i> and/or by providing additional service life, and to provide capacity for further growth
<b>COMMERCIAL</b>	means non-residential development using land or buildings for the provision of goods and services in the course of a trade or business and includes retail development
<b>COMMUNITY FACILITIES</b>	means parks and reserves, network infrastructure, or community infrastructure for which development contributions may be required
<b>COMMUNITY INFRASTRUCTURE</b>	has the definition given to it in s.197(2) of the act
<b>DEVELOPMENT</b>	has the definition given to it in s.197(1) of the act
<b>DEVELOPMENT CONTRIBUTIONS CALCULATION PERIOD</b>	means the period between 1 July 2024 and a date 30 years after the date of adoption of this policy
<b>DISTRICT PLAN</b>	The operative Southland District Plan including any proposed plan or variation
<b>DWELLING UNIT</b>	any building or group of buildings or any part of those buildings, used or intended to be used solely or principally for residential purposes and occupied or intended to be occupied by not more than one household – and includes a minor household unit, a utility building or any unit of commercial accommodation
<b>HOUSEHOLD UNIT</b>	a building or part of a building capable of being used as an independent residence and includes dwelling apartments, semi-detached or detached houses, units, town houses, granny flats (or similar), and caravans (where used as a place of residence or occupied for a period of time exceeding six months in a calendar year)
<b>ILOS COST</b>	the cost of improving levels of service to existing households and businesses by bringing assets up to the <i>service standard</i> and/or by providing additional service life
<b>IMPROVED LEVEL OF SERVICE PROJECT OR ILOS PROJECT</b>	a capital project in the Long Term Plan intended only to deal with shortfalls in levels of service to existing households and businesses by bringing assets up to the <i>service standard</i> and/or by providing additional service life
<b>INDUSTRIAL</b>	a non-residential development using land or buildings where people use material and physical effort in the course of a trade or business to: <ul style="list-style-type: none"> <li>• extract or convert natural resources</li> <li>• produce goods or energy from natural or converted resources</li> <li>• repair goods, but</li> </ul>



DEFINITIONS	
	does not include mineral extraction or farm buildings associated with normal farming operations including sheds, barns, garages and buildings for indoor poultry livestock and crops production
<b>LEGALLY ESTABLISHED</b>	in relation to any <i>lot</i> or development, any <i>lot</i> for which a title has been issued, or any dwelling, commercial or industrial unit for which a code compliance certificate has been issued. <i>Legally established</i> development includes buildings and structures that can be shown to have been in existence when this policy became operative on 1 July 2021, but have since been demolished
<b>LOT UNIT OF DEMAND</b>	the demand for a community facility generated by the creation of lots through subdivision
<b>NET LETTABLE AREA</b>	the area for which a tenant could be charged for occupancy under a lease. Generally, it is the floor space contained within a tenancy at each floor level measured from the internal finished surfaces of permanent external walls and permanent internal walls but excluding features such as balconies and verandahs, common use areas, areas less than 1.5 m in height, service areas, and public spaces and thoroughfares
<b>MĀORI LAND</b>	Is land which under the Te Ture Whenua Māori Act 1993 has been assigned the status of either Māori customary land or Māori freehold land
<b>NON-RESIDENTIAL LOT OR DEVELOPMENT</b>	any lot or development that is not for residential purposes. This includes: <ul style="list-style-type: none"> <li>• all buildings that are considered a fundamental place of work such as dairy milking sheds, shearing sheds, and indoor farming facilities such as chickens or pigs</li> <li>• all buildings for the provision of sport, recreation or entertainment</li> <li>• all buildings for the provision of social and cultural pursuits</li> </ul>
<b>PAST SURPLUS CAPACITY</b>	capacity in assets provided as a result of capital expenditure made in anticipation of development since 1 July 2005
<b>REMAINING SURPLUS CAPACITY</b>	the estimated remaining capacity in capital assets at the end of the Long Term Plan period, available to service future development occurring after the Long Term Plan period
<b>RESIDENTIAL DEVELOPMENT</b>	any use of land and/or buildings by people for the purpose of living accommodation. It includes accessory buildings and leisure activities associated with needs generated principally from living on the site
<b>RETIREMENT UNIT</b>	any residential unit other than an aged care room, in a “ <i>retirement village</i> ” as defined in s.6 of the Retirement Villages Act 2003.
<b>SERVICED SITE</b>	any site dedicated for the location of a vehicle or tent for the accommodation of persons, which is provided with utility services such



DEFINITIONS	
	as water supply, wastewater disposal, solid waste disposal, electricity or gas, either directly to the site or in the immediate vicinity
<b>SURPLUS CAPACITY PROJECT OR SC PROJECT</b>	a past capital expenditure project carried out since 1 July 2005 in anticipation of new development and providing surplus capacity for further development
<b>UTILITY BUILDING</b>	is a structure containing facilities (such as toilet, shower, laundry, hot water cylinder, laundry tub) that make the site habitable prior to or during the erection of a dwelling
<b>UNIT OF DEMAND</b>	is a unit of measurement by which the relative demand for an activity, generated by different types of development (existing or proposed), can be assessed. A <i>unit of demand</i> may be expressed as a <i>lot unit of demand</i> or an <i>activity unit of demand</i>

## 10 Appendix 2 - Development contribution catchments

COMMUNITY FACILITY	CATCHMENT	DEVELOPMENT TO WHICH DEVELOPMENT CONTRIBUTION APPLIES
<b>WATER SUPPLY</b>	10 community potable water supplies: <ul style="list-style-type: none"> <li>• Edendale/Wyndham</li> <li>• Manapouri</li> <li>• Mossburn</li> <li>• Ohai/Nightcaps/Wairio</li> <li>• Orawia</li> <li>• Otautau</li> <li>• Riverton</li> <li>• Te Anau</li> <li>• Tuatapere</li> <li>• Winton</li> </ul> 2 treated rural water supply areas: <ul style="list-style-type: none"> <li>• Eastern Bush/Otahu Flat</li> <li>• Lumsden/Balfour</li> </ul>	Development in any separate water supply scheme
<b>WASTEWATER</b>	18 wastewater scheme areas: <ul style="list-style-type: none"> <li>• Balfour</li> <li>• Browns</li> <li>• Edendale/Wyndham</li> <li>• Gorge Road</li> <li>• Lumsden</li> <li>• Manapouri</li> <li>• Monowai</li> <li>• Nightcaps</li> <li>• Ohai</li> <li>• Riversdale</li> <li>• Riverton</li> <li>• Stewart Island</li> <li>• Te Anau</li> <li>• Tokanui</li> <li>• Tuatapere</li> <li>• Otautau</li> <li>• Wallacetown</li> <li>• Winton</li> </ul>	Development in any separate wastewater scheme
<b>COMMUNITY INFRASTRUCTURE</b>	Waihopai Toetoe Ward, Oreti Ward, Mararoa Waimea Ward, Waiau Aparima Ward, Stewart Island Rakiura Ward	Development in each separate ward

## 11 Appendix 3 - Assessment of significant assumptions

ASSUMPTION	LEVEL OF UNCERTAINTY	POTENTIAL EFFECTS
The rate, level and location of growth will occur as forecast in the rating growth projections accompanying the Long Term Plan	High	Lower than forecast growth will result in a significant under-recovery of any development contributions revenue
Capital expenditure will be in accordance with the capital works programme in the Long Term Plan and future capital expenditure is based on the best available knowledge at the time of preparation. These are to take into account known or likely construction costs and assumed inflation rates	High	Capital projects may not be delivered as planned decreasing funding costs but increasing maintenance costs or impacting levels of service
No significant changes to service standards are expected to occur in the Long Term Plan period other than those planned for in the Activity Management Plans	Low	No significant effects anticipated
The level of third party funding (such as NZ Transport Agency subsidies) will continue at predicted levels for period of the Long Term Plan	Very High	Reduced third party funding could leave maintenance and Council infrastructure renewal programmes materially underfunded
There will be no significant variations to predicted rates of interest and inflation to those set out in the Long Term Plan	Moderate/high	No significant effects anticipated
Each residential dwelling comprises the average number of residents from the 2018 census. The demand on Council assets placed by a standard dwelling (Unit of Demand) is assumed to be 2.7 persons per dwelling and this is applied District-wide	Moderate	The average dwelling occupancy will remain steady over time but there may be local areas where residential occupancy goes above the District average and places increased demands on infrastructure from that anticipated

## 12 Appendix 4 - Summary of financial contribution provisions in District Plan

The Southland District Plan requires the following financial contributions:

**Roading** - A contribution may be required for the development, maintenance and upgrading of roading infrastructure that serves the subdivision. The amount of contribution is 100% of the cost of the required work reduced with regard to:

- a) the current status and standard of roading leading to and fronting the site;
- b) the benefit of works to existing users and the wider public;
- c) the standard and classification of the road and expenditure required to meet this standard;
- d) the use or likely future use of the road by other parties;
- e) contributions made by central government and other agencies towards the development of the road; and
- f) previous financial contributions from developers who will benefit from the work.

**Reserves** - A contribution shall be required in the following situations:

- a) a contribution of 2% of the value of additional allotments created by subdivision, up to a maximum value of 2% of the value of 1,000 m<sup>2</sup> per lot, where existing reserves in the locality cannot deal with additional demand; or
- b) a contribution of 1% of the value (given as money or land) of additional allotments created by subdivision for minor improvements to existing reserves in the locality up to a maximum value of 1% of the value of 100 m<sup>2</sup> per lot;
- c) a contribution of the value of 20 m<sup>2</sup> for each additional residential unit created in a development;
- d) a contribution of the value of 4 m<sup>2</sup> of land for each additional 100 m<sup>2</sup> of net non-residential building floor area created in a development in the urban zone, commercial precinct or industrial zone.

### 13 Appendix 5 - Calculating units of demand for commercial development

Industrial and other non-residential development (other than commercial development) will be subject to special application under section 3.7 of this policy. In calculating the units of demand generated by commercial development for water supply and wastewater, as compared to that of an average dwelling unit, Council accepts that demand may vary between different types of commercial activity. However changes to the type of business over time may not constitute “development” under the act or even trigger a resource consent, building consent or new connection requiring a development contribution. This policy therefore treats all types of commercial activity as generating the same average unit of demand for a given net lettable area.

#### Water - comparison of residential and commercial demand

The residential daily demand for water comprises that for domestic purposes and non-domestic uses (eg gardening, car washing, firefighting, leakages etc). The following figures are used in the assessment:

- the average daily residential demand for domestic purposes is 230 litres/person/day
- the average daily residential demand for non-domestic purposes is 1,200 litres/dwelling.

In determining the units of demand for one dwelling unit, it is noted that not all potential demand will occur at the same time and therefore an average peak of four persons per household is used to assess peak usage per dwelling at 2,120 litres/day (4 x 230 litres/day + 1200 litres).

Water consumption sampling<sup>1</sup> of various commercial premises, offers data for premises which may be typical of many Southland main street businesses in the range 0 - 5,000 m<sup>2</sup> net lettable area (NLA). These would also generally be premises naturally rather than mechanically cooled with air conditioning systems using higher quantities of water.

Sampling found consumption in the range 875 - 1,200 m<sup>3</sup> (average 1,037 m<sup>3</sup>) per annum per 1,000 m<sup>3</sup> NLA. This converts as follows:

***Commercial premises consuming an average 2,840 litres per day per 1,000 m<sup>2</sup> NLA; thus  
If 2,120 litres per day is one unit of demand for residential; then  
2,840 litres per day (1,000 m<sup>2</sup> NLA) is 1.3 units of demand; then  
769 m<sup>2</sup> NLA is 1 unit of demand.***

#### Wastewater - comparison of residential and commercial demand

Average daily residential wastewater flows are assumed to equate to the domestic purposes water use of 230 litres/person/day, with water for non-domestic purposes not finding its way to the sewer. Average peak usage per property at four persons per dwelling is therefore 920 litres/day (4 x 230 litres/day).

It is assumed that all water consumption on commercial premises (2,840 litres per day per 1,000 m<sup>2</sup> NLA in main street situations will find its way to the sewer. To calculate the units of demand for wastewater:

***Commercial premises generate an average 2,840 litres wastewater per day per 1,000 m<sup>2</sup> NLA; thus  
If 920 litres per day is one unit of demand for residential; then  
2,840 litres per day (1,000 m<sup>2</sup> NLA) is 3.1 units of demand; then  
322 m<sup>2</sup> NLA is one unit of demand.***

<sup>1</sup> Water Performance Benchmarks for New Zealand: an approach to understanding water consumption in commercial office buildings, Bint, Isaacs and Vale, School of Architecture, Victoria University Wellington

## 14 Appendix 6 - Calculation of development contribution amount on a development

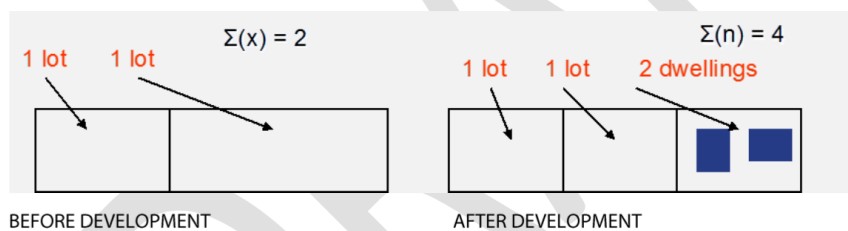
The formula in **Section 3.2** of this policy calculates the demand on infrastructure from any development site after the proposed development has taken place ( $n$ ) and subtracts the existing demand already generated by the site before the development occurs ( $x$ ). In this way, it identifies only additional demand placed on infrastructure as a result of the development. This additional demand is multiplied by the development contribution amount for each type of infrastructure to calculate the total development contribution payable.

Using Table 1 of this policy, the units of demand before and after development are calculated, as the greater of the number of lot units of demand making up the development site OR activity units of demand (building development) on the development site at the time.

The calculation is  $[(a) \times [\Sigma(n) - \Sigma(x)]] + \text{GST}$  where:

- (a) is the development contribution for the catchment eg wastewater \$1,316 per unit;
- (x) is, for each lot existing before development, the lot units of demand OR activity units of demand whichever is the greater;
- (n) is, for each lot after the development, the lot units of demand OR activity units of demand whichever is the greater.

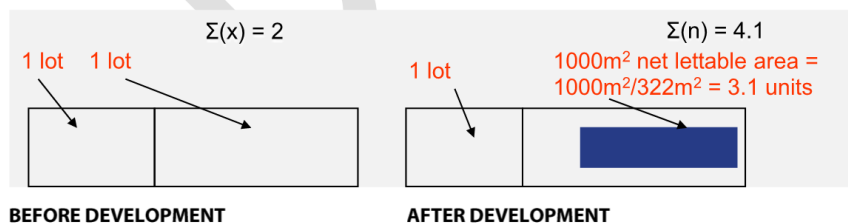
**Residential development example using Table 1:**



Additional units of demand  $\Sigma(n) - \Sigma(x) = 4(n) - 2(x) = 2$  Units

Development contribution for wastewater is 2 units X \$1,316 = \$2,632 + GST

**Commercial development example using Table 1:**



Additional units of demand  $\Sigma(n) - \Sigma(x) = 4.1(n) - 2(x) = 2.1$  Units

Development contribution for wastewater is 2.1 units X \$1,316 = \$2,764 + GST



## Policy for Development and Financial Contributions

### Summary of policy provisions for contribution types over time

Type of contribution	2004	2006	2009	2012	2015	2018	2018	Contribution category under Policy/LGA
Roading	FC	FC	FC	FC	FC	FC	FC	Roading Contribution
	No expiry							
Esplanade Reserve	FC	FC	FC	FC	In district plan, removed from policy			Esplanade Contribution
	Expiry N/A							
Reserve	DC	DC	DC	DC	FC	FC	FC	Reserve Contribution
	10 yr expiry				10 year expiry			
Community Infrastructure / Services				DC-NC	DC-R	DC-R	DC-R	Community Infrastructure - Public amenities - likely to include community services, footpaths, streetworks, cemeteries, stormwater, toilets, water facilities some open spaces excluding reserves + roading if collecting FC's for these
				10 year expiry				
Stormwater		FC	FC	DC-NC				Network Infrastructure
		Unsure expiry - none taken						
Water (All Areas)					DC-R	DC-R	DC-R	Network Infrastructure
					10 year expiry			
Water (Te Anau)	DC	DC	DC	DC				Network Infrastructure
	10 year expiry							
Water (Other Areas)	FC	FC	FC					Network Infrastructure
	Unsure expiry							
Water (Rural Headworks)		FC	FC					Network Infrastructure
		Unsure expiry						
Wastewater (All Areas)					DC-R	DC-R	DC-R	Network Infrastructure
					10 year expiry			
Wastewater (Te Anau)	DC	DC	DC	DC				Network Infrastructure
	10 year expiry							
Wastewater (Other Areas)	FC	FC	FC					Network Infrastructure
	Unsure expiry							
<i>DC &gt; development contribution; FC &gt; Financial contribution; DC-R &gt; DC in remission; DC-NC &gt; DC with no cost/charge set in the policy</i>								

*DC > development contribution; FC > Financial contribution; DC-R > DC in remission; DC-NC > DC with no cost/ charge set in the policy*





## Dog registration fees for 2024/2025

**Record no:** R/24/4/25838  
**Author:** Julie Conradi, Manager building solutions  
**Approved by:** Adrian Humphries, Group manager regulatory services

☒ Decision

☐ Recommendation

☐ Information

### ee) Purpose

- 1 The purpose of the report is to set the dog registration fees for the 2024/2025 year.

### ff) Executive summary

- 2 Council's dog registration fees must be prescribed by resolution of Council.

- 3 It is proposed to:

- not increase the majority of base fees or change the discounts applied to date
- keep the structure of existing fees the same with the only changes being:
  - to make the first replacement tag free of charge (from \$6.50) and subsequent tags a reduced amount of \$6.50 (from \$13.00). This change reflects that Council wants to support dog owners in ensuring that their dogs do wear a tag at all times.
  - to increase the fee charged when responding to stock on road callouts. This change reflects the actual cost of doing business in this space.
  - to remove the fee for withdrawal of infringement fee. This fee is very seldom charged and does not reflect good practice i.e. if an infringement is withdrawn it should be for a valid reason and the recipient of the fine should not be required to pay.
- revise the order of how existing fees are displayed for ease of use, separating working dog fees from non-working dog fees.

## gg) Recommendation

### That Council:

- a) **Receives the report titled “Dog registration fees for 2024/2025”.**
- 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) **Agrees to set the dog registration fees (effective 1 July 2024 and inclusive of GST) for the 2024/2025 registration year as follows:**

<b>Working dogs</b>		
New dog registration – working dogs and stock dogs	Flat fee	Pro-rata
New dog registration – service dogs with current papers	Free	Free
Renew dog registration – working dogs and stock dogs	Flat fee	\$40.00
Renew dog registration – service dogs with current papers	Free	Free
Late payment fee - registration paid after 1 August	Percentage of applicable fee including discounts	50%
<b>Pet dogs - new</b>		
New dog registration (up to 3 months old before 1 July)	Flat fee	Pro-rata
<b>Pet dogs – renew</b> (older than 3 months on 1 July)		
No discounts applied	Flat fee	\$110.00
Dog is spayed or neutered (a)	Discounted fee	\$100.00
Dog is in a fenced or controlled property (b)	Discounted fee	\$90.00
Responsible owner (according to Council’s criteria) (c)	Discounted fee	\$80.00
Dog is spayed or neutered (a) AND is in a fenced or controlled property (b)	Discounted fee	\$80.00
Dog is spayed or neutered (a) AND the owner is considered a responsible owner (according to Council’s criteria) (c)	Discounted fee	\$70.00
Dog is in a fenced or controlled property (b)	Discounted fee	\$60.00

AND the owner is considered a responsible owner (according to Council's criteria) (c)		
Dog is spayed or neutered (a) AND the dog is in a fenced or controlled property (b) AND the owner is considered a responsible owner (according to Council's criteria) (c)	Discounted fee	\$50.00
Late payment fee - registration paid after 1 August	Percentage of applicable fee including discounts	50%
<b>Dog control</b>		
Property inspections to verify discount / dog class etc.		\$50.00
Dog hearing lodgement fee		\$100.00
<del>Replacement tag – first</del>		<del>\$6.50</del>
<del>Replacement tag – second and subsequent tags</del>		<del>\$13.00</del>
Replacement tag - first		Free
Replacement tag – second and subsequent tags		\$6.50
After hours collection fee		\$100.00
Charge out rate for vehicles	Per kilometre	\$1.00
Multiple dog licence application fee		\$50.00
Sale of collars		\$10.00
Sale of leads		\$12.00
<del>Withdrawal of infringement fee – per infringement</del>		<del>\$30.00</del>
<b>Microchipping</b>		
Microchipping of a dog registered with SDC		No charge
Commercial breeders that require more than four pups to be microchipped per registration year	Per dog for the fifth and subsequent dog	\$30.00
<b>Impounding</b>		
Impounding of dog		\$150.00
Impounding of dog - second and subsequent impoundments (and infringement fees)		\$200.00
Long term stays (greater than one month) monthly fee Where a dog is impounded and is awaiting the outcome of a Court hearing or similar, a monthly fee will be applied, and monthly invoices will be issued to the owner		\$300.00
After hours release (minimum of one-hour staff time) only by prior arrangement and all outstanding fees and infringements must be paid		\$180.00
Surrendering of dog		\$120.00

Sustenance of impounded dog	Per day or part thereof	\$25.00
Euthanasia		Actual cost
<b>Rehoming</b>		
A dog impounded by SDC and released to an SDC authorised rehoming provider for either fostering or rehoming (initial registration only)		Free
A dog received by an SDC authorised rehoming provider for the purpose of rehoming, that is either from the Southland district, or to be rehomed in the Southland district (initial registration only)		Free
<b>Stock wandering</b>		
Fees for impounding of stock on district roads and highways		
Horses, donkeys, asses, mules, cattle, deer	Per head	\$60.00
Sheep, goats, pigs, and other stock	Per head	\$30.00
All stock less than three months of age	Per head	\$10.00
Council animal control officer callout	Per hour	\$90.00
Contractor callout		Actual cost
Sustenance		Actual cost
Hire of transportation or trailers		Actual cost
<b>Moving stock on district roads</b>		
<del>Hourly rate for Council animal control officer</del>	<del>Does not apply to state highways.</del>	<del>\$90.00</del>
<del>Council animal control officer callout – Small stock including but not limited to sheep, goats and pigs</del>	<del>Base fee + \$15 per head thereafter to a maximum of \$245</del>	<del>\$50.00</del>
<del>Council animal control officer callout – Large stock including but not limited to horse, cattle and deer</del>	<del>Base fee + \$20 per head thereafter to a maximum of \$590</del>	<del>\$110.00</del>
Contractor callout fee		Actual cost
<b>Infringements</b>		
Infringements issued are as specified in the Dog Control Act Schedule 1 <a href="https://www.legislation.govt.nz/act/public/1996/0013/latest/whole.html#DLM374410">https://www.legislation.govt.nz/act/public/1996/0013/latest/whole.html#DLM374410</a>		

- e) **Agrees to publicly notify the fees during and between the weeks starting 27 May 2024 and 24 June 2024.**

## **Background**

- 4 The Dog Control Act 1996 requires territorial authorities to set dog control fees. Council currently has almost 12,000 registered dogs within its district.
- 5 The dog control service operates a register of dogs, investigates complaints about dogs, monitors and enforces on dog related issues in the district, and promotes responsible dog ownership.
- 6 The dog control business unit is part of the legal and compliance team. The function for dog control is staffed by a manager, two full-time and one part-time dog control officers, and a 0.5 FTE environmental services co-ordinator. Support services are provided by a contractor (Armourguard). Council has a combined dog pound with Invercargill City Council and a stock pound located in Riverton. Council has a licence to occupy the pound with an exclusive licence to use five of the 28 kennels.
- 7 The dog control business unit retains its budget reserve, as required by the Dog Control Act.
- 8 The FY 2024/2025 year is the first year that Southland District Council (SDC) will implement the 'one tag for life' system when dogs are registered/ re-registered.

## **Issues**

- 9 The table below shows the projected reserve balances for the animal control budget, the years representing 30 June of that year:

2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
\$13k	\$8k	-\$2k	\$22k	\$45k	\$71k	\$98k	\$127k	\$156k	\$187k

- 10 The current LTP has not incorporated all of the expected savings from tag for life. These will be further understood over the next year and will be reflected in the annual plan for FY 2025/2026.
- 11 It is important to note that budgets will continue to be reviewed annually to recognise any further efficiency gains or changes in work practices along with cost movements. With the above forecast in reserves, this may translate into a discussion regarding the reduction of dog registration fees at an appropriate time.
- 12 **Attachment A** sets out the dog control fees that are proposed to be effective from 1 July 2024. The one change proposed includes:
- A first replacement tag will be 'free' for each dog owner, with subsequent tags costing \$6.50 per tag. This is to alleviate anxiety for dog owners who are not sure how long a dog tag may last and gives Council sufficient time to evaluate the longevity of the 'one tag for life' system and adjust the number of tags that are required to be covered by registration fees accordingly.
- 13 **Attachment B** provides a financial breakdown and commentary, advising of the main reasons why the animal control business unit is in this situation.
- 14 A breakdown of income from the proposed fees using current numbers is as follows:

CALCULATOR	No. of dogs	Discount	Fees	Income
		Incl. GST	Incl. GST	Incl. GST
<b>Working</b>	5,228	N/A	40	209,120
<b>Non-working dogs</b>				
P - No Discounts	48	0	110	5,280
P1 - Neutered	1	10	100	100
P2 - Fenced/controlled	435	20	90	39,150
P3 - Responsible(microchipped)	47	30	80	3,760
P12 - Neutered and Fenced/controlled	110	30	80	8,800
P13 - Neutered and Responsible(microchipped)	16	40	70	1,120
P23 - Fenced/controlled and Responsible(microchipped)	2,829	50	60	169,740
p123 - Neutered and Fenced/controlled and Responsible(microchipped)	2,916	60	50	145,800
Base fee			50	
Late fees (estimated)				21,500
<b>TOTAL</b>	<b>11,630</b>			<b>604,370</b>

## Factors to consider

### Legal and statutory requirements

- 15 Section 37 of the Dog Control Act 1996 specifies the requirements around fee setting as follows:

#### 37 Territorial authority to set fees

- (1) The dog control fees payable to a territorial authority shall be those reasonable fees prescribed by resolution of that authority for the registration and control of dogs under this Act.
- (2) Any resolution made under subsection (1) may—
  - (a) fix fees for neutered dogs that are lower than the fee for dogs that have not been neutered;
  - (b) fix fees for working dogs that are lower than the fee for any other dog, and may limit the number of working dogs owned by any person which qualify for lower fees under this section;
  - (c) fix different fees for the various classes of working dogs;
  - (d) fix fees for dogs under a specified age (not exceeding 12 months) that are lower than the fee that would otherwise be payable for those dogs;
  - (e) fix, for any dog that is registered by any person who demonstrates to the satisfaction of any dog control officer that that person has a specified level of competency in terms of responsible dog ownership, a fee that is lower than the fee that would otherwise be payable for that dog;
  - (f) fix by way of penalty, subject to subsection (3), an additional fee, for the registration on or after the first day of the second month of the registration year or such later date as the authority may fix, of any dog that was required to be registered on the first day of that registration year;
  - (g) fix a fee for the issue of a replacement registration label or disc for any dog.
- (3) Any additional fee by way of penalty fixed under subsection (2)(f) shall not exceed 50% of the fee that would have been payable if the dog had been registered on the first day of the registration year.
- (4) In prescribing fees under this section, the territorial authority shall have regard to the relative costs of the registration and control of dogs in the various categories described in

paragraphs (a) to (e) of subsection (2), and such other matters as the territorial authority considers relevant.

(5) Where any 2 or more territorial authorities have formed a joint standing or joint special committee in accordance with [section 7](#), the resolution of that committee under subsection (1) may fix different fees in respect of dogs kept in the different districts, having regard to the costs of registration and dog control in the districts concerned.

(6) The territorial authority shall, at least once during the month preceding the start of every registration year, publicly notify in a newspaper circulating in its district the dog control fees fixed for the registration year.

(7) Failure by the territorial authority to give the public notice required by subsection (6), or the occurrence of any error or misdescription in such public notice, shall not affect the liability of any person to comply with this Act or to pay any fee that is prescribed by the territorial authority under subsection (1).

(8) No increase in the dog control fees for any year shall come into effect other than at the commencement of that year.

(9) This section shall come into force on the day on which this Act receives the Royal assent.

- 16 Council is legally required to set the fees by resolution and to subsequently publicly notify these fees.

### **Community views**

- 17 The views of the community are not required to be sought, either under the Dog Control Act 1996, or in accordance with Council's Significance and Engagement Policy.
- 18 Under the current environment of high inflation Council perceive that the community would be in favour of not raising fees despite this decision reducing funds in the reserves.

### **Costs and funding**

- 19 The dog control service is funded mainly from registration fees, and also from infringements, and fees and charges. Council has resolved that dog control is to be fully funded by fees and charges.

### **Policy implications**

- 20 This report is consistent with Council's Policy on Dogs 2015, in particular clauses 5.2 and 5.3.

## **Analysis**

### **Options considered**

### **Analysis of options**

#### **Option 1 – Only increase stock on road fees – reduce cost of replacement tags**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"><li>dog owners know and understand status quo for majority of fees</li><li>Council supports owners in ensuring their dogs are wearing a tag.</li></ul>	<ul style="list-style-type: none"><li>None identified.</li></ul>

<ul style="list-style-type: none"><li>• Stock owners are incentivised to ensure fencing is maintained and stock are contained appropriately.</li></ul>	
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**Option 2 – Do not increase any fees – reduce cost of replacement tags**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"><li>• dog owners know and understand status quo for majority of fees</li><li>• Council supports owners in ensuring their dogs are wearing a tag.</li></ul>	<ul style="list-style-type: none"><li>• rate payers subsidise the cost to Council caused by stock owners not maintaining fencing appropriately.</li></ul>

**Option 3 – Do not increase any fees – status quo cost of replacement tags**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"><li>• dog owners know and understand status quo.</li></ul>	<ul style="list-style-type: none"><li>• dog owners do not replace damaged / lost tags due to expense.</li><li>• rate payers subsidise the cost to Council caused by stock owners not maintaining fencing appropriately.</li></ul>

**Assessment of significance**

- 21 This matter is considered to be of low significance in accordance with Council's Significance and Engagement Policy.

**Recommended option**

- 22 Option 1, so that Council's dog control activity this year is sufficiently funded by dog registration fees without impacting dog owners unnecessarily.

**Next steps**

- 23 Council's decision will be publicly notified in newspapers and also on Council's website. The fees will come into effect on 1 July 2024.

**hh) Attachments**

- A Dog control fee schedule - effective 1 July 2024  
B Animal control financial budget and commentary 2024/2025





## Dog control fee schedule – effective 1 July 2024

All fees GST inclusive

### Animal control

A new dog must be registered on or before three months of age. The fee for new dog registrations where the dog is less than three months old on or after 2 August or the dog is imported into New Zealand for the first time on or after 2 August is calculated by dividing the registration fee payable for a full year by 12 and multiplying that amount by the number of complete months remaining in the registration year. This is called 'pro-rata'.

#### WORKING DOGS

Working dogs have three categories. It is important to advise Council which category your working dog fits into. Working dogs and service dogs require current paperwork certifying their abilities. Breeds not typically seen as stock dogs may require a site inspection that demonstrates how your dog performs its job:

- Stock dogs – kept principally for the purposes of herding or droving stock
- Working dogs – government dogs (e.g. Police, Customs, MPI, DOC), dogs owned by a licensed property (e.g. completes guard work under legislation), and pest dogs (operating under Biosecurity Act 1993)
- Service dogs – disability assist dogs (e.g. hearing, K9 medical detection, mobility assistance)

New dog registration – working dogs and stock dogs	Flat fee	Pro-rata
New dog registration – service dogs with current papers	Free	Free
Renew dog registration – working dogs and stock dogs	Flat fee	\$40.00
Renew dog registration – service dogs with current papers	Free	Free
Late payment fee - registration paid after 1 August	Percentage of applicable fee including discounts	50%

#### PET DOGS

##### Registration discounts

Dog registration fees are discounted as follows when evidence of each activity has been submitted to Council and verified. All evidence must be provided prior to 1 May for discounted fees to be applied. When you register your new dog, you will be asked which of these discounts you will supply evidence for at the applicable time.

(a) desexed - the dog is spayed or neutered		-\$10.00
(b) containment - the dog is in a fenced or controlled property		-\$20.00
(c) responsible owner <ul style="list-style-type: none"> <li>• the dog is microchipped as required by the Dog Control Act 1996</li> <li>• there has been no written warning, barking abatement notice, seizure or infringement under the Dog Control Act 1996 within the last two years relating to any dog owned by the person applying for the registration</li> </ul>		-\$30.00

#### REGISTRATION NEW

New dog registration (up to 3 months old before 1 July)	Flat fee	Pro-rata
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#### REGISTRATION RENEW

Renew dog registration (older than 3 months on 1 July) – fee paid 'on time' by 1 August (all evidence must be provided prior to 1 May for discounted fees to be applied)

No discounts applied	Flat fee	\$110.00
Dog is spayed or neutered (a)	Discounted fee	\$100.00
Dog is in a fenced or controlled property (b)	Discounted fee	\$90.00

Dog control fee schedule

Southland District Council  
Te Rohe Pōtāe o Murihiku

PO Box 903  
15 Forth Street  
Invercargill 9840

0800 732 732  
@ sdc@southlanddc.govt.nz  
📍 southlanddc.govt.nz



Responsible owner (according to Council's criteria) (c)	Discounted fee	\$80.00
Dog is spayed or neutered (a) AND is in a fenced or controlled property (b)	Discounted fee	\$80.00
Dog is spayed or neutered (a) AND the owner is considered a responsible owner (according to Council's criteria) (c)	Discounted fee	\$70.00
Dog is in a fenced or controlled property (b) AND the owner is considered a responsible owner (according to Council's criteria) (c)	Discounted fee	\$60.00
Dog is spayed or neutered (a) AND the dog is in a fenced or controlled property (b) AND the owner is considered a responsible owner (according to Council's criteria) (c)	Discounted fee	\$50.00
Late payment fee - registration paid after 1 August	Percentage of applicable fee including discounts	50%
<b>DOG CONTROL</b>		
Property inspections to verify discount / dog class etc.		\$50.00
Dog hearing lodgement fee		\$100.00
Replacement tag - first		Free
Replacement tag – second and subsequent tags		\$6.50
After hours collection fee		\$100.00
Charge out rate for vehicles	Per kilometre	\$1.00
Multiple dog licence application fee		\$50.00
Sale of collars		\$10.00
Sale of leads		\$12.00
<b>MICROCHIPPING</b>		
Microchipping of a dog registered with SDC		No charge
Commercial breeders that require more than four pups to be microchipped per registration year	Per dog for the fifth and subsequent dog	\$30.00
<b>IMPOUNDING</b>		
Impounding of dog		\$150.00
Impounding of dog - second and subsequent impoundments (and infringement fees)		\$200.00
Long term stays (greater than one month) monthly fee Where a dog is impounded and is awaiting the outcome of a Court hearing or similar, a monthly fee will be applied, and monthly invoices will be issued to the owner		\$300.00
After hours release (minimum of one-hour staff time) only by prior arrangement and all outstanding fees and infringements must be paid		\$180.00
Surrendering of dog		\$120.00
Sustenance of impounded dog	Per day or part thereof	\$25.00

Dog control fee schedule

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Euthanasia		Actual cost
<b>REHOMING</b>		
A dog impounded by SDC and released to an SDC authorised rehoming provider for either fostering or rehoming (initial registration only)		Free
A dog received by an SDC authorised rehoming provider for the purpose of rehoming, that is either from the Southland district, or to be rehomed in the Southland district (initial registration only)		Free
<b>STOCK WANDERING</b>		
Fees for impounding of stock on district roads and highways		
Horses, donkeys, asses, mules, cattle, deer	Per head	\$60.00
Sheep, goats, pigs, and other stock	Per head	\$30.00
All stock less than three months of age	Per head	\$10.00
Council animal control officer callout	Per hour	\$90.00
Contractor callout		Actual cost
Sustenance		Actual cost
Hire of transportation or trailers		Actual cost
<b>MOVING STOCK ON DISTRICT ROADS</b>		
Council animal control officer callout – Small stock including but not limited to sheep, goats and pigs	Base fee + \$15 per head thereafter to a maximum of \$245	\$50.00
Council animal control officer callout – Large stock including but not limited to horse, cattle and deer	Base fee + \$20 per head thereafter to a maximum of \$590	\$110.00
Contractor callout fee		Actual cost
<b>INFRINGEMENTS</b>		
Infringements issued are as specified in the Dog Control Act Schedule 1 <a href="https://www.legislation.govt.nz/act/public/1996/0013/latest/whole.html#DLM374410">https://www.legislation.govt.nz/act/public/1996/0013/latest/whole.html#DLM374410</a>		



## Animal Control Business Unit

### Financial Budget and Commentary FY 2024/2025 Report

The table below summarises the animal control actuals and budgets over a four-year period.

	Actuals <u>Jun-22</u>	Actuals <u>Jun-23</u>	Annual Plan <u>Jun-24</u>	LTP <u>Jun-25</u>
<b>Dog and Animal Control</b>				
<b>Income</b>				
User Charges and Fees	582,082	590,722	563,081	579,500
Internal Income	150,479	151,054	78,989	44,040
Rates				40,690
	<u>732,561</u>	<u>741,776</u>	<u>642,070</u>	<u>664,230</u>
<b>Direct Expenditure</b>				
Advertising	-	-	-	-
Communications	2,545	1,514	3,499	3,500
Conferences and courses	3,989	1,318	2,027	2,567
Insurance	1,996	1,557	1,635	2,884
Contractors	20,459	11,980	36,015	30,000
Other Expenditure	16,828	45,829	41,625	42,276
Postage and Stationery	5,479	9,395	14,159	10,400
Professional Services	1,983	3,670	6,174	5,000
Staff Costs	362,833	407,620	277,167	278,346
Supplies and Materials	2,366	4,609	4,116	8,500
Travel and Accommodation	-	70	512	500
Vehicle Expenses	33,939	62,650	39,743	49,327
	<u>452,417</u>	<u>550,212</u>	<u>426,672</u>	<u>433,300</u>
<b>Indirect Expenditure</b>				
Depreciation (Funded)	25,945	18,614	25,095	31,933
Internal Expenses	204,180	127,322	172,675	175,517
	<u>230,125</u>	<u>145,936</u>	<u>197,770</u>	<u>207,450</u>
<b>Net Surplus/(Deficit)</b>	<u>50,019</u>	<u>45,628</u>	<u>17,628</u>	<u>23,480</u>
<b>Capital Expenditure</b>	-	89,260	-	-
<b>Funded by</b>				
Funding adjustments	(2,633)	(91,096)	(1,260)	(1,367)
Loan Repayments	34,380	34,548	35,113	26,540
Dog and Animal Control Reserve	18,272	12,916	(16,225)	(1,693)
	<u>0</u>	<u>(0)</u>	<u>0</u>	<u>0</u>
<b>Dog &amp; Animal Control Reserve</b>				
Opening Balance	0	18,272	31,188	14,963
Plus Transfer to/(from) reserve	18,272	12,916	(16,225)	(1,693)
Closing Balance	<u>18,272</u>	<u>31,188</u>	<u>14,963</u>	<u>13,270</u>



The below commentary identifies the more significant changes in the budget.

#### **June 23**

Overall income and expenses are in line with the previous financial year, with a movement between internal and external costs. The small surplus resulted in an increase in the reserve of \$13,000.

#### **June 24**

Changes in the 2023/2024 Annual Plan:

1. Dog registration income is lower than 2022/2023 Annual Plan due to a reduction of infringements for unregistered dogs.
2. Total costs have reduced in the 2023/2024 Annual Plan primarily due to the movement of staff costs, as a result the internal income for on-charging of staff has also reduced.
3. Following the repayment of the loan there has been a withdrawal from the reserve of \$16,000 resulting a reserve balance of \$15,000.

#### **June 25**

Changes in the 2024/2025 year one of the Long Term Plan:

1. Dog registration income is budgeted to be the same as the 2023/2024 Annual Plan. Previously the internal income included a Council contribution of \$41,000. In the Long Term Plan, Council contribution has been replaced with rate funding directly to the dog and animal control activity to provide better clarity on the public good portion of the activity being funded by rates.
2. Total costs are in line with the annual plan for 2023/2024. The current LTP has not incorporated all of the expected savings from tag for life. These will be further understood over the next year and will be reflected in the annual plan for FY2025/2026.
3. Following the repayment of the loan there has been a withdrawal from the reserve of \$2,000 resulting a reserve balance of \$13,000.



## ii) Approve unbudgeted expenditure for the Manapouri signage project.

Record no: R/24/4/27613

Author: Stella O'Connor, Community partnership leader

Approved by: Sam Marshall, Group manager customer and community wellbeing

☒ Decision

☐ Recommendation

☐ Information

### 18 Purpose

- 1 The purpose of this report is for the Southland District Council to consider whether or not it wishes to approve unbudgeted expenditure of \$15,000, funded \$5,000 from Meridian and \$10,000 from the Fiordland Community Board general reserve towards the Manapouri information signage project.

### 19 Executive summary

- 2 The board has been investigating renewal of the Manapouri information sign and favours a concept project that will condense and correct information from three signs to one, add historic information about the turbine and improve the view for people.
- 3 The project costs are \$15,000 and Meridian Energy have agreed to pay \$5,000 towards the project.
- 4 The sign will be a Council asset; thus, the community board does not have delegated authority to approve unbudgeted expenditure.
- 5 The community board recommended at the 29 April board meeting that Council approve an unbudgeted expenditure report for \$15,000, funded \$5,000 from Meridian contribution and \$10,000 from the board general reserve.
- 6 The forecast balance of the board reserve as of 30 June 2024 is \$235,063.

## 20 Recommendation

### That the Council:

- a) **receives the report titled “Approve unbudgeted expenditure for the Manapouri signage project.”.**
- 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 unbudgeted expenditure of \$15,000 for the Manapouri information sign project, funded \$5,000 from a Meridian contribution and \$10,000 from the Fiordland Community Board reserve.**

### jj) Background

- 7 The board has been investigating renewal of the Manapouri information sign located at 1 Waiau Street, Frasers Beach, Manapouri.
- 8 The information sign is located in an area known locally as the “turbine lookout”, where there is a power station turbine, car parking, a memorial, viewing area and access to the lakefront. See photo one.
- 9 There are currently three information signs within this area. Some of the content is out of date, has incorrect labelling of mountains and one of the signs obscures the view for some people. See photos two, three and four.
- 10 The board favours a concept project that will condense and correct all the information from the three signs to one, update the branding and not obscure the view for people. See photo five.
- 11 At the same time the board would also like to freshen up the paintwork on the turbine and include some history relating to the turbine. The history would be done in bullet points as a wrap around the turbine seam so that people could walk around it as they read the timeline.
- 12 The Council communications team have provided a draft graphic concept and have coordinated graphic and content concept proofing with Meridian, Te Ao Mārama and the board.
- 13 The quote for the signage, turbine graphic and installation is \$15,000.
- 14 Meridian have agreed to contribute \$5,000 to the information signage project.
- 15 The work is capital expenditure; thus, the community board does not have delegated authority to approve unbudgeted expenditure. The community board can only recommend to Council to approve an unbudgeted expenditure.



- 16 The community board recommended at the 29 April board meeting that Council approve an unbudgeted expenditure report for \$15,000, funded \$5,000 from Meridian contribution and \$10,000 from the board general reserve.
- 17 If the budget is secured then the Council communications team will finalise artwork, coordinate proofing and installation of the signage.

kk) Photo one



Photo two



Photo three



Photo four

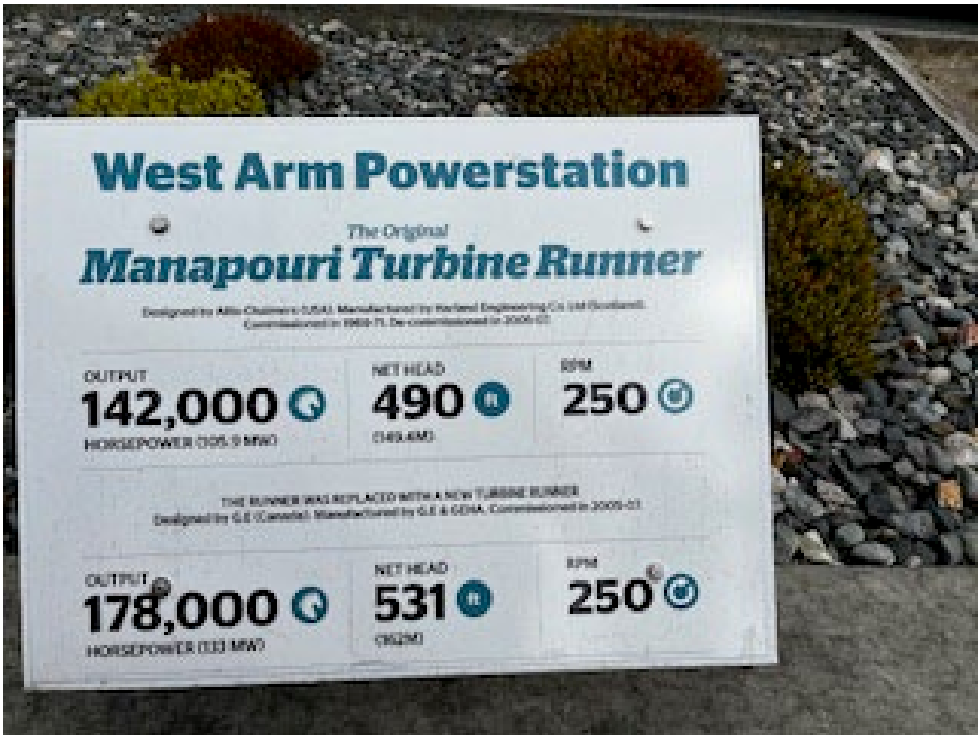


Photo five



**Proposed signage for turbine and collaboration of existing signs**

Remove all existing signs apart from the rock and collaborate content onto 3 panels.

1. Turbine information/photo's showing how the turbine fits into the power station and any photographs relating to the text.
2. Panoramic shot of the lake and mountains to be labeled and information about the lake/mountains.
3. Deed of recognition + information about township and map?

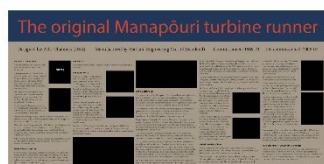
Timeline added to the turbine as a vinyl sticker that wraps around the turbine so people can follow it around. Can add photos to this as another element.

Manapouri in bold lettering on the skirt of the sign instead of overlaid on the panoramic photo. (Just an option).

Panels to be lowered and set at an angle so readers look down onto them. This will stop them obstructing the view and photographs.

As part of this project, the turbine will be repainted to ensure it is refreshed.

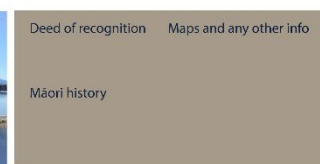
*All colors, panel sizes and layouts are just at a draft point to show what can be done. If this concept is acceptable we can move onto the next stage of designing the panels and collaborating photos and information.*



Panel 1 - 1200x600



Panel 2 - 2000x600



Panel 3 - 1200x600



Timeline sticker for the turbine runner - size to be confirmed

## II) Issues

- 18 The current sign has incorrect information and looks uncared for.

### mm) Factors to consider

#### Legal and statutory requirements

- 19 The board does not have delegation to approve unbudgeted expenditure for capital expenditure but has recommended to Council that this occurs.

#### Community views

- 20 The views of the community board are deemed to represent the views of the wider community.
- 21 The community board has a Manapouri resident representative.

#### Costs and funding

- 22 The cost of the project signage is \$15,000.
- 23 Meridian Energy have agreed to fund \$5,000 towards the project.
- 24 The balance of the Fiordland Community Board reserve is \$235,063.

**Policy implications**

25 None identified.

**Analysis**

**nn) Options considered**

26 The Council must consider whether or not it wishes to approve unbudgeted expenditure of \$15,000, to be funded \$5,000 from Meridian and \$10,000 from the Fiordland Community Board reserve to complete the Manapouri signage project.

**oo) Analysis of Options**

**pp) Option 1 – Council approves unbudgeted expenditure of \$15,000, to be funded \$5,000 from Meridian and \$10,000 from the Fiordland Community Board reserve to complete the Manapouri signage project.**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"><li>the community will get new up to date and correct signage.</li><li>there will be less sign pollution and better lakefront views.</li><li>this is an opportunity to tell the history of the turbine.</li><li>other organisations that are on the current signage will feel supported if we keep the signage current and correct.</li><li>the project can proceed as soon as the funding is approved.</li><li>Council can show their support for the project by supporting the board's recommendation.</li><li>the project aligns with the board plans and outcomes.</li></ul>	<ul style="list-style-type: none"><li>there will be less funding available for other projects in the area</li></ul>

**qq) Option 2 – does not approve unbudgeted expenditure of \$15,000, to be funded \$5,000 from Meridian and \$10,000 from the Fiordland Community Board reserve to complete the Manapouri signage project.**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"><li>the board reserve funds will be available to be used for other projects across the board area.</li></ul>	<ul style="list-style-type: none"><li>the project is not able to progress until the funding is secured.</li></ul>

**rr) Assessment of significance**

27 Under Council's Significance and Engagement Policy this is not a significant issue.

**Recommended option**

- 28 Option one recommends that Council approve unbudgeted expenditure of \$15,000, to be funded \$5,000 from Meridian and \$10,000 from the Fiordland Community Board reserve to complete the Manapouri signage project.

**Next steps**

- 29 If approved, then the Council communications team will lead the de-installation of the current signs and the creation and installation of the new sign and painting of the turbine.

**21 Attachments**

- A Manapouri Turbine

**From:** [Kate Buchanan](#)  
**To:** [Stella O'Connor](#)  
**Subject:** FW: [EXTERNAL] Manapouri turbine  
**Date:** Monday, 15 April 2024 6:05:30 am  
**Attachments:** [image001.gif](#)  
[ATT00001.gif](#)

---

Hi Stella,  
Confirmation from Meridian below regarding their funding contribution.  
Cheers,  
Kate

**Kate Buchanan**  
**Communications Specialist**  
**Southland District Council**



**PO Box 903**  
**Invercargill 9840**  
P: 0800 732 732  
[www.southlanddc.govt.nz](http://www.southlanddc.govt.nz)

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**From:** Mel Schauer <Mel.Schauer@MeridianEnergy.co.nz>  
**Sent:** Tuesday, 20 February 2024 1:16 pm  
**To:** Kate Buchanan <Kate.Buchanan@southlanddc.govt.nz>  
**Cc:** Debbie North <debbie.north@meridianenergy.co.nz>  
**Subject:** RE: [EXTERNAL] Manapouri turbine

**This message is from an external sender**

Hey Kate and welcome back! Great to hear this is moving again. I had a few community members reach out over the last year asking about progress.

Yes we are still keen to contribute to bring this project to life.

Some concepts to refresh my memory would be very helpful.

I have CCed in our newest team member in Te Anau, Debbie North. If you could include Debbie in future correspondence that would be great. Debbie helps lead local engagement with communities and stakeholders and also supports the site team.

Ngā Mihi  
Mel

---

**From:** Kate Buchanan <[Kate.Buchanan@southlanddc.govt.nz](mailto:Kate.Buchanan@southlanddc.govt.nz)>  
**Sent:** Tuesday, February 20, 2024 11:56 AM  
**To:** Mel Schauer <[Mel.Schauer@MeridianEnergy.co.nz](mailto:Mel.Schauer@MeridianEnergy.co.nz)>  
**Subject:** [EXTERNAL] Manapouri turbine  
**Importance:** High

You don't often get email from [kate.buchanan@southlanddc.govt.nz](mailto:kate.buchanan@southlanddc.govt.nz). [Learn why this is important](#)

Hi Mel,

I trust all is well in your world.

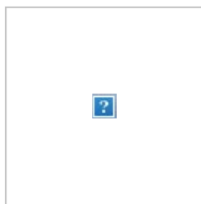
I am keen to get the Manapouri turbine runner back on everyone's radar and see if we can progress it with the community board.

Just wanted to check you were happy for us to put some concepts together and if Meridian was still able to contribute some budget towards the project? From memory, I think we discussed \$5k?

Let me know your thoughts.

Kind regards,

Kate



**Kate Buchanan**

**Communications Specialist**

**Southland District Council**

**PO Box 903**

**Invercargill 9840**

**P: 0800 732 732**

[www.southlanddc.govt.nz](http://www.southlanddc.govt.nz)

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**Ph - 0800 732 732 | Email - [emailsdc@southlanddc.govt.nz](mailto:emailsdc@southlanddc.govt.nz)**





## ss) Approval to locate Riverton's giant paua shell to Koi Koi park, Riverton

Record no: R/24/5/31640

Author: Stella O'Connor, Community partnership leader

Approved by: Sam Marshall, Group manager customer and community wellbeing

☒ Decision

☐ Recommendation

☐ Information

### 22 Purpose

- 1 To seek approval from Council to locate Riverton's newly refurbished giant paua shell to Koi Koi Park, which is endowment land.

### 23 Executive summary

- 2 The iconic Riverton giant paua shell is being refurbished and needs a new location.
- 3 The local community was asked to vote on several choices for a new location and the majority voted for Koi Koi Park, Riverton.
- 4 The Riverton Harbour subcommittee has delegation for the administration, management and control of all Riverton harbour endowment lands now vested in Southland District Council in consultation with and subject to approval by Southland District Council being those lands comprised in Certificates of Title 5C/914, 5C/917, 5C/918, 5C/919, 5C/920, 5C/921, 5B/825, 9D/859, 10C/615, 10C/616 and all such other Riverton harbour endowment lands so vested.
- 5 The Riverton Harbour Subcommittee nor the Oraka Aparima Community Board have delegation for final approval of structures on Riverton Harbour endowment land. Section 8.5.3 of Councils delegation manual to the Riverton Harbour subcommittee, delegates to the subcommittee the administration, management and control of the Riverton harbour endowment land, in consultation with and subject to the approval of Council.
- 6 On that basis the Riverton Harbour Subcommittee and Oraka Aparima Community Board at their meetings on 2 May 2024 and 14 May 2024 respectively, have made a recommendation to Council to approve the location of Riverton's giant paua shell at Koi Koi Park, Riverton.

## 24 Recommendation

### That the Council:

- a) **Receives the report titled “Approval to locate Riverton's giant paua shell to Koi Koi park, Riverton”.**
- 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 refurbished giant paua shell to be located at Koi Koi Park, Riverton.**

### tt) Background

- 7 Since the 1990s Riverton Aparima has had a large paua shell located on the main street near the entrance to the township. The giant shell was constructed and owned by Fiordland Souvenirs and has been a local icon ever since.
- 8 Fiordland Souvenirs has sold the land the paua shell resides on, which prompted the Oraka Aparima Community Board to purchase the statue rather than having it dismantled and destroyed.
- 9 The paua shell is currently being refurbished and needs a new location.
- 10 The local community was asked to vote on five proposed locations for its new destination. During the consultation phase, 431 votes were cast, with 203 in favour of the Skate park (Koi Koi Park) location (opposite Riverton fire station near skatepark). Other suggested sites included the intersection of Napier Street and Bath Road, Palmerston Street playground, Taramea Bay playground, and Pilots Reserve Lookout by the whale.

<b>Paua shell votes</b>	<b>Option 1</b> Opposite Riverton fire station near skatepark	<b>Option 2</b> Napier Street intersection with Bath Road	<b>Option 3</b> Palmerston Street playground	<b>Option 4</b> Pilots Reserve lookout by whale	<b>Option 5</b> Taramea Bay playground on beachfront
<b>Facebook comments</b>	6	2	1	6	4
<b>Make it Stick</b>	63	28	10	23	6
<b>Physical</b>	134	30	51	49	18
<b>Total:</b>	203	60	62	78	28

- 11 Waka Kotahi has no concerns with the proposed location of the paua shell in the skate park.
- 12 The Riverton Harbour Subcommittee nor the Oraka Aparima Community Board have delegation for final approval of structures on Riverton Harbour endowment land. Section 8.5.3 of Councils delegation manual to the Riverton Harbour Subcommittee, delegates to the subcommittee the administration, management and control of the Riverton harbour endowment land, in consultation with and subject to the approval of Council.
- 13 On that basis the Riverton Harbour Subcommittee and Oraka Aparima Community Board at their meetings on 2 May 2024 and 14 May 2024 respectively, have made a recommendation to Council to approve the location of Riverton's giant paua shell at Koi Koi Park, Riverton.

The proposed orientation and location is between the two toetoe bushes, west of the skate park.





**uu) Issues**

- 14 Not all members of the community voted to have the paua shell relocated to Koi Koi Park.
- 15 The final site placement was not indicated in the survey until the preferred location was voted upon. Once the preferred location was chosen, the final site placement was chosen with council staff and the community board and took into consideration land boundaries and services.

**vv) Factors to consider**

**Legal and statutory requirements**

- 16 There are no legal and statutory requirements.

**Community views**

- 17 Members of the community have communicated to the Oraka Aparima Community Board on numerous occasions expressing their desire to ensure the paua shell remains in Riverton Aparima and is in a visible location.
- 18 The community board came to Koi Koi Park with council staff to help provide input for the positioning and orientation of the paua shell.

**Costs and funding**

- 19 There will be no extra costs incurred with this location.

**Policy implications**

- 20 There are no policy implications.

**Analysis**

**ww) Options considered**

- 21 To approve or not approve the new location of the giant paua shell at Koi Koi Park, Riverton.

**xx) Analysis of Options**

**yy) Option 1 – recommend approve the newly refurbished giant paua shell to be located at Koi Koi Park, Riverton**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"><li>• visible from the bridge and main road</li><li>• majority of the community voted for this location</li><li>• ample parking</li><li>• plenty of space for people to move around</li><li>• potential to include accessibility paths</li><li>• promotes the skate park.</li></ul>	<ul style="list-style-type: none"><li>• not all members of the community support the location.</li></ul>

**zz) Option 2 – decline the newly refurbished giant paua shell to be located at Koi Koi park, Riverton**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"><li>• no loss of grass land that the statue will occupy.</li></ul>	<ul style="list-style-type: none"><li>• the second highest polling location (Napier Street intersection with Bath Road) had less than half the number of votes so a lot less popular.</li></ul>

**aaa) Assessment of significance**

- 22 Not considered significant.

**Recommended option**

- 23 Option 1 – approve the newly refurbished giant paua shell to be located at Koi Koi Park, Riverton.

**Next steps**

- 24 If Koi Koi Park is approved then preparation for installation work will start.

**25 Attachments**

There are no attachments for this report.



## bbb) Approve change of spelling of Koi Koi Park to Kohikohi Park, in Riverton

**Record no:** R/24/5/31661  
**Author:** Stella O'Connor, Community partnership leader  
**Approved by:** Sam Marshall, Group manager customer and community wellbeing

☒ Decision

☐ Recommendation

☐ Information

### 26 Purpose

- 1 The purpose of this report is to seek approval from Council to change the spelling of the park name known as Koi Koi Park to Kohikohi Park in Riverton.

### 27 Executive summary

- 2 The Oraka Aparima Community Board has had a request from the kaihautu, (general manager) of the Oraka Aparima Runaka to find out who the sign for Koi Koi Park is meant to honour.
- 3 Initial research has not found definitive proof of how the park got its name and there has been past misspelling of Captain Howells wife (Kohikohi) as Koi Koi.
- 4 The park is located at 3B Jetty Street Riverton. The land is not a reserve and it is part of the Riverton harbour endowment lands now owned by Southland District Council.
- 5 The Riverton Harbour Subcommittee has delegation for administration, management and control of all Riverton harbour endowment lands now vested in Southland District Council in consultation with and subject to approval by Southland District Council being those lands comprised in Certificates of Title 5C/914, 5C/917, 5C/918, 5C/919, 5C/920, 5C/921, 5B/825, 9D/859, 10C/615, 10C/616 and all such other Riverton harbour endowment lands so vested. These delegations mean that a change in the name/spelling would need confirmation by Council.
- 6 Southland District Council (SDC) has a district reserve that is named Koi Koi Park listed in the 2003 Reserve Management Plan.
- 7 The Riverton Harbour Subcommittee nor the Oraka Aparima Community Board have delegation for final approval of name changes on Riverton Harbour endowment land. Section 8.5.3 of Councils delegation manual to the Riverton Harbour subcommittee, delegates to the subcommittee the administration, management and control of the Riverton harbour endowment land, in consultation with and subject to the approval of Council.
- 8 On that basis the Riverton Harbour Subcommittee and Oraka Aparima Community Board at their meetings on 2 May 2024 and 14 May 2024 respectively, have made a recommendation to Council to approve the change of the spelling on park signage and any other reference that has Koi Koi spelling (for example the SDC website) to Kohikohi Park.

## 28 Recommendation

### That the Council:

- a) **Receives the report titled “Approve change of spelling of Koi Koi Park to Kohikohi Park, in Riverton”.**
- 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 change of spelling of the park name known as Koi Koi Park to Kohikohi Park, in Riverton.**

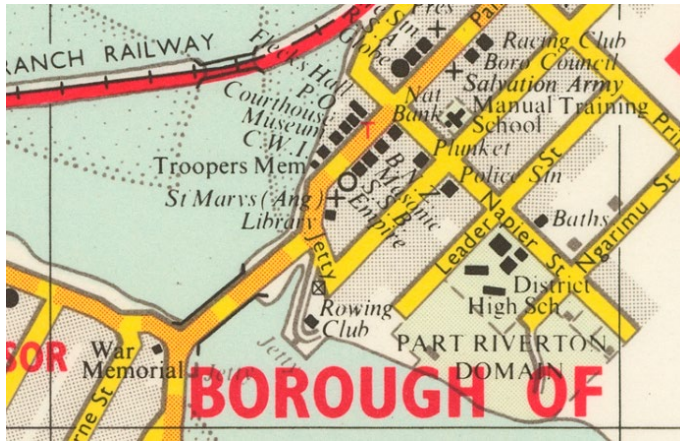
### ccc) Background

- 9 Howell's Cottage or Te Whare Kohikohi is named for Captain Howells Maori wife. Howell married Kohikohi, daughter of Chief Horomona Patu, from Rarotoka/Centre Island. Kohikohi was associated with a large area of land (50,000 acres of land surrounding the present-day township of Riverton) between Waimatuku Stream and Jacobs River. They built this cottage in the middle of what was the local kaik. The cottage is now the sole remaining structure that marks the site of the kaik.
- 10 The spelling of Kohikohi's name has sometimes been recorded as Koi Koi (how her name may have been "heard" in the 19th century).
- 11 Neil Linscott and Blair Stewart (local historians) have both said that the whole area (park) was named for the cottage and Captain Howells wife Kohikohi. Blair Stewart mentioned that the family had wanted the signage Koi Koi corrected.
- 12 The Oraka Aparima Community Board has had a request from Riki Dallas, kaihautu, (general manager) of the Oraka Aparima Runaka to find out who the sign for Koi Koi park is meant to honour.
- 13 Te Hikoi Museum manager has said their runaka representative, Teoti once asked Muriel, (local kaumatua of the Oraka Aparima Runaka) about the correct spelling and they looked at officially changing it to Kohikohi but noted it was complex.
- 14 SDC staff are unable to find definitive proof from their records and archives as to how the land got its name.
- 15 Nga Pou Taunaha o Aotearoa New Zealand Geographic Board has advised that Koi Koi park or similar is not recorded on official topographic maps, including old street maps. On NZMS 17

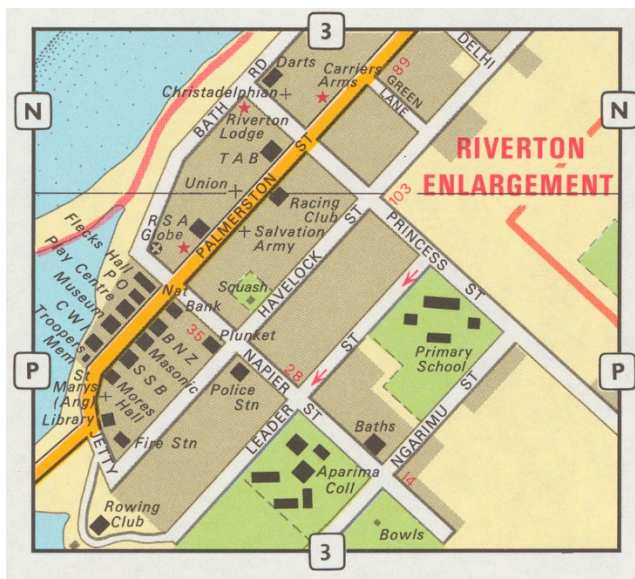


and the later NZMS 271 Invercargill maps, only the rowing club is noted. This may reflect that the name is informal, or otherwise that the name is more recent.

NZMS 17 1968:



NZMS 271 1985



### **ddd) Issues**

- 16 Iwi have asked SDC to find out “who the name of the park is meant to honour” and if it is Kohikohi then the spelling of the name should be corrected from Koi Koi to Kohikohi, (a common misspelling of her name). After initial research it could not be definitively proven that the land was named for Kohikohi and a complication is the te reo translation for the noun of koi is peninsula.
- 17 The park may not have been named for Kohikohi. However thus far there have been no records found of why the park was named. There are records showing that the land was part of the dowry of Kohikohi and Koi Koi was a common misspelling. This is a potential reason for the current naming of the park.

**eee) Factors to consider**

**Legal and statutory requirements**

- 18 Advice would be sought on any further legal and/or statutory implications should the Council approve the change.

**Community views**

- 19 There have been various community members in the past that have expressed that they would like the park renamed to reflect the spelling of 'Kohikohi'. It is also timely to consider the change when the 'giant' paua shell is relocated to this location and the area may become a more popular destination point.

**Costs and funding**

- 20 The cost of signage changes will be covered from Councils' maintenance and equipment budgets for the location. The cost is estimated to be \$600 plus GST.
- 21 The explicit costs of a bylaw change if done separately would be the notification requirements for the change (notice in local newspapers and newspapers). This would be approximately \$300 plus GST and staff costs.

**Policy implications**

- 22 The reserve management plan and the dog control bylaw, which refers to Koi Koi Skateboard area will need to be changed (this would occur as part of the scheduled Southland District Council plan and policy reviews due in 2024/25 rather than through a 'one off' review). Any other policies, bylaws or records (for example on the SDC website) that refer to the current spelling would need to be amended.

**Analysis**

**fff) Options considered**

Option 1 – approve amending the spelling of Koi Koi park to Kohikohi park.

Option 2 – decline to amending the spelling of Koi Koi park to Kohikohi park.

**ggg) Analysis of Options**

**hhh) Option 1 – approve amending the spelling of Koi Koi park to Kohikohi park.**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"><li>correcting the name to the revised spelling reinforces the correct spelling, the history associated with the land and recognises that it was named for her</li><li>strengthens community and iwi relationships.</li></ul>	<ul style="list-style-type: none"><li>costs for a new sign and other associated costs</li><li>no definitive proof as to how the park got its name, further investigations required.</li></ul>

**iii) Option 2 – decline amending the spelling of Koi Koi park to Kohikohi park.**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"><li>• no costs incurred associated with changes to the name of the park and associated documents/policies that utilise the current spelling</li></ul>	<ul style="list-style-type: none"><li>• the potential misspelling continues with the associated lack of recognition of the history of the subject area.</li></ul>

**jjj) Assessment of significance**

- 23 None of Council’s significant policy thresholds are triggered by this spelling correction.

**Recommended option**

- 24 Option 1 – approve amending the spelling of Koi Koi Park to Kohikohi Park, in Riverton.

**Next steps**

- 25 Should the change be approved, SDC will make the necessary changes in its signage, documents and systems to reflect that change. Any wider actions associated with the change will also be carried out.

## **29 Attachments**

There are no attachments for this report.



## kkk) Bridge weight restriction postings 2024/2025

**Record No:** R/24/5/31655  
**Author:** Hartley Hare, Strategic manager transport  
**Approved by:** Fran Mikulicic, Group manager infrastructure and capital delivery

☒ Decision

☐ Recommendation

☐ Information

### 30 Purpose

- 1 To comply with the Transport Act 1962 and Heavy Motor Vehicle Regulations 1974, the road controlling authority for any territorial area is required to confirm, at a minimum annually, any posting weight limit necessary for bridges on the roading network and to revoke any restrictions which no longer apply. This report provides the information to be able to fulfil this requirement. Council last confirmed its bridge postings on 17 May 2024.

### 31 Executive summary

- 2 WSP has been engaged by the Southland District Council (SDC) to undertake condition inspections of the bridges with load and speed restrictions (posted bridges) within the Southland district. The inspections have been undertaken in accordance with the Waka Kotahi NZ Transport Agency Policy S6:2019 and are described as special inspections.
- 3 The posted bridges were also evaluated to confirm their posting weight limit (PWL).
- 4 The number of posted bridges inspected within the Southland district has reduced this year due to an ongoing bridge replacement programme with one posted bridge replaced, or in the process of replacement before the end of June 2024.
- 5 Eight bridges have been replaced and a further four bridges are under contract to be replaced prior to June 2024.
- 6 The current bridge replacement and upgrade programme will have seen the number of posted bridge reduced to 49.
- 7 A list of all SDC posted bridges are detailed on page 19 and 20 of the appended posted bridge recommendation report (Attachment A).
- 8 The report recommends to Council that these bridge limits are adopted.

## 32 Recommendation

### That Council:

- a) **Receives the report titled “Bridge weight restriction postings 2024/2025” dated 10 May 2024.**
- 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) **Agrees to confirm that in accordance with the Transport Act 1962 and Heavy Motor Vehicle Regulations 1974, the maximum weight and speed limits for heavy motor vehicles on bridges as listed on the attached schedule (Attachment A) be imposed.**
- e) **Agrees to continue to rely on the central on bridge restriction to limit posting restrictions and continues to mitigate this risk through ongoing promotion of posting compliance.**
- f) **Agrees to notify the weight limits to the New Zealand Police, New Zealand Transport Agency, Road Transport Forum New Zealand (Inc.) and by public notice in daily newspapers, social media and our website.**

### III) Bridge posting evaluation methodology and assumptions

- 9 The purpose of the special inspections and evaluation is to:
  - assess the current condition of the bridges (extent of decay and other deterioration)
  - evaluate the current live load posting capacity of the bridges and confirm their posting weight limit (PWL) as a percentage of Class 1.
  - recommend maintenance, strengthening and replacement measures and priority of works as appropriate.
- 10 The special inspections of the bridges have included the following:
  - a visual inspection of the condition of all components making up the bridges, including but not limited to; approach, superstructure (deck and main beams) substructure (abutment walls, bearers and piles), surfacing, kerbs, handrails, barriers and waterway and embankment suitability
  - confirmation of previous site measurement of all critical bridge dimensions, member sizes and any deterioration (section loss) of main structural elements
  - a drilling inspection, if deemed necessary, to determine the current extent of decay in the timber beams, corbels, bearers, piles etc
  - a photographic record of each bridge and specific deterioration.

- 11 Where debris covered elements over the abutments, this was removed where possible to allow any concealed deterioration to be assessed.

**mmm) Standards and codes used**

- 12 The following standards and codes have been used when evaluating the bridge capacities and the posting weight limits:
- SP/M/022 3rd Ed NZ Transport Agency Bridge Manual
  - NZS 3603: 1993 Code of Practice for Timber Design
  - AS1720.1: 1988 SAA Timber Structures Code
  - NZS 3404:1997 Steel Structures Standard Part 1 and 2
  - AASHTO LRFD Bridge Design Specifications 8th Edition (September 2017).

**Assumptions**

- 13 During our assessments WSP has made the following assumptions:
- for hardwood members, timber properties have been taken for Mixed Australian Hardwood (MAH), unseasoned with a Stress Grade of F14 unless investigated and categorised otherwise
  - we have assumed that the density of radiata pine to be 800 kg/m<sup>3</sup>, and the density of hardwood beams to be 1000kg/m<sup>3</sup>
  - for Pinus Radiata members (typically decking), timber properties have been taken for No 1 framing grade with a moisture content of in excess of 25% (wet)
  - the characteristic yield strength of steel members is assumed based on the construction date and any available documents or drawings
  - vehicles travel centrally on single lane bridges. Vehicles tend to drive centrally on single lane bridges but there is a risk associated with the loading of outer and central main bridge beams if vehicles do not travel centrally. This is a greater risk at bridges with angled approaches.
- 14 The WSP 2023/2024 Posted Bridge Inspection report has been appended to the report for additional information (Attachment A).

**Changes to bridge posting**

- 15 The roading structures inspection services contract required WSP to complete evaluations of all SDC posted bridges. The evaluations have identified 14 posted bridges that require changes to the posted weight limits. Two of these are posting increases due to strengthening work completed since 30 June 2023.
- 16 The posted bridge changes are detailed on page 5-6- of appended assessment of posted bridge recommendation report (Attachment A).

**Posted bridges requiring action**

- 17 During the inspections of the bridges WSP identified three bridges that warranted evaluation to confirm their load carrying capacity. Evaluations were deemed necessary due to their condition.

**nnn) Issues**

- 18 The restricted bridges can cause a range of difficulties for those people who need them to transport heavy freight. The posted bridge listing continues to be used as a deficiency register to prioritise the bridge upgrading and renewal programmes in the coming years.

- 19 Limited by the available funding and resource for this work, only those bridges with restrictions that cause the greatest commercial hardship or present the highest safety risk will be prioritised to be upgraded or replaced initially. Bridges that have no alternative access and nearing end of remaining useful life will generally take highest priority for renewals.
- 20 There are several bridges not listed on the posting list that are still being reviewed in terms of their status in relation to the extent of the roading network they provide access to and service. These bridges are not a part of Council's maintained network and Council's strategic transport team is scheduling those to be divested or removed when possible.
- 21 Each bridge on the posting list is subject to ongoing consideration of the alternatives which include:
- potential upgrading or replacement where this is justified in terms of the level of service that SDC can afford to provide
  - how to effectively better manage 'long term' postings where the bridge is low use and the restriction is causing limited problems
  - potential removal or divestment of the bridge from the network register with consideration under Council's Extent of Network Policy and utilisation of bridge matrix for rationalisation.
- 22 The current use of the central on bridge restriction is not a standard restriction covered by the regulations. It is a pragmatic approach that has been used by SDC for a number of years to avoid excessive restrictions and manage the bridge asset to maximise its value and life.
- 23 Discussions with Waka Kotahi NZ Transport Agency indicate that very few, if any, other RCAs use this central on bridge restriction. This does not mean it is wrong, it is just not a standard practice covered by the regulations. This means that the restriction is not legally enforceable and acts more as an advisory sign.
- 24 As previously reported the transport agency will not tell SDC what to do regarding the use of the central on bridge restriction as it sees that it is up to SDC how it manages its network within the various legal requirements governing all RCAs, including the risks on the network. They do support appropriate measures that provide better access for trucks across the network. It needs to be noted that there is a risk that if people fail to comply with the central on bridge condition and this leads to a failure and truck crash, Council could potentially have some liability issues to defend.
- 25 The risks are greatest where there is a substantial difference between the bridge weight restriction with and without the central on bridge restriction, the bridge approach is curved and there are greater heavy traffic volumes.
- 26 In terms of dealing with the risks, Council has the full range of options between fully accepting the risk of continuing with the central on bridge restriction in all cases, in the knowledge that this has worked satisfactorily in the past, and downgrading all posting restrictions to those that would apply under full eccentric loading.
- 27 The most conservative option would lead to major inconvenience for a significant number of road users and accelerated pressure on the bridge replacement and upgrade budgets.
- 28 In between the two extremes, there are a number of options Council could choose to implement, depending on where the balance is struck between risks and associated mitigations. For example, Council could choose to place a limit or cap (ie 25%) on the difference between posting restrictions for eccentrically placed loading calculations and central on bridge loading calculations. In the past Council has taken an uncapped central on bridge approach on the basis that the



posted bridges are single laned, vehicles tend to stay reasonably central (as evidenced by wheel tracks). At this stage, it is recommended to retain this approach.

- 29 Others have been accepted with the central on bridge restriction based on indications of vehicle tracking across the bridges.
- 30 Council, in 2021 resolved to continue to rely on central on bridge restrictions to limit posting restrictions but to mitigate some of the risk by continuing to take action to promote compliance, particularly for the highest risk cases. The reduction in risk has further been bolstered by the implementation of 2019 recommendation and intention to undertake further invasive annual inspections of all posted bridges which have areas of concern. The testing was implemented in the 2020 inspection cycle.
- 31 To keep the allowable capacity of the bridges as high as possible, most of the postings are based on a speed restriction of 10 km/hr which carries the risk that people do not comply with the restriction and overload the bridge. Increasing the allowable speed reduces the allowable load on the bridge so a balance needs to be struck.
- 32 The use of gantry system has also been implemented with limited success, however this system is costly, has been prone to damage and continued noncompliance. As a result one bridge has been closed.

### **ooo) Factors to consider**

#### **Legal and statutory requirements**

- 33 The annual setting and adverting of weight restriction is a requirement of the Transport Act 1962 and the Heavy Motor Vehicle Regulation 1974.

#### **Community views**

- 34 No separate specific community views have been sought on this matter outside of the Long Term Plan consultation.

#### **Costs and funding**

- 35 The 'cost of advertising' in providing notification of Council's bridge postings are minor compared to the asset gains and protection realised. This is funded by the roading network and asset management budget.
- 36 Any physical works will be prioritised and funded through the structure's component upgrade and bridge replacement budgets currently being established for the 2021-2024 funding period.

#### **Policy implications**

- 37 The posted bridges generally meet the Land Transport Activity Management Plan requirements, the Waka Kotahi NZ Transport Agency funding requirement and policies, the Council's Extent of Network Policy and the Heavy Motor Vehicle Regulations of 1974.
- 38 It should be noted that Waka Kotahi NZ Transport Agency standards expect that posted bridges will be inspected annually to allow the restrictions to be updated and confirmed. This is now carried out annually under the structural services contract.

## Analysis

### ppp) Options considered

- 39 The option of taking no action is not suitable in this case as it would result in 'unsafe' structures being used by road users with potentially serious or fatal consequences.
- 40 In all cases the suggested weight restrictions have been set to provide a balance between safety and limiting damage to the structures, as well as setting reasonable limits for the type of vehicles using the bridges.

### qqq) Analysis of options

#### rrr) Option 1 – adopt WSP bridge posting recommendation

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"><li>• provides increased protection to bridges, slowing down the rate of degradation of the bridge</li><li>• reduces risk of failure if an issue not fully identified during an inspection means the carrying capacity of the bridge is less than estimated</li><li>• meets Council regulatory obligations.</li></ul>	<ul style="list-style-type: none"><li>• imposes greater cost on landowners and heavy transport industry when required to either take detours or run more truck movements with lighter loads.</li></ul>

#### sss) Option 2 – NOT to adopt WSP bridge posting recommendation

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"><li>• none.</li></ul>	<ul style="list-style-type: none"><li>• Council will not meet its regulatory obligations</li><li>• increases risk of major damage or complete and sudden failure of the bridge structure</li><li>• increases risk of fatal or serious injury to road users due to sudden failure</li><li>• higher loads will lead to more rapid deterioration of the marginal bridge structures. This will lead to the need to replace the structure sooner.</li></ul>

#### ttt) Assessment of significance

- 41 It is determined that this matter is not significant in terms of Section 76 of the Local Government Act 2002.

### Recommended option

- 42 It is proposed that Council accepts the attached list and authorises the advertising of the list in accordance with the requirements of the Transport Act 1962 and the Heavy Motor Vehicle Regulations 1974.

- 43 It is requested that Council confirm that it wishes to continue to rely on the central on bridge restriction to limit the posting restrictions.
- 44 The objective of the decision is to maintain a suitable level of safety for road users and to also limit damage to the Council's bridge asset from unsuitable loads crossing bridges.

### **Next steps**

- 45 Following Council's meeting, the bridge restrictions will be advertised and notified to the New Zealand Police, the New Zealand Transport Agency and the Heavy Transport Industry.
- 46 Work will continue on priority bridge upgrades and replacements as part of an overall bridge strategy.
- 47 The next round of posting inspections is scheduled for 2025 and will continue annually for the foreseeable future.

### **Recommendations**

- 48 Update posted weight limit signage to reflect the findings of this report (Attachment A).
- 49 Complete required strengthening and maintenance works within the required timeframes.
- 50 Continue to perform annual weight limit certification inspections for bridges with weight or speed restrictions.
- 51 Continue future strategy for managing SDC's deteriorating timber bridge stock including implementing proactive maintenance strategies and inspection regimes, followed by developing a programme for repair, strengthening and replacement based on assessed condition, remaining useful life and level of service requirements.
- 52 Undertake Net Present Values End of Life (NPVEOL) assessments on priority bridges when identified.

## **33 Attachments**

- A WSP Bridge Posting Report

Southland District Council

# POSTED BRIDGE RECOMMENDATION REPORT

7 MAY 2024



wsp

POSTED BRIDGE RECOMMENDATION REPORT

Southland District Council

WSP  
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REV	DATE	DETAILS
1	03/05/2024	DRAFT - For client comment
2	07/05/2024	FINAL

	NAME	DATE	SIGNATURE
Prepared by:	Mauricio Convers	07/05/2024	
Reviewed by:	Ian Sutherland	07/05/2024	
Approved by:	Andrew Bruce	07/05/2024	

This report ('Report') has been prepared by WSP exclusively for Southland District Council ('Client') in relation to the evaluation of the posted bridges in Southland ('Purpose') and in accordance with the Contract for Rooding Structural Inspection Services, Contract No 20/2 dated 23-10-2020. The findings in this Report are based on and are subject to the assumptions specified in the Report. WSP accepts no liability whatsoever for any reliance on or use of this Report, in whole or in part, for any use or purpose other than the Purpose or any use or reliance on the Report by any third party.

6-VN127.00

7 May 2024



Our ref: 6-VN127.00

Roy Clearwater  
Roading Asset Engineer  
Southland District Council  
PO Box 903  
Invercargill 9840

Dear Roy

**Contract 20/2 Roading Structural Inspections Services – Posted Bridge Recommendation Report**

WSP has completed the inspections and assessments for the Southland District Council Posted Bridges for the period of July 2023 to June 2024.

This report presents our findings and recommends the load restrictions to be implemented prior to 30<sup>th</sup> June 2024.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Ian Sutherland', is written over a circular stamp or seal.

Ian Sutherland  
Work Group Manager Buildings and Civil Structures  
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# 1 INTRODUCTION

WSP has been engaged by the Southland District Council (SDC) to undertake condition inspections of the bridges with load and speed restrictions (Posted Bridges) within the Southland District. The inspections have been undertaken in accordance with the Waka Kotahi NZTA Policy S6:2022 and are described as Special Inspections.

This round of Posted Bridge Inspections completes the fourth year of inspections undertaken for the Rooding Structures Inspection Service Contract 20/2. In 2020 and 2021 the Posted Bridges were evaluated to confirm their Posting Weight Limit (PWL). The inspections completed in subsequent years confirm and monitor the condition of the bridges and identify defects.

The SDC's ongoing commitment to strengthening and replacing bridges has made significant progress with the number of bridges with speed and weight restrictions significantly reduced, from 92 in 2019, to 49 at the completion of the 2023/2024 Bridge Replacement Programme

The current 2023/2024 Bridge Replacement Programme has 12 weight restricted bridges under contract for replacement. Eight are complete and open to traffic with four to be completed by the end of June 2024. McLeish Road Bridge is currently closed and is one of the bridges being replaced.

Two bridges were strengthened during the reporting period.

Our scope of work included:

- Detailed inspection with some drilling of timber elements undertaken to determine extent of decay. This was only undertaken where deemed necessary.
- Photographic record of any deficiencies found.
- Assessment of deterioration (decay) effect on Posted Weight Limit (PWL)
- Outlining recommended remedial options
- Recommending and prioritising both short and long-term maintenance, strengthening and/or replacement requirements based on the severity of deterioration.
- Updating the databases (RAMM and OBIS) on findings

Section 4 provides details, in Table 4-1, of the SDC bridges that require changes to their current postings and require actions to be taken. The majority of the bridge postings are unchanged.

Section 5 includes Table 5-1, which lists all the SDC posted bridges, their PWL, recommended maintenance items, as well as a commentary and recommended actions to be undertaken during the coming year.

Appendix A provides the updated Posted Weight Limit Table for public notification.



## 2 POSTED BRIDGE INSPECTION METHODOLOGY

### 2.1 GENERAL

The purpose of the special inspection of Posted Bridges is to:

- Assess the current condition of the bridges (extent of decay and other deterioration)
- Compare condition to previous inspections.
- Assess if the current weight restriction is appropriate based on the observations made of current condition and any defects identified.
- If necessary, evaluate the current live load posting capacity of the bridges and confirm their PWL (as a percentage of Class 1). Note: no evaluations have been undertaken during the current inspection period.
- Recommend maintenance, strengthening and replacement measures and priority of works as appropriate.

The special inspections of the bridges have included the following:

- A visual inspection of the condition of all components making up the bridges, including but not limited to; approach, superstructure (deck and main beams) substructure (abutment walls, bearers and piles), surfacing, kerbs, handrails, barriers and waterway and embankment suitability.
- Confirmation of previous site measurement of all critical bridge dimensions, member sizes and any deterioration (section loss) of main structural elements
- A drilling inspection, if deemed necessary, to determine the current extent of decay in the timber beams, corbels, bearers, piles etc. All posted timber bridges were drilled in 2020/2021 and future drilling is only undertaken as necessary.
- A photographic record of each bridge and recording of specific deterioration.

Where debris covered elements over the abutments, this was removed where possible to allow any concealed deterioration to be assessed.

### 2.2 SPECIFIC ACCESS

As part of the previous inspections, the bridges requiring specific access for close quarter inspections in the 2023/2024 inspection period have been identified. There are several Posted Bridges that will be included within this report that will require specific access to view central spans and potentially carry out drilling. The specific access method will include Bridge Inspection Vehicles (BIV) and Scaffolding. Noting that access onto the bridge for BIV maybe limited due to the load capacity of the structure.

The scoping of the specific access work is currently underway with one of the SDC maintenance contractors to confirm the final inspection methods.

## 2.3 POSTING WEIGHT LIMIT (PWL) EVALUATION

The PWL is an assessment of a bridge's ability to carry Class 1 traffic (i.e. legal highway loading) as defined by the Heavy Motor Vehicle (HMV) Regulations 1974.

All posted bridges were assessed in the 2020/2021 (Year One) contract period using the Ultimate Limit States (ULS) method based on the Bridge Manual Section 7. The load distribution was calculated using one of the following two methods:

1. Simplified method with the AASHTO wheel load factor based on the deck type:
  - a. 3.3 for deck planks with / without running planks
  - b. 4.1 for baulk decks with / without running planks
2. Detailed analysis to determine a more accurate load distribution. The deck was modelled on top of spring supports based on the stiffness of each beam.

If a bridge has insufficient capacity to carry General Access (Class 1) traffic. It is required to be posted with a notice showing its allowed load. The load restriction can be defined by:

1. Gross weight limit
2. Axle weight limit
3. Speed restriction

The intention of the HMV regulation is that any restriction be legally binding and provide adequate protection to the structure from damage. This supports the Road Controlling Authorities to meet their Health and Safety obligations/statutory requirements.

Road Controlling Authorities, when fixing weight or speed limits, are legally obligated to "cause notification thereof ...to be published in some newspaper circulating in the district in which the bridge is situated" with this notification undertaken on a 12-month basis. The SDC is required to publicly notify the Posted Bridge Limits for the Southland District before 30<sup>th</sup> June 2023. A table listing all the SDC posted bridges and their required Posted Weight Limits for the July 2023 to June 2024, is included in Table A-1 of Appendix A

Bridges with weight or speed restrictions should be visually inspected on an annual basis.

### 2.3.1 STANDARDS AND CODES USED

The following standards and codes have been used when evaluating the bridge capacities and the Posting Weight Limits:

- SP/M/022 3<sup>rd</sup> Ed Amendment 3 (2018), NZ Transport Agency Bridge Manual (Note: The NZTA Bridge Manual has been amended, with the Amendment 4 issued in May 2022. The evaluations have not considered the changes made in Amendment 4).
  - Lake Monowai Bridge (3407.002) has been evaluated in accordance with Amendment 4 as part of the planned deck replacement project.
- NZS 3603: 1993 Code of Practice for Timber Design
- AS1720.1: 1988 SAA Timber Structures Code
- NZS 3404:1997 Steel Structures Standard Part 1 and 2
- AASHTO LRFD Bridge Design Specifications 8th Edition (September 2017)

### 2.3.2 ASSUMPTIONS

During our assessments we have made the following assumptions:

- For Hardwood members, timber properties have been taken for Mixed Australian Hardwood (MAH), unseasoned with a Stress Grade of F14 unless investigated and categorised otherwise.
- We have assumed that the density of radiata pine to be 800 kg/m<sup>3</sup>, and the density of hardwood beams to be 1000 kg/m<sup>3</sup>.
- For Pinus Radiata members (typically decking), timber properties have been taken for No. 1 Framing Grade with a moisture content of in excess of 25% (wet).
- The characteristic yield strength of steel members is assumed based on the construction date and any available documents or drawings.
- Vehicles travel centrally on single lane bridges. Vehicles tend to drive centrally on single lane bridges but there is a risk associated with the loading of outer and central main bridge beams if vehicles do not travel centrally. This is a greater risk at bridges with angled approaches.

### 3 STRENGTHENED & REPLACED BRIDGES

#### 3.1 STRENGTHENED BRIDGES

Two bridges were strengthened during the 2023/2024 year.

Otapiri Mandeville Road Bridge (2828.007) was strengthened to remove is weight and speed restriction and is no longer posted. The live load capacity of the bridge is now HN-72.

Waghorn Road Bridge was strengthened to improve its weight restriction from 40% of Class 1 to 100% of Class 1 with a speed restriction of 10km/hr.

The revised posting and status of the strengthening is summarised in the following Table 3-1.

TABLE 3-1 – SUMMARY OF BRIDGE STRENGTHENING 2023/2024

STRUCTURE NO	NAME OF ROAD	STATUS / DESCRIPTION OF WORKS	NEW POSTING % OF CLASS 1	SPEED LIMIT
1168.001	Waghorn Road	Timber beams replaced and all fittings replaced along with new deck and handrails. One pile grout encased.  Live load limit increased from 40% of class 21 to 100% of Class 12.  10km/hr speed restriction remains.	100%	10km/hr
2828.007	Otapiri Mandeville Road	Timber deck replaced with concrete deck existing concrete abutments reused. New live load capacity HN-72. Posted weight limit removed.	Posting can be revoked	-

## 3.2 REPLACED BRIDGES

Eight posted bridges have been replaced during the 2023/2024 period with a further four bridges under contract to be replaced prior to the end of June 2024. The affected bridges are summarised in Table 3-2 and Table 3.3.

TABLE 3-2 – POSTED BRIDGES REPLACED 2023/2024

STRUCTURE NO	NAME OF ROAD	STATUS
2865.004	Benmore Otapiri Road	Bridge replaced. Designed to HN-HO-72 loading and posting can be revoked
2373.002	Harbour Endowment Road	Bridge replaced. Designed to HN-HO-72 loading and posting can be revoked
1065.001	Marinui Road	Bridge replaced. Designed to HN-HO-72 loading and posting can be revoked.
1281.001	Mataura Island - Titiroa Road	Bridge replaced. Designed to HN-HO-72 loading and posting can be revoked
3158.002	Murphy Road	Bridge replaced. Designed to HN-HO-72 loading and posting can be revoked
2055.005	Papatotara Coast Road	Bridge replaced. Designed to HN-HO-72 loading and posting can be revoked
2897.001	Riverside School Road	Bridge replaced. Designed to HN-HO-72 loading and posting can be revoked
2555.001	Sharks Tooth Road	Bridge replaced. Designed to HN-HO-72 loading and posting can be revoked.

TABLE 3-3 – POSTED BRIDGES UNDER CONTRACT TO BE REPLACED PRIOR TO JUNE 2024

2865.003	Benmore Otapiri Road	Designed to HN-HO-72 loading. It is expected that posting can be revoked in June 2024.
2444.001	McLeish Road	Designed to HN-HO-72 loading. It is expected that posting can be revoked in June 2024.
2897.002	Riverside School Road	Designed to HN-HO-72 loading. It is expected that posting can be revoked in June 2024.
3147.001	Wilson road	Designed to HN-HO-72 loading. It is expected that posting can be revoked in June 2024.

### 3.3 KIRKBRIDGE STREET BRIDGE (1658.001)

This bridge provide access to a farm property as well as the Alliance Lorneville Processing plant water intake structure from the Oreti River. A large Alliance water pipe is also supported by the bridge. There is a contract in place for the replacement of this bridge however this has had significant delays due to the lack of support from Alliance.

SDC are escalating this project with the intention of completing the works during the 2024/2025 period.

## 4 CHANGES TO BRIDGE POSTING

All 12 bridges included in tables 3-1 and table 3-2 are programmed for completion prior to 30<sup>th</sup> June 2024. It is intended that these 12 bridges along with the Otapiri Mandeville Road Bridge (2828.007), that has been strengthened, will have their Posted Weight Limit revoked and publicly notified before 30<sup>th</sup> June 2024.

If for any reason the four replacement bridges that are still under construction are not completed prior to public notification (June 2024) then these bridges will be excluded and will be publicly notified at later date.

Details of the changes, and actions required, to the current bridge postings are summarised in Table 4-1.

Table 4-2 lists the bridges replaced during the 2023/2024 year which allows their Posted Weight Limits to be revoked.

A table listing all the SDC posted bridges and their required Posted Weight Limits for the July 2023 to June 2024, is included in Table A-1 of Appendix A. This table is suitable to be used for the public notification of the Posted Bridge Limits for the Southland District.

TABLE 4-1 SUMMARY OF CHANGES/ACTIONS TO BRIDGE POSTED WEIGHT LIMITS

Structure No	Name of road	Current posting % of Class 1	New posting % of Class 1	Speed limit (km/hr)	Comments/actions to posting
1168.001	Waghorn Rd	40%	100%	10	Strengthening completed. Posted weight limit to change to a 10km/hr speed restriction only.
2828.007	Otapiri Mandeville Road	90%	No posting		Strengthening completed. Weight restriction can be revoked.

The posted weight restriction of these bridges can be revoked.

TABLE 4-2 POSTED BRIDGES REPLACED IN 2023/2024 – POSTED WEIGHT LIMIT CAN BE REVOKED

Item	Structure No	Name of road
1	2865.004	Benmore Otapiri Road
2	2865.003	Benmore Otapiri Road*
3	2373.002	Harbour Endowment Road
4	2444.001	McLeish Road* (closed, planned to reopen to traffic June 2024)
5	1065.001	Marinui Road
6	1281.001	Mataura Island -Titiroa Road
7	3158.002	Murphy Road
8	2828.007	Otapiri Mandeville Road
9	2055.005	Papatotara Coast Road
10	2897.001	Riverside School Road
11	2897.002	Riverside School Road*
12	2555.001	Sharks Tooth Road
13	3147.001	Wilson Road*

Note: \* the bridges marked will only have their posting weight limit revoked and publicly notified prior to 30<sup>th</sup> June if the replacement works are fully complete and ready for traffic.



## 5 POSTED BRIDGE MAINTENANCE

Table 5-1 summarises and comments on the maintenance required on the Southland District Council weight restricted bridges. Additional commentary is provided for some bridges where the development of a management strategy would be beneficial.

Table 5-1 Posted Bridges Maintenance Summary Table

No	STRUCTURE NUMBER	NAME OF ROAD	Comments and maintenance items for coming year	Priority
1	2861.001	Anderson Rd 4	<ul style="list-style-type: none"> <li>Replace deck, severely worn with significant section loss</li> <li>Settlement on approaches</li> <li>Reseal road</li> <li>Clean and paint</li> </ul> <b>NOTE: included in priority replacement programme for 2024/2025.</b>	Deck - Urgent Other items Medium
2	2459.001	Argyle Otahuti Rd	<ul style="list-style-type: none"> <li>Currently LVO - Plan for replacement</li> </ul>	Medium
3	1253.001	Badwit Rd	<ul style="list-style-type: none"> <li>Remove vegetation from capping beam</li> <li>Running boards end of useful life</li> <li>Replace holding down bolts.</li> <li>Missing bridge number</li> <li>Plan for capping beam replacement</li> </ul> <b>NOTE: included in priority replacement programme for 2024/2025.</b>	High
4	2865.001	Benmore Otapiri Rd	<ul style="list-style-type: none"> <li>Bridge markers require repair</li> <li>Chip seal recommended</li> <li>Clean vegetation growing between timber gap T/L abutment wall</li> <li>T/L centre pile severe split. T/R pile 1 split in pile 3 &amp; 2</li> <li>Plan for pile replacement</li> </ul>	Bridge markers high Other items medium
5	2895.002	Benmore Rd	<ul style="list-style-type: none"> <li>Rotate post sign towards the road.</li> <li>Change the bridge number from 2895.002 to 2889.001.</li> </ul>	Medium
6	2865.003	Benmore Otapiri Rd	<b>Note: Bridge under contract to be replaced June 2024</b>	Low
6	1186.001	Birch Rd	<ul style="list-style-type: none"> <li>Clean and paint handrail, Reseal Road</li> <li>Replace running boards and re-secure deck planks / check deck planks after remove running boards.</li> </ul> <b>NOTE: included in priority replacement programme for 2024/2025.</b>	High
7	2494.001	Breeze Rd	<ul style="list-style-type: none"> <li>Remove debris below deck</li> </ul> <b>Note: Identified for priority replacement</b>	Low

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No	STRUCTURE NUMBER	NAME OF ROAD	Comments and maintenance items for coming year	Priority
8	1606.001	Bridge Inn Rd	<ul style="list-style-type: none"> <li>· Reseal road</li> <li>· Decking and abutment capping beam require replacement</li> </ul> <b>NOTE: included in priority replacement programme for 2024/2025.</b>	Medium
9	1056.001	Buckingham Rd	<ul style="list-style-type: none"> <li>· Reinstate/provide road drainage T/L approach - prevent water flowing onto bridge deck</li> <li>· U/S T/L settlement / pothole forming</li> <li>· Joint true left approached damage, replacement required.</li> </ul>	Low Joint medium
10	3353.001	Carter Rd	<ul style="list-style-type: none"> <li>· Broken handrail U/S x 2 locations</li> <li>· Abutment A (T/L) - no piles.</li> <li>· Remove debris from riverbed.</li> <li>· Bearers with packers rotten - causing vertical settlement of T/L span</li> <li>· Width markers hidden by approach rails. Bridge number incomplete.</li> <li>· Paint and clean approach rails</li> </ul>	Broken Handrail - High  Medium
11	3654.001	Cumming Rd	<ul style="list-style-type: none"> <li>· Running boards end of life - damaged at approaches</li> <li>· Handrail support D/S T/R damaged and not supported</li> <li>· Heavy vehicle and bridge marks sign needs reattached</li> <li>· Clean and paint handrails</li> <li>· Seal Road</li> </ul> <b>Note: Identified for priority replacement</b>	Running Boards, handrail, and signage - High  Other items Low
12	3047.001	Cunningham Rd	<ul style="list-style-type: none"> <li>· Clean vegetation from deck</li> <li>· Remove poplar tree D/S T/R near abutment.</li> <li>· Recommend handrail installation</li> <li>· No width markers</li> <li>· Repaint kerbs and end posts</li> </ul>	Low
13	1565.002	Davidson Rd 3	<ul style="list-style-type: none"> <li>· Remove vegetation from capping beam</li> <li>· Remove cabbage tree from riverbed.</li> <li>· Posted bridge sign not visible on T/R - relocate sign or remove flax/harakeke.</li> </ul> <b>Note: Identified for priority replacement</b>	Low
14	2371.002	Dunearn Rd	<ul style="list-style-type: none"> <li>· Clean and paint handrails</li> <li>· Clean debris between beams</li> <li>· Recommend chipseal.</li> <li>· Settlement on approaches</li> </ul>	Low

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No	STRUCTURE NUMBER	NAME OF ROAD	Comments and maintenance items for coming year	Priority
15	3363.001	Duthie Rd 2 (Bdy Rd)	<ul style="list-style-type: none"> <li>· Running boards damaged at sides. T/L first plank broken. Replace 4-6 deck planks when running boards gets replaced.</li> <li>· Clean and paint handrails.</li> <li>· Sign not visible remove vegetation and trim tree.</li> <li>· Recommend chipseal.</li> <li>· Potholes at approaches.</li> </ul> <b>Note: Identified for priority replacement</b>	Medium
16	2115.003	Feldwick Rd	<ul style="list-style-type: none"> <li>· Loss of sapwood. Pier 2, pile 3 - vertical split inside collar.</li> <li>· Recommend chipseal.</li> <li>· Width markers broken T/R.</li> <li>· Remove vegetation growth at piers.</li> <li>· Potholes forming.</li> </ul> <b>Note: Identified for priority replacement</b>	Low-medium
17	1373.001	Frazer Rd (Bdy Rd)	<ul style="list-style-type: none"> <li>· Remove fallen tree from riverbed U/S.</li> <li>· Width marker obstructed U/S T/R.</li> <li>· Clear vegetation on carriageway below handrails.</li> <li>· Clean and paint handrails.</li> <li>· Remove vegetation from abutments</li> </ul> <b>Note: Identified for priority replacement</b>	Low
18	1992.001	Fryer Rd	<ul style="list-style-type: none"> <li>· Beams deteriorating and in poor condition. Posting change/replacement.</li> <li>· Poor condition - 50% planks require replacement.</li> <li>· Clean and paint handrails.</li> <li>· Anchor bolts/plates corroded - replace.</li> <li>· Settlement on approach TR. Fill approaches.</li> <li>· Material from deck falling through. Clean debris on bearings.</li> </ul> <b>NOTE: included in priority replacement programme for 2024/2025.</b>	High
19	2373.001	Harbour Endowment Rd	<ul style="list-style-type: none"> <li>· Impact damage kerb D/S.</li> <li>· Replace bridge number.</li> <li>· Bridge marker sign damage T/L. Bridge mark T/R missing.</li> <li>· Recommend seal carriageway surfacing.</li> </ul>	Low
20	3626.003	Hillas Rd	<ul style="list-style-type: none"> <li>· Scour T/L U/S need rip-rap</li> <li>· Loss of material at base of wingwall -causing settlement of fill at T/L U/S approach.</li> <li>· Approach rails r recommended T/L D/S.</li> <li>· Bridge mark T/L U/S broken</li> <li>· Recommend chipseal.</li> </ul>	Low

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No	STRUCTURE NUMBER	NAME OF ROAD	Comments and maintenance items for coming year	Priority
21	3902.002	Horseshoe Bay Rd	<ul style="list-style-type: none"> <li>Reconnect or replace handrail post; replace corroded bolts at wheel guard.</li> <li>Add bridge number and replace bridge marker. Posted sign need post.</li> </ul>	Low
22	3736.001	Hume Rd	<ul style="list-style-type: none"> <li>Tighten all loose bolts on corbels and deck. Replace washers and bolts where missing.</li> <li>Pier 10 bracing needs blocking /</li> <li>Remove debris from pier (large tree log).</li> <li>Potholes in approaches.</li> <li>T/R approached damage.</li> <li>consider barriers / rails T/R U/S.</li> </ul>	Medium
23	1658.001	Kirkbride St	<ul style="list-style-type: none"> <li>Bridge number not readable, posting sign T/L needs relocated to be visible and T/R needs reinstated - is on the ground.</li> <li>Coating on steel beams.</li> <li>Potholes in both approaches.</li> <li>Clean and paint handrails.</li> </ul> <p><b>NOTE: included in priority replacement programme for 2024/2025.</b></p>	Signage - High Other items Low
24	1332.001	Klondyke Rd	<ul style="list-style-type: none"> <li>Clean and paint handrails - some rot.</li> <li>Repair post sign heavy vehicle limits</li> </ul> <p><b>Note: Identified for priority replacement</b></p>	Low
25	3407.002	Lake Monowai Rd	<ul style="list-style-type: none"> <li>T/L D/S anchor lock nut to cable anchor - 1 missing - clean out cable anchor pit and denso/grout where bolts enter ground.</li> <li>T/L U/S handrail loose / timber kerbing damaged and poor condition. Handrail damaged T/R U/S.</li> <li>Repair/replace/remove broken small timber packer deck.</li> <li>Width marker missing T/L U/S.</li> <li>No hazard markers.</li> <li>Reseal carriageway surfacing.</li> </ul> <p><b>NOTE: redecking is included in the programme for 2024/2025.</b></p>	Urgent
26	3407.004	Lake Monowai Rd	<ul style="list-style-type: none"> <li>Pile 3, on pile cap 1 deteriorated. Investigate replacement / remedial works. Pier 2, pile 3 split, add collars to all 3 piles if needed.</li> <li>Reseal carriageway.</li> <li>Approaches T/L and T/R need repair.</li> <li>Broken width marker U/S T/L.</li> </ul> <p><b>Note: Identified for priority replacement</b></p>	Medium

No	STRUCTURE NUMBER	NAME OF ROAD	Comments and maintenance items for coming year	Priority
27	3004.002	Lang Road 2	<ul style="list-style-type: none"> <li>· Reseal carriageway surfacing.</li> <li>· Potholes in approaches</li> </ul>	High
28	1376.001	Lauderdale Bush Rd	<ul style="list-style-type: none"> <li>· Potholes in both approaches.</li> </ul> <b>Note: Identified for priority replacement</b>	Low
29	3026.001	Level Street	<ul style="list-style-type: none"> <li>· Install posted sign (LVO 3500kg Gross).</li> <li>· Repair, clean and paint handrails.</li> <li>· Potholes in approach T/L.</li> </ul>	Low
30	2623.001	Mandeville Rd	<ul style="list-style-type: none"> <li>· Abutment T/R clear vegetation.</li> <li>· Pothole D/S T/L needs chipseal.</li> <li>· Clean and Repaint handrail</li> </ul>	Low
31	1008.001	Manse Rd	<ul style="list-style-type: none"> <li>· T/R U/S hole and gap between running boards, Place running boards so butted joints are located at deck planks, not between.</li> <li>· T/L handrail damage.</li> <li>· T/R and T/L potholes / settlement</li> </ul>	Low
32	1334.002	Matheson Rd 2	<ul style="list-style-type: none"> <li>· Remove vegetation between waler planks.</li> <li>· Clear vegetation on deck and at approach.</li> <li>· remove vegetation from capping beams.</li> <li>· Consider barrier at D/S approaches.</li> </ul> <b>Note: Identified for priority replacement</b>	Low
33	2868.002	Matthews Rd	<ul style="list-style-type: none"> <li>· Handrails planks broken U/S. Repair / replace.</li> <li>· Capping beam clear debris, consider bird proofing.</li> <li>· Reseal carriageway surfacing.</li> <li>· Remove hot wire from handrail D/S T/L.</li> </ul>	Low
34	2868.003	Matthews Rd	<ul style="list-style-type: none"> <li>· Bridge marker signs T/R T/L U/S broken.</li> <li>· Post sign twisted.</li> <li>· Clean and Repaint handrail.</li> </ul>	Low
35	1584.001	McKerchar Rd 1	<ul style="list-style-type: none"> <li>· Reseal carriageway surfacing and approaches.</li> <li>· Needs new bridge number.</li> <li>· Clean and repaint handrails.</li> <li>· Remove vegetation from riverbed.</li> </ul> <b>Note: Identified for priority replacement</b>	Low
36	2515.001	McKinnon Rd 2	<ul style="list-style-type: none"> <li>· Deck planks (6 minimum) need replaced</li> <li>· Capping beam clear debris, consider bird proofing.</li> <li>· Remove vegetation from riverbed.</li> </ul> <b>Note: Identified for priority replacement</b>	Planks - high Other items Low

No	STRUCTURE NUMBER	NAME OF ROAD	Comments and maintenance items for coming year	Priority
37	1086.001	Morrison Rd West	<ul style="list-style-type: none"> <li>Steel beams re-coat.</li> <li>Head wall True right side top plank broken.</li> <li>Seal road after replacing running deck.</li> <li>Clean and Repaint handrail.</li> </ul>	Low
38	9576.001	Off Webb Rd	<ul style="list-style-type: none"> <li>Recommend handrails.</li> <li>No bridge number and no width markers.</li> <li>Clean and recoat steel beams.</li> <li>Remove vegetation from deck.</li> <li>Corroding bolts and split in blocks under kerb.</li> </ul>	Medium
39	1206.001	Orr Rd 1	<ul style="list-style-type: none"> <li>Beam 1 - replacement required soon.</li> <li>Deck plank 70% rotten replacement required.</li> <li>Severe corrosion - Replace HD bolts.</li> <li>Kerb blocking rotten T/L.</li> <li>Potholes in both approaches.</li> <li>Bridge edge marks signs damage.</li> <li>Remove vegetation from joints.</li> <li>Remove vegetation from capping beams.</li> </ul> <p><b>Note: Identified for priority replacement</b></p>	High
40	1002.001	Progress Valley Rd	<ul style="list-style-type: none"> <li>Clean capping beam and debris.</li> </ul>	Low
41	2128.001	Purvis Rd	<ul style="list-style-type: none"> <li>Broken and missing width markers.</li> <li>Recommend seal carriageway surface.</li> </ul>	Low
42	2897.002	Riverside School Rd	<ul style="list-style-type: none"> <li>Head wall not retaining approach fill.</li> <li>Reattach posting sign to posts T/R.</li> </ul> <p><b>Note: Bridge under contract to be replaced June 2024</b></p>	Low
43	1054.001	Scrubby Hill Rd	<ul style="list-style-type: none"> <li>Potholes in approaches.</li> <li>Bridge markers damage.</li> <li>Remove vegetation from riverbed</li> </ul>	Low
44	3652.005	Sutherland Rd	<ul style="list-style-type: none"> <li>D/S handrail damage needs replacement / reconstruction.</li> <li>Recommend seal carriageway surface.</li> </ul>	Low
45	3144.001	Tomogalak Road	<ul style="list-style-type: none"> <li>Remove debris from Pier 1 and pier 2.</li> <li>Clean and paint kerbs / T/R D/S kerb damage.</li> <li>Manage aggradation.</li> <li>Width markers broken, relocated to kerb face at one corner to show actual width</li> <li>Recommend handrail</li> </ul>	Bridge markers – High  Low

No	STRUCTURE NUMBER	NAME OF ROAD	Comments and maintenance items for coming year	Priority
46	2856.002	Turnbull Rd	<ul style="list-style-type: none"> <li>· Assess deck planks when running boards replacement (50% to be replaced) / Running boards worn out (running boards replaced late March 2023 - no deck planks).</li> <li>· Capping beam remove debris.</li> <li>· Recommend seal carriageway surface.</li> </ul>	High
47	1168.001	Waghorn Rd	<ul style="list-style-type: none"> <li>· Recommend seal carriageway surface.</li> </ul>	Low
48	3617.001	West Dome Station Rd	<ul style="list-style-type: none"> <li>· Scour Under abutment T/R.</li> <li>· Approaches pothole T/R.</li> <li>· T/L U/S - consider sight rails.</li> </ul>	Low
49	2858.001	Winton Channel Rd	<ul style="list-style-type: none"> <li>· Potholes in approaches.</li> </ul>	Medium - low
50	1355.001	Woods Rd 1	<ul style="list-style-type: none"> <li>· Cracks in concrete wall - repoint mortar between rock abutments - remove vegetation from mortar joints.</li> <li>· TL material passing through and sitting on bearing shelf.</li> <li>· Reseal carriageway surface.</li> <li>· No bridge number</li> </ul>	Low
51	3147.001	Wilson Rd 7	<ul style="list-style-type: none"> <li>· Pile 1 TL not fastened/connected. New HD bolt and connection required.</li> <li>· Handrail - bolt not through deck. Kerb damaged D/S. Clean and paint</li> <li>· T/L first plank broken - replace along with other deteriorated deck planks.</li> <li>· Bridge number not visible</li> </ul> <p><b>Note: Bridge under contract to be replaced June 2024</b></p>	Medium
52	2897.002	Riverside School Rd	<ul style="list-style-type: none"> <li>· Head wall not retaining approach fill.</li> <li>· Reattach posting sign to posts T/R.</li> </ul> <p><b>Note: Bridge under contract to be replaced June 2024</b></p>	Low

## 6 RECOMMENDATIONS

Recommendations for the SDC Posted bridge stock are as follows:

- Update PWL signage to reflect the findings of this report. Refer to Table 4-1 and Table 4-2.
- Continue to perform annual weight limit certification inspections for bridges with weight and/or speed restrictions.
- Carry out maintenance items to the posted bridges as noted in Table 5.1
- Continue future strategies for managing SDC's deteriorating timber bridge stock including implementing proactive maintenance strategies and inspection regimes, followed by developing a programme for repair, strengthening and replacement based on assessed condition, remaining useful life and level of service requirements.

Planning is underway for the strengthening and significant maintenance of the following bridge;

- Lake Monowai Road Suspension Bridge 3407.002 – Deck replacement to maintain the current posting. This work is currently planned for 2024/2025 period.

Present Value End of Life (PVEoL) Assessments have been completed for the bridges listed below and this information is being used to confirm the bridges to be included in the next round of bridge replacements.

TABLE 6-1 – BRIDGES WITH COMPLETED PVEOL ASSESSMENTS

Name	Road
2459.001	ARGYLE OTAHUTI RD (WALLACETOWN WARD)
1332.001	KLONDYKE RD (TOETOES WARD)
1253.001	BADWIT RD (WAIHOPAI WARD)
1186.001	BIRCH RD (WAIHOPAI WARD)
1206.001	ORR RD (WAIHOPAI WARD)
2563.001	CHANNEL RD
1565.002	DAVIDSON RD (DACRE)
1376.001	LAUDERDALE BUSH RD (TOETOES WARD)
3363.001	DUTHIE RD (BDY RD TE TIPUA WARD)
1584.001	MCKERCHAR RD (WAIHOPAI WARD)
2494.001	BREEZE RD (WALLACETOWN WARD)
1992.001	FRYER RD (RIVERTON WARD)
2065.001	DEAN FOREST RD (TUATAPERE WARD)
2515.001	MCKINNON RD (WALLACETOWN WARD)
2115.003	FELDWICK RD (TUATAPERE WARD)
3407.004	LAKE MONOWAI RD (TUATAPERE WARD)
3654.001	CUMMING RD (FIVE RIVERS WARD)
3004.002	LANG RD (WINTON WARD)
3352.001	ROCHE RD (WAIKAIA WARD)
9576.001	OFF WEBB RD (RIVERTON WARD)
2526.001	THOMSONS CROSSING RD WEST (WINTON WARD)



### Disclaimer/Limitation Statement

This report ('Report') has been prepared by WSP exclusively for Southland District Council (SDC) ('Client') in relation to the evaluation of the posted bridges in Southland ('Purpose') and in accordance with the Contract for Roadway Structural Inspection Services, Contract No 20/2 dated 23-10-2020. The findings in this Report are based on and are subject to the assumptions specified in the Report. WSP accepts no liability whatsoever for any reliance on or use of this Report, in whole or in part, for any use or purpose other than the Purpose or any use or reliance on the Report by any third party.

In preparing this Report, WSP has relied upon data, surveys, analyses, designs, plans and other information ('Client Data') provided by or on behalf of the Client. Except as otherwise stated in this Report, WSP has not verified the accuracy or completeness of the Client Data. To the extent that the statements, opinions, facts, information, conclusions and/or recommendations in this Report are based in whole or part on the Client Data, those conclusions are contingent upon the accuracy and completeness of the Client Data. WSP will not be liable for any incorrect conclusions or findings in the Report should any Client Data be incorrect or have been concealed, withheld, misrepresented or otherwise not fully disclosed to WSP.

## APPENDIX A - POSTED BRIDGE STATUS

Changes to the June 2023 Posting status are in **BOLD**.

Note: <sup>1</sup> Benmore Otapiri Bridge (2865.003), Riverside School Road (2897.002), and Wilson Road 7 (3147.001) can be removed from this public notification list when completion of the replacement work has been confirmed.

**TABLE A-1 SOUTHLAND DISTRICT COUNCIL NOTIFICATION OF WEIGHT AND/OR SPEED LIMITS ON BRIDGES JUNE 2024**

No	STRUCTURE NUMBER	NAME OF ROAD	WEIGHT LIMITS MAX WT ON ANY AXLE(KG) POSITION ON BRIDGE	AXLE WEIGHT / % CLASS 1	MAX SPEED LIMIT (KM/HR)
1	2861.001	Anderson Rd 4	Central on bridge	80% 6200kg Axles	10
2	2459.001	Argyle Otahuti Rd	Central on bridge	Light vehicles only 3500kg Gross	
3	1253.001	Badwit Rd	Central on bridge	50%	10
4	2865.001	Benmore Otapiri Rd	Central on bridge	80%	10
5	2865.003	Benmore Otapiri Rd <sup>1</sup>	Central on bridge	70%	10
6	2895.002	Benmore Rd	Central on bridge	80%	10
7	1186.001	Birch Rd	Central on bridge	Light vehicles only 3500kg Gross	
8	2494.001	Breeze Rd	Central on bridge	70%	10
9	1606.001	Bridge Inn Rd	Central on bridge	100%	10
10	1056.001	Buckingham Rd	Central on bridge	100%	10
11	3353.001	Carter Rd	Central on bridge	50%	10
12	3654.001	Cumming Rd	Central on bridge	100%	10
13	3047.001	Cunningham Rd	Central on bridge	100%	10
14	1565.002	Davidson Rd 3	Central on bridge	80%	10
15	2371.002	Dunearn Rd	Central on bridge	80%	10
16	3363.001	Duthie Rd 2 (Bdy Rd)	Central on bridge	80%	10
17	2115.003	Feldwick Rd	Central on bridge	80%	10
18	1373.001	Frazer Rd (Bdy Rd)	Central on bridge	70%	10
19	1992.001	Fryer Rd	Central on bridge	Light vehicles only 3500kg Gross	
20	2373.001	Harbour Endowment Rd	Central on bridge	100%	10
21	3626.003	Hillas Rd	Central on bridge	100%	10
22	3902.002	Horseshoe Bay Rd	Central on bridge	80%	10
23	3736.001	Hume Rd	Central on bridge	100%	10

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No	STRUCTURE NUMBER	NAME OF ROAD	WEIGHT LIMITS MAX WT ON ANY AXLE(KG) POSITION ON BRIDGE	AXLE WEIGHT / % CLASS 1	MAX SPEED LIMIT (KM/HR)
24	1658.001	Kirkbride St	Central on bridge	40%	10
25	1332.001	Klondyke Rd	Central on bridge	90%	10
26	3407.002	Lake Monowai Rd		Axles 7,000 kg, Gross 28,500 kg Heavy vehicles cross bridge one at a time	10
27	3407.004	Lake Monowai Rd		80%	10
28	3004.002	Lang Rd 2	Central on bridge	50%	10
29	1376.001	Lauderdale Bush Rd	Central on bridge	100%	10
30	3026.001	Level Street		Light vehicles only, 3500kg Gross	
31	2623.001	Mandeville Rd	Central on bridge	70%	10
32	1008.001	Manse Rd	Central on bridge	100%	10
33	1334.002	Matheson Rd 2	Central on bridge	80%	10
34	2868.002	Matthews Rd	Central on bridge	100%	10
35	2868.003	Matthews Rd	Central on bridge	100%	10
36	1584.001	McKerchar Rd 1	Central on bridge	70%	10
37	2515.001	McKinnon Rd 2	Central on bridge	70%	10
38	1086.001	Morrison Rd West	Central on bridge	100%	30
39	9576.001	Off Webb Rd	Central on bridge	60%	10
40	1206.001	Orr Rd 1	Central on bridge	80% 6,200kg axles	10
41	1002.001	Progress Valley Rd	Central on bridge	100%	10
42	2128.001	Purvis Rd	Central on bridge	100%	10
43	2897.002	Riverside School Rd <sup>1</sup>	Central on bridge	50%	10
44	1054.001	Scrubby Hill Rd	Central on bridge	100%	10
45	3652.005	Sutherland Rd	Central on bridge	70%	10
46	3144.001	Tomogalak Rd	Central on bridge	100%	10
47	2856.002	Turnbull Rd	Central on bridge	100%	10
48	1168.001	Waghorn Rd	Central on bridge	<b>100%</b>	10
49	3617.001	West Dome Station Rd	Central on bridge	70%	10
50	3147.001	Wilson Rd <sup>7 1</sup>	Central on bridge	80%	10
51	2858.001	Winton Channel Rd	Central on bridge	90%	10
52	1355.001	Woods Rd 1	Central on bridge	90%	10

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TABLE A-2 CLOSED BRIDGES

Item	Structure No	Name of Road
1	2563.001	Channel Road (closed 2022/2023)
2	2444.001	McLeish Rd 2*
3	2475.001	Nelson Rd
4	2596.001	Scott Rd 2
5	2526.001	Thomsons Crossing Rd
6	2654.001	Welsh Rd East

\*Note: McLeish Road is currently contracted for replacement with a HN-HO-72 bridge and is planned to be re-opened for traffic by the end of June 2024.

## uuu) Better Off funding

**Record no:** R/24/5/34760  
**Author:** Simon Moran, Strategic project lead  
**Approved by:** Michael Aitken, GM strategy & partnerships (interim)

☒ Decision

☐ Recommendation

☐ Information

### 34 Purpose

- 1 To ask Council to provide its direction regarding the request from the Department of Internal Affairs (the DIA) for Council to identify whether it sees any opportunities to redirect any unspent Better Off funding, to increase investment in water infrastructure or to help establish new water services delivery organisations.

### 35 Executive summary

- 2 The report outlines the background to the Better Off funding which is part of the Three Waters Reforms. It notes that Council, along with all other councils that received Better Off funding, has recently received a letter from the DIA asking Council to identify whether it sees any opportunities to redirect any unspent Better Off funding, to increase investment in water infrastructure or to help establish new water services delivery organisations.
- 3 Tables indicating the progress of the 28 Better Off projects are included. Although some projects do not have external delivery contracts in place that does not reflect the amount of staff and community time that has gone into the engagement required to refine the scope of those projects so they are delivering what the community wants.
- 4 There are three options for Council to consider and it is recommended that two of the projects are rescoped to focus on how they can deliver either a strategy for investment in water infrastructure to address growth and/or resilience, or the establishment of a new water services delivery organisation.

## 36 Recommendation

### That the Council:

- a) receives the report titled “Better Off funding”.
- 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) agrees to retain the community projects in the Better Off programme
- e) agrees to a refocus of the Spatial Planning project to a Waters Strategic Planning project.
- f) agrees to refocus the Murihiku rūnanga preparation for Tranche 2 project to ‘Waters’ projects.

### vvv) Background

- 5 In 2022 the then government announced a “Better Off” package funding for local authorities as part of the Three Waters Reform programme. It was originally a \$2 billion package that was pre-allocated to councils based on a nationally consistent formula and was to become available in two tranches. The first \$500 million of Crown funding was available from 1 July 2022 and the remaining \$1.5 billion was to be available from 1 July 2024. Councils were able to apply for their allocation of the first \$500 million of Crown funding from the Three Waters reform better off support package by submitting an online Funding Proposal.
- 6 Council was successful with its applications for the full Tranche 1 allocation of \$4.8 million.

### What Better Off funding was for

- 7 The Better Off package was stated as being “an investment by the Crown into the future for local government and community wellbeing; and, in recognition of the significance to the local government sector (and the communities they serve) of the transfer of responsibility for water service delivery.”
- 8 The funding is for local government to invest in local community wellbeing.
- 9 The funding was to support councils to transition to their new role post-reform through meeting some or all the following criteria:
  - delivery of infrastructure and/or services that enable housing development and growth, with a focus on brownfield and infill development opportunities where those are available.

- supporting communities to transition to a sustainable and low-emissions economy, including by building resilience to climate change and natural hazards.
- delivery of infrastructure and/or services that support local place-making and improvements in community well-being.

10 Funding proposals had to be for:

- new initiatives/projects; and/or
- to accelerate, scale-up and/or enhance the quality of planned investment
- the Tranche 1 funding must be spent within 5 years – all projects complete on or before 30 June 2027.

11 Local Authorities had flexibility to apply better off funding as they deemed appropriate, provided it was consistent with these funding conditions and the Funding Agreement and approved via the Funding Proposal.

### **Council's Better Off projects**

12 In early 2023 Council entered into a funding agreement with the Department of Internal Affairs for the \$4.8 million that was allocated to the Southland District Council for what was then known as Tranche 1 funding.

13 Two of the projects were focussed specifically on assisting community boards and Murihiku rūnanga preparing applications for the Tranche 2 funding round (a further \$14.41 million allocation). That second round of funding was withdrawn prior to the election so those projects were no longer relevant. The community board project was changed to focus on resourcing delivery of Tranche 1 projects, but no decision had been made with regard to the Murihiku rūnanga project.

14 There are five projects that the DIA consider to be fully funded because they were the projects identified for which the initial 10% funding was tagged for –

PROJECT	STATUS	BOF budget	Spent or committed
○ Baird Hewat Square (Wyndham)	This work has been contracted	\$150,000	\$150,000
○ Lumsden museum	Not yet started	\$50,000	\$50,000
○ Riversdale tennis court	Two courts completed – currently seeking additional funding to complete	\$30,000	\$30,000
○ Tokonui Skate Park - completed,	Completed	\$30,000	\$30,000
○ Waikaia MTB forest trails	Pump track and carpark complete	\$200,000	\$200,000

	Initial mountain bike trails under construction		
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- 15 There are ten projects have been completed or are almost completed –

PROJECT	STATUS	BOF budget	Spent or committed
○ Athol tennis court	Complete	\$31,000	\$31,000
○			
○ Balfour half court	Complete	\$20,000	\$20,000
○ Balfour Festive Lights	Complete	\$12,000	\$12,000
○ Lumsden playground	Expected to be finished by the end of May	\$100,000	\$100,000
○ McGregor Park masterplan	Plan completed and presented to the community board	\$11,500	\$11,500
○ Mokoreta Redan Hall	Completed	\$40,000	\$40,000
○ Mossburn tennis court	Completed	\$38,000	\$38,000
○ Ohai Nightcaps railway line walking track investigation	Completed	\$11,500	\$11,500
○ Waihopai Toetoe's footpath improvements	Expected to be finished by the end of May	\$100,000	\$100,000
○ Wyndham camping ground feasibility report	Report prepared for review and it has been discussed with the community board. Next steps are to receive indicative pricing for implementation options	\$50,000	\$35,000

- 16 There are eight projects that have already started or are about to start –

PROJECT	STATUS	BOF budget	Spent or committed
○ Butterfields Beach walking track	90% complete with Stage 3 work to be undertaken in 24/25	\$300,000	\$300,000



○ Community Board Tranche 1 delivery project	The appointment of additional project managers has been confirmed.	\$300,000	\$300,000
○ Garston BBQ and Reserve Improvements	Concept plans received and implementation delayed to link in with wider works	\$50,000	\$7,500
○ Otautau camping ground	Initial feasibility report completed and currently testing the market with local contractors – expecting construction to start this calendar year	\$275,000	\$20,000
○ Southland's public toilets	Slope Point toilet is nearly complete (hand rail required) Other projects yet to start	\$337,500	\$70,000
○ Taramea Bay Development plan	Planning/tendering complete – concept for Stage 1 from the design & build contractor has been approved in principle by the community board and is ready to commence once the plans have been circulated with the community	\$345,000	*
○ Te Anau & Manapouri open space improvements	Manapouri projects will be completed by 30 June.	\$360,000	\$100,000
○ Waikaia sculpture trail	The artists have been commissioned	\$11,500	\$11,500

\* A project that has incurred staff costs but contracts for delivery are yet to be entered into.

- 17 There are four projects that staff and the community have been working on but are not yet contracted for delivery –

PROJECT	STATUS	BOF budget	Spent or committed
○ Gwen Baker reserve relocation (Oreti)	Further engagement has been undertaken with the community board and the community. A report will go back to the Board in June for a decision about the final scope of work.	\$257,000	*
○ Oreti community halls	Discussions with the community board are continuing, Ryall Bush and Dipton reroofs programmed for 24/25, Winton refurbishment programmed for 25/26.	\$230,000	\$3,600

	Costs relate to a seismic assessment required for the building consent.		
○ Spatial planning projects	Staff are preparing a work programme	\$1,000,000	*
○ Tuatapere railway station	An RFI has closed and has been evaluated and we're working with the preferred applicant and the funding would support any development in line with the application.	\$310,000	*

\* A project that has incurred staff costs but contracts for delivery are yet to be entered into.

- 18 There is one project that cannot be progressed because it was focussed on delivering an outcome to lead into the application process for Tranche 2.

19

PROJECT	STATUS	BOF budget	Spent or committed
○ Murihiku rūnanga project preparation for Tranche 2	This project can no longer be undertaken due to Tranche 2 being discontinued. A new project or redistribution of the funding to other projects is required.	\$150,000	\$0

**www)**

### **xxx) Issues**

- 20 Community boards - the boards were involved in determining the 'community wellbeing' projects that were included in the application. Whilst most projects continue to have full support from the boards there are projects, such as the Taramea Bay Development Plan, where the scope has changed a little following further feedback from the community. In some instances that has led to delays in delivering the projects although a reasonable amount of staff time has gone into getting the scope appropriately redefined. Those boards that are yet to complete projects are therefore likely to feel significant ownership of each project on behalf of their communities and that will need to be considered carefully if Council wishes to reprioritise projects that are yet to contract the delivery phase.
- 21 Resourcing – staff have considered the resourcing that will be required for the projects and timing of the projects. One of the two Tranche 2 projects (Community Board preparation planning for Tranche 2) was rescoped (now the Community Board Tranche 1 delivery project) to enable another two project managers to be brought in to primarily support the delivery of the community projects.
- 22 Opportunities for redirecting unspent funding – Noting the potential issue regarding community concerns if funding from those projects was redirected there are two remaining projects that could be rescoped to meet the request to refocus on delivering on 'waters' projects. They are the spatial planning project and the Murihiku rūnanga Tranche 2 project.

- 23 The spatial planning project could be refocussed so that a key outcome is an understanding of where future water infrastructure investment may be best delivered to address future growth and/or resilience requirements.
- 24 The Murihiku rūnanga Tranche 2 project is simply no longer a relevant project under Better Off now that the second round of funding is not available. It may be possible to scope projects that enable council to better partner with mana whenua as it works through strategic planning for water infrastructure and the establishment of any new water services delivery organisation.
- 25 The combined value of those two projects is \$1.15 million out of the original \$4.8 million of Tranche 1 funding that has been approved for the 28 projects.

### **yyy) Factors to consider**

#### **Legal and statutory requirements**

- 26 It was noted in recent correspondence from the DIA's representative that "there is still a contractual right to receive the full contracted funding amount".
- 27 That said, Council has been asked to consider whether there is an opportunity to redirect any unspent funding to be more focussed on 'waters' projects. It would seem prudent to give that request due consideration regardless of whether any change is legally required.

#### **Community views**

- 28 Community views have not been sought at this time as this is a contractual matter for Council to consider, however, it is likely that boards that are close to starting the delivery phase of their projects will be concerned at the possibility of not being able to complete those projects.
- 29 As noted in the previous BOF application report, the community boards were very keen to see some projects progressed for and with their communities and the Better Off funding has helped a number of them to achieve that goal.

#### **Costs and funding**

- 30 The Better Off fund can be used to fully fund the works programme and is therefore cost neutral for Council assuming the level of contingency and cost escalation that has been provided for in the project scopes is sufficient.
- 31 If funding, particularly for community projects, is redirected into water projects but there is a desire to continue original projects then the funding for that will need to be found from other sources. If those sources include the community boards approving the use of loans or using reserves, then that funding is likely to be a cost to the community.

#### **Policy implications**

- 32 There are no policy implications.

### **Analysis**

#### **zzz) Options considered**

- 33 The primary options are to redirect funding from the spatial planning project and the Murihiku rūnanga Tranche 2 project, redirect funding from some or all the projects that have unspent funding, or not redirect any funding.

**aaaa) Analysis of Options**

**bbbb) Option 1 – Redirect funding from the spatial planning project and the Murihiku rūnanga Tranche 2 project**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• There is an opportunity to tailor the project to understand future water investment needs – something that was not considered in the original scope as council was not going to be directly responsible for providing this type of infrastructure under the reforms.</li> <li>• The Murihiku rūnanga Tranche 2 project can no longer be undertaken but there is a need to partner and engage with mana whenua on strategic planning for water.</li> <li>• The community projects can be completed so that all communities have had the opportunity to benefit from the original intent of the Better Off funding rather than just those that were the quickest to start.</li> <li>• Planning that recognises the potential for the best way to provide for community growth and/or improving infrastructure resilience is important for any investment strategy.</li> </ul>	<ul style="list-style-type: none"> <li>• This option has the least disadvantages as the rescoping of each of the projects can be done in such a way that it preserves some of the original intent of project.</li> <li>• There is a risk that ‘mutual agreement’ with the DIA cannot be reached and it isn’t clear what the next step might be if that occurs.</li> </ul>

**cccc) Option 2 – Redirect funding from some or all of the projects that have unspent funding**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• There is a marginal benefit to the district ratepayers from redirecting more of the unspent funding into ‘waters’ projects but it is unlikely to be considered significant given the amount of funding that is considered to be committed and the scale of the costs of water upgrade projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Some communities may miss out on projects that have good community buy-in from the engagement that has been undertaken and an expectation that they will see them delivered over the next 6-12 months.</li> <li>• There is a risk that ‘mutual agreement’ with the DIA cannot be reached and it isn’t clear what the next step might be if that occurs.</li> </ul>

**dddd) Option 3 – Do not redirect any funding**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• There is little advantage in this option.</li> </ul>	<ul style="list-style-type: none"> <li>• It may create the perception that Council has not genuinely considered a request to be economically prudent on other projects.</li> </ul>

	<ul style="list-style-type: none"><li>• There is a risk that ‘mutual agreement’ with the DIA cannot be reached and it isn’t clear what the next step might be if that occurs.</li></ul>
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**eeee) Assessment of significance**

- 34 Although there is the potential to affect some specific communities if funding is redirected from their projects that in itself does not trigger the significance policy thresholds.

**Recommended option**

- 35 It is recommended that Council approves Option 1 to seek agreement with the DIA to rescope the Spatial Planning and Murihiku rūnanga projects to be more focussed on contributing to strategic planning for water infrastructure and the establishment of any new water services delivery organisation.

**Next steps**

- 36 Staff will meet with the DIA to discuss Council’s position.

**37 Attachments**

- A Letter from the Department of Internal Affairs

**Te Tari Taiwhenua  
Internal Affairs**

45 Pipitea Street  
Wellington  
0800 25 78 87  
dia.govt.nz

18 April 2024

Cameron McIntosh  
Chief Executive  
Southland District Council  
[Cameron.McIntosh@southlanddc.govt.nz](mailto:Cameron.McIntosh@southlanddc.govt.nz)

Tēnā koe Cameron

**Transitioning Better Off and Council Transition Support funding arrangements to support Local Water Done Well – next steps**

Earlier this month the Minister of Local Government provided an update about the next stage of Local Water Done Well (LWDW).

This included Cabinet decisions in relation to how current Better Off and Council Transition Support arrangements would be retained to support the implementation of LWDW.

Following the Minister's announcement you would have received an email from Michael Lovett, Department of Internal Affairs Deputy Chief Executive Local Government branch, outlining these decisions and indicating that the Department would be in touch with further information.

**Better Off funding**

Cabinet has directed the Department to work in partnership with Crown Infrastructure Partners and councils to:

- Review the status of current Better Off projects, including expenditure incurred to date and currently committed expenditure; and
- Identify, by mutual agreement, if any opportunities exist for your council to redirect unspent Better Off funding to increase investment in water infrastructure or to help establish new water services delivery organisations.

Given the direction received from Cabinet, and recognising the need for increased investment in water infrastructure as identified through councils' long-term planning, we encourage councils to consider reprioritising remaining funding that is not already allocated for water infrastructure where this is possible.

We note that councils have active projects underway and have made commitments for future spend based on receiving Better Off funding from the Department. We would therefore like to work through the specific circumstances of your Better Off project portfolio with you.

***Current status of your Better Off funding***

Your maximum funding amount under the Better Off funding agreement is \$4.800 million, of which \$0.480 million has been paid (being the 10% paid upon initial signing of the contract). This leaves \$4.320 million in remaining Better Off funding.

***Reviewing current Better Off projects and identifying redirection opportunities – council action required***

We would like to hear from you about whether you see any opportunities to redirect any of your unspent Better Off funding, to increase investment in water infrastructure or to help establish new water services delivery organisations.

To help inform your initial thoughts, please find attached (in Schedule 1) your council's current Better Off projects. This Schedule also includes an indicative view, based on the information the Department holds, on where there may be opportunities to investigate potential redirection of funding.

Please let us know your thoughts, or let us know if you would like to set up a time to discuss with the Department, by emailing [waterreformfunding@dia.govt.nz](mailto:waterreformfunding@dia.govt.nz) by 17 May 2024.

We have provided a copy of this letter to your council's appointed relationship manager at Crown Infrastructure Partners, who will also be in touch with your council's nominated Better Off contact to provide further information as required.

Once we have received your initial position on potential redirection opportunities, we would like to discuss this with you and mutually agree your remaining Better Off programme by 30 June 2024.

Any mutually agreed changes will be confirmed through a formal contract variation when the Local Government Water Services (Transitional Provisions) Bill passes into law, which is expected around mid-2024.

I would like to reiterate that any potential redirection of Better Off funding would only occur where agreed to by your council.

In the meantime:

- For existing Better Off projects, the Department will continue to pay claims as these are submitted by councils in accordance with the terms of the Better Off funding agreement.
- Any project substitution requests (or other changes to project scopes) that increase allocations of funding to non-water activities will not be approved by the Department and Crown Infrastructure Partners until we have agreed your remaining Better Off programme.

**Council Transition Support funding**

Cabinet has also agreed that current Council Transition Support funding will be retained but that remaining funding be used by councils for work relating to LWDW. This includes supporting the establishment of new water services delivery organisations, or other planning work to support the transition to LWDW.

Existing Council Transition Support funding contracts are for establishment and transition activities relating to the previous Government's Three Waters Reform programme. The repeal of the Water Services Entities Act 2022 earlier this year removed the legislative basis for carrying out the permitted funding activities under existing contracts.

***Current status of your Council Transition Support funding***

Your maximum funding amount under the current Council Transition Support funding agreement is \$744,000, of which you have been paid \$496,000. There is \$248,000 of unpaid funding remaining.

***New Council Transition Support funding agreement – council action required***

The Department is currently developing a new funding agreement which will allow any unpaid funding from the original arrangement to be used for LWDW activities.

To access this funding under the new arrangement, your council will need to advise the Department of the LWDW activities and timeframes for which this funding will be used.

Note that the end date under the new funding agreement will be 30 June 2025, to enable the remaining unspent funding to be applied to LWDW activities in the next financial year, including the preparation of Water Services Delivery Plans and investigating new organisational structures for water services delivery.

We will also add including water services in long term planning processes as a permitted funding activity, in line with previous communications to you.

If your council has incurred costs on Three Waters transition activities up to 31 March 2024 that exceed the amount of funding already paid to you, please let us know by emailing [waterreformfunding@dia.govt.nz](mailto:waterreformfunding@dia.govt.nz).

We will ensure that the new funding agreement enables you to be paid for these eligible costs incurred (even though they relate to historical Three Waters transition activities), however the total funding available will not exceed the total funding amount under the original funding agreement.

***Next steps***

Our Grants and Funding Team will send you the new funding agreement later this month.

Nāku noa, nā



Hamiora Bowkett  
Executive Director, Water Services Policy  
Department of Internal Affairs



**SCHEDULE 1: YOUR BETTER OFF PROJECTS**

The following table sets out the current status of your Better Off projects, based on the Department's records.

Status of Better Off projects (from the Department of Internal Affairs records)					
Project	Project classification	Contract value	Paid (or payment request submitted)	Remaining	Notes
Balfour basketball half court	Community infrastructure	\$20,000	-	\$20,000	Confirm whether your council would like to investigate any redirection opportunity
Balfour Festival of Lights	Placemaking	\$12,000	-	\$12,000	
Athol tennis courts	Community infrastructure	\$31,000	-	\$31,000	
Mokoreta Redan Hall	Community infrastructure	\$40,000	\$20,000	\$20,000	
Waikaia Investigation Project	Footpaths & cycleways	\$11,500	-	\$11,500	
Ohai Nightcaps Old Railway Line Walking Track	Footpaths & cycleways	\$11,500	-	\$11,500	
McGregor Park, Masterplan/Spatial Plan Nightcaps	Community infrastructure	\$11,500	-	\$11,500	
Wyndham Camping Ground Feasibility report	Community infrastructure	\$50,000	-	\$50,000	Project fully funded – no redirection opportunity
Tokonui skate park - Stage 2	Community infrastructure	\$30,000	\$30,000	-	
Riversdale Tennis Court Resurface	Community infrastructure	\$30,000	\$30,000	-	Confirm whether your council would like to investigate any redirection opportunity
Mossburn Tennis Court Resurface	Community infrastructure	\$38,000	-	\$38,000	
Lumsden Museum	Community infrastructure	\$50,000	\$50,000	-	Project fully funded – no redirection opportunity
Garston BBQ and Reserve Improvements	Community infrastructure	\$50,000	-	\$50,000	Confirm whether your council would like to investigate any redirection opportunity
Oreti Community Halls	Community infrastructure	\$230,000	-	\$230,000	
Butterfields Beach Walking Track	Footpaths & cycleways	\$300,000	-	\$300,000	
Footpath Improvements in Waihopai Toetoes	Footpaths & cycleways	\$100,000	-	\$100,000	
Otautau Camping Ground	Community infrastructure	\$275,000	-	\$275,000	
Murihiku rūnanga – project preparation for Tranche 2	Community services	\$150,000	-	\$150,000	Project fully funded – no redirection opportunity
Baird-Hewat Square	Community infrastructure	\$150,000	\$150,000	-	
Spatial Planning projects	Housing	\$1,000,000	-	\$1,000,000	Confirm whether your council would like to
Community Board – Tranche 1 project delivery	Community Services	\$300,000	-	\$300,000	

Status of Better Off projects (from the Department of Internal Affairs records)					
Project	Project classification	Contract value	Paid (or payment request submitted)	Remaining	Notes
Gwen Baker Reserve Playground relocation	Community infrastructure	\$257,000	-	\$257,000	investigate any redirection opportunity
Waikaia forest trails mountain bike trail	Footpaths & cycleways	\$200,000	\$200,000	-	Project fully funded – no redirection opportunity
Tuatapere Railway Station	Community infrastructure	\$310,000	-	\$310,000	Confirm whether your council would like to investigate any redirection opportunity
Taramea Bay Development Plan	Community infrastructure	\$345,000	-	\$345,000	
Southland's public toilets	Community infrastructure	\$337,500	-	\$337,500	
Lumsden Playground and Skate Park Upgrade	Community infrastructure	\$100,000	-	\$100,000	
Te Anau and Manapouri Open Space Improvements	Community infrastructure	\$360,000	-	\$360,000	
Total		\$4,800,000	\$480,000	\$4,320,000	

Your maximum funding amount under the Better Off funding agreement is \$4.800 million, of which \$0.480 million has been paid (being the 10% paid upon initial signing of the contract). This leaves \$4.320 million in remaining Better Off funding.

We would like to discuss this with your council to confirm whether you would like to redirect any unspent funding from any projects not yet completed and are not for water infrastructure or services. Any such redirection would only occur with the mutual agreement of your council.

## Management report

Record no: R/24/4/28219  
Author: Louise Pagan, Strategic communications and engagement manager  
Approved by: Cameron McIntosh, Chief executive

☐ Decision ☐ Recommendation ☒ Information

### ffff) Chief executive update

- 1 In my last report I spoke of the uncertainty and rate of change within the sector. This disruption has continued at an even greater pace in the second half of the financial year with new government rolling out a raft of changes such as the local water done well, fast track consenting, the impact of the waters repeals on our long term plan, not to mention the Bluecliffs emergency response, the flow on effects of the cost of living and our ability to deliver capital work programmes that are affordable for a small ratepayer base.
- 2 Whilst there are always opportunities within such a dynamic environment, it is important to acknowledge the additional workloads and impacts on our team who are striving to navigate these additional workstreams on top of our business as usual. The landscape is changing so quickly that the ability to prioritise brings its own challenges. Like a lot of councils, we have experienced an increase in our staff turnover which is projected to be around 20% at the end of June (18% in 2022/23). From a benchmarking perspective the national turnover statistic survey for this year was 21.3%. Although there are a multitude of factors that contribute to people leaving an organisation such as career progression, family, health and overseas experience we note a trend of people moving to roles outside of the local government sector. From a retention perspective we acknowledge that although we are in a dynamic environment, it is important that we continue to find ways to keep our team connected with the important work that they do for our communities whilst supporting their own personal development and growth. We continue to have a strong employment brand and a high calibre of applicants, generally appointing within the first round of recruitment. In recent months we have noticed a change in the recruitment landscape which has seen an increased number of applications from experienced professionals which is a move away from last year's employee driven market. We will be interested to see if the more difficult senior planning, engineering and finance roles become easier to recruit as the market changes. The executive leadership team (ELT) and I enjoyed meeting with our latest group of new starters at the CE's morning tea this week which is part of our comprehensive onboarding process. Our new ELT team will be complete with the new Group Manager Strategy and Partnerships joining us on the 13 June. We are looking forward to coming together as a team and working with our people leaders to ensure alignment of our strategic direction, priorities and work programmes to manage the dynamic environment we are in.

### gggg) Australasian Management Challenge (AMC)

- 3 On 1 May a team of six staff entered the AMC, this was in Lower Hutt and 18 teams competed from across NZ. This event is an initiative designed to challenge a team to work together to respond to a range of scenarios based on real local government issues, these included informing the mayor a project had gone over budget and assessing different options for a project taking into account factors such as requirement, budget, sustainability etc. The teams were also required to complete a pre-challenge task which required teams to generate a new initiative by which additional income could be generated for the benefit of council, without using existing mechanisms. Our team proposed building a new town for refugees where we could give refugees

the opportunities to live in our district. The district would gain additional workers and generate income through rates. The team represented SDC very well and together rose to all challenges with energy and skill. The team was made up from staff from different departments from across the organisation.

### **hhhh) LTP update**

- 4 It has been an extremely busy three months for the team working on the long term plan. Deloitte, our auditors, have been auditing the supporting material for the consultation document and the consultation document itself, the final version of which is on the agenda for adoption for consultation today.
- 5 The dates for consultation have moved twice during the process, from the original March to 15 May to 5 June. This has been because of the work needed to include the numbers for three waters, which were originally not in the first draft because of three waters legislation which has now been repealed.
- 6 Consultation will be for a month from 5 June to 5 July, with submission hearings to follow quickly after that. Deliberations will then be held before the final LTP is put together, audited, and then goes to a newly proposed Council meeting on 26 August for adoption. This will still give us time to do the rates strike and put out the first instalment of rates in September.

### **iiiii) Three yearly property revaluations**

- 7 Every three years, Council must value all properties in the district for rating purposes. Council's independent valuers, Quotable Value Limited (QV), analyse the district's property market through sales, resource and building consent information.
- 8 The revised values will be deemed to be the value as of 1 July 2024 (Usually it is August every year we were requested to pull it back this year to enable QV to start on the project earlier and ensure more accurate results) and will be effective in the District Valuation Roll (DVR) from 9 November 2024. QV will be sending notices to owners in November to advise them of their revised property value and the process to follow if they wish to object (which close on 26 December 2024).
- 9 The new valuations will then be used to calculate rates from 1 July 2025 (with the new capital value used to share out the costs of the general rate and roading rate). The revaluation won't affect the total amount of money the council collects from rates, but it may affect how the rates are shared out across the district. An increase in property value does not automatically mean properties will pay more in rates. An increase in rates is more likely where a property's value increases more than the average increase across the district. If a property increases in value but this increase is below the average, the property will pay less in rates.
- 10 More information on the rating impact of the revaluation will be prepared as part of the 2025/2026 Annual Plan.

#### **Key dates to be aware of:**

<b>Date of effect in District Valuation Roll</b>	1 July 2024
<b>Date of public notice</b>	3 November 2024
<b>Date owners notices posted</b>	20 November 2024
<b>Objection close date</b>	26 December 2024

**2025/2026 rates are set**

1 July 2025

### **jjjj) Engagement**

- 11 District-wide, we have been seeking feedback on three policies relating to the long term plan - the significance and engagement policy, the revenue and financing policy and the rate remission and postponement policy. Consultation on them closed on 20 May and hearings will be held soon.
- 12 We have also carried out some engagement on representation review concepts with the community boards and the People's Panel. This was to help with preparation for the formal consultation which will be held in July.
- 13 We have been busy with individual community engagement as well, asking questions about the Winton concept plan for Great North Road and Anzac Oval, what mural should be on the Ohai toilet, and the Wallacetown play hub at the community centre. Engagement on the Edendale-Wyndham multi-use track begins in early May.

### **kkkk) Summarised financial position**

	<b>Actual (million)</b>	<b>Projection (million)</b>	
	<b>30-Apr</b>	<b>30-Apr</b>	<b>Variance (more/less)</b>
<b>Income</b>	\$107	\$104	\$4
<b>Operating Expenses</b>	\$113	\$113	-\$0
<b>Capital Expenditure</b>	\$28	\$41	-\$13

- 14 Council has received more income than expected to date. Monies have been received from the sale of land at Luxmore \$1.8 million and an invoice has been sent to the government to reimburse council for the removal at Bluecliffs.
- 15 Capital Expenditure is considerably lower than budgeted.
- 16 Roading is under \$2 million due to a transfer of \$1 million to fund operational costs. Delays due to weather have seen lower costs however it is still expected that this will be made up by year end, ensuring the three-year programme is utilised.
- 17 Wastewater activities are \$3 million lower than projection with projects in Balfour, Winton and Stewart Island commencing in May, these projects are expected to be completed by end of July. There will be carry forwards for this and some multi-year projects of approximately \$1.5 million.
- 18 Community Resources are \$6 million under projection as of the end of April due to a number of projects likely to complete after June. A full financial update will be presented to Finance and Assurance committee next month.

### **IIII) Recommendation**

**That Council:**

- a) receives the report titled "Management report".**

### **mmmm) Attachments**

- A Activity summary - transport - April 2024
- B Activity summary - three waters - April 2024

- C Activity summary - forestry - April 2024
- D Activity summary - project delivery team - April 2024
- E Activity summary - environmental health and licensing - April 2024
- F Activity summary - consenting - April 2024
- G Activity summary - building solutions - April 2024
- H Activity summary - community facilities - 29 May 2024
- I Activity summary - services and libraries - 29 May 2024



## Activity summary report April 2024 – transport

### Key achievements – previous month

- Speed Management Plan submitted to NZTA for approval
- speed management consultation for Waikaka developed
- sealed road water cutting work contracts confirmed
- engagement with Environment Southland (ES) for Tomogalak underway
- Gorge Burn cycle trail shelter completed.

### Priorities – upcoming month

- speed management consultation for Waikaka to be presented to Council
- finalise and commence work on sealed road water cutting
- continue to progress path forward with ES regarding gravel (Tomogalak)
- procurement for the remedial works for the cycle trail.

### RFS and quality

#### CUSTOMER SERVICE

Requests for service	April 2024	YTD
General requests for service (RFS)	184	1816
Service requests completed on time	179	1764
Service requests completed on time %	97.2%	97.1%



- the graph shows the number of requests for services staying reasonably stable with the majority still relating to gravel roads
- network condition auditing and RoadRoid scores remain in line with expectation
- the main construction season has now effectively come to an end as far as the sealed road network is concerned, however drainage and edge break work will continue
- from now until spring, the focus will be routine activities such as grading or activities that can effectively be carried out over the cooler months or any urgent repairs that may crop up
- with colder temperatures, planning and preparation for activities such as ice/gutting become more of a focus
- leaf fall this time of the year also increases the focus on sump cleaning.

### Risks and hotspots

#### SDC WORKS PROGRAMME KEY RISKS

Likelihood / Impact (Likelihood x Impact = Risk Score)	
Red (15-25)	Extreme
Orange (8-12)	High
Yellow (4-6)	Moderate
Green (1-3)	Low

Ref No	Works programme risks	RISK FACTORS Post mitigation		Risk Score	Mitigation actions
		Likelihood	Impact		
1	Budgets and cost control	4	3	12	This is still seen as one of the biggest risks to impacts on levels of service. If budgets don't keep pace with network needs it will result in less work being done and a slow but incremental decrease in levels of service.
2	Resources	4	3	12	Staff recruitment and retention remains a challenge for our contractors, particularly tough in the general road maintenance, trades and contract and project management staff.
3	Pavement damage due to forestry traffic	3	2	6	This risk is likely to increase in winter. We would still look to pursue transport operators for costs directly associated with the damage due to the activity or close road to heavy traffic. Review end of network policy.
4	Health and safety	3	3	6	This is seen as moderate at present as pressure comes on to have work completed by 30 June along with moving to winter condition, particularly winter driving condition. Ever evolving area of Temporary Traffic Management continues to create uncertainty.
5	Supply issues	2	3	3	This has been reduced as this is currently not seen as a risk

### Activity budget and expenditure

Item	Actual (YTD)	Projection (YTD)	Projection (full year)	Variance
Income	32,993,400	33,856,155	41,936,900	-862,755
Operating expenditure	36,522,476	35,941,536	43,448,843	580,940
Capital expenditure	19,473,845	22,425,929	28,609,647	-7,952,084

Following the emergency funding confirmation areas held back to manage budget uncertainty will see an uplift in May and June particularly in the areas of drainage and metaling activities. Work will now ramp up in these areas for the last part of the financial year. Bridge replacement projects are also coming in under budget largely due to reduced pile lengths being required along with little use of contingency sums.

Likelihood	Impact	Consequence				
		High	Medium	Medium	Medium	Low
High	High	Extreme	High	High	High	High
High	Medium	High	High	High	High	High
High	Low	High	High	High	High	High
Medium	High	High	High	High	High	High
Medium	Medium	High	High	High	High	High
Medium	Low	High	High	High	High	High
Low	High	High	High	High	High	High
Low	Medium	High	High	High	High	High
Low	Low	High	High	High	High	High

### Strategic planning priorities

- investigating gravel opportunities and effective use of this resource at a district level is still ongoing, this is a long term project.

### Health and safety

- no lost time injuries have been recorded for April, however near hit/ miss reporting has been recorded
- a large number of the near hits involve driving incidents where evasive action is required.

### Environmental

- no environmental issue of note resulting in non-conformances have been reported.

### Contract performance summary

#### Waimea Alliance

- gravel road metalling has stepped up and will continue for the remainder of the financial year
- there are several culverts that are programmed for repair in May
- rock protection work has also been completed at Ellis Road bridge
- a collapsed culvert on Pymmid Waipatu Road has been replaced
- maintenance YTD - grading at 86% and metalling at 31% versus target for the year.

#### Central Alliance

- 50% of sites are complete in readiness for next year's sealing programme.
- gravel road maintenance YTD - grading at 92% and metalling at 93% versus target for the year
- water channel clearing, particularly on sites programmed for reseal will be a focus.

#### Foveaux Alliance

- sealed road stabilisation work is now completed for the season
- focus on edge marker posts especially when considering the safety benefit they provided especially after dark
- maintenance YTD - grading at 76% and metalling at 76% versus target for the year.

#### Sealed road resurfacing

- construction season is between 1 October and 31 March - this has now concluded for the season due to weather conditions. Three planned sites were not completed due to weather and the risk is now too high to attempt to complete these. Indications are that 72% of LTP programmed work for this activity will be achieved. The larger factor has been due to cost increases versus budget.

#### Pavement marking

- pavement marking is continuing as and when suitable weather conditions allow, some long life markings are being installed particularly high wear sites which should improve safety and reduce cost longer term.

#### Bridge renewals

- bridges are tracking well and still on target to get 12 replaced by 30 June.

#### Pavement rehabs

- all sites have been sealed for the season, however, two sites have concerns around the roughness of the surface. This will be monitored and any remedial works addressed as allowed through the respective contract terms and conditions.
- feasibility reports have been carried out on highest priority sites for the 2024/2025 programme along with progressing survey and design works.







## Activity summary report April 2024 – three waters

### Key achievements – previous month

- one significant mains burst at Lumsden was actioned by Downer operators during trying conditions well within required timeframes
- 412 work orders were completed for the month
- achieved 100% KPI compliance rate with 19/19 category targets met
- 100% compliance rate for wastewater and water samples.

### Priorities – upcoming month

- Downer is programming works to clear overdue work orders. At the time of writing there are 895 outstanding WOs, 489 of which are over 90 days overdue
- Downer and Cleanways to get the sucker truck on to Stewart Island for annual wet well cleanouts, weather and sea dependent, this was delayed from last month due to bad weather restricting crossing Foveaux Strait
- Downer encouraging staff to report near misses, there has been a positive uptake of this
- Downer to provide breakdown of July 2023 claim for SDC financial records, this will be provided in Claim 11 following financial implications.

### RFS and quality

#### CUSTOMER SERVICE

Requests for service	April 2024	YTD (April 2023/24)
General requests for service (RFS)	93	1561
Service requests completed on time	58	1393
Service requests completed on time %	52.63%	89.23%

### Activity budget and expenditure to end of April

ITEM	ACTUAL (YTD)	PROJECTION	BUDGET	VARIANCE TO PROJECTION	VARIANCE %
<b>Operating expenditure</b>					
Water services	2,076,206	1,918,400	1,918,400	-157,806	-8%
Sewerage	9,315,401	8,979,435	8,979,435	-335,966	-4%
Stormwater	2,104,562	2,218,856	2,218,856	114,292	5%
Water supply	8,186,671	7,738,087	7,738,087	-448,584	-6%
Waste services	6,948,963	5,854,135	5,790,096	-1,094,828	-19%
<b>Capital expenditure</b>					
Sewerage	2,368,352	5,281,600	6,737,568	2,913,248	55%
Stormwater	376,808	1,072,661	400,709	695,853	69%
Water supply	3,328,889	2,618,915	2,280,254	-619,974	-24%
Waste services	156,020	206,875	206,875	50,855	25%

**Water services operating expenditure** is 8% over budget which is in part due to ordinary time costs being higher than budget (\$40,000). In addition, there is \$70,000 of flood damage cost, coded here to capture all costs in one place.

**Sewerage operating expenditure** is 4% over budget mainly due to increased reactive maintenance costs across all schemes and additional insurance costs at Edendale, Wyndham. Capital expenditure costs are 55% lower than budget due to commissioning timing at Riversdale and timing of projects at Winton, Balfour infiltration and Stewart Island Rising Main which have all started in April.

**Water supply operating costs** is 6% over budget due the Riveron bridge insurance repair and higher reactive maintenance costs across the district. The capital costs are 24% over budget due to the timing of AC pipe renewals at Te Anau and Nightcaps being completed ahead of the budgeted plan.

**Waste Services operating expenditure** is higher than budget due to the cost of the Bluecliffs closed landfill being paid for by SDC. This is offset by grant income from the Ministry of Environment via Environment Southland.

### Risks and hotspots

#### SDC WORKS PROGRAMME KEY RISKS

##### Likelihood x Impact = Risk Score

Red	(15-25)	Extreme
Orange	(8-12)	High
Yellow	(4-6)	Moderate
Green	(1-3)	Low

##### RISK FACTORS

##### Post mitigation

Ref No	Works programme risks	Unhol	Impact	Risk Score
1	23/01 O/M budget	3	3	9
2	Budget and cost control (minor capex)	2	3	6
3	Health and Safety	2	3	6
4	Works programme for 2023/2024 not meeting targets	3	2	6
5	Resources and material	2	3	6

	Highly likely	High	Moderate	Low	Unlikely
Highly likely	Highly likely	High	Moderate	Low	Unlikely
High	High	High	Moderate	Low	Unlikely
Moderate	Moderate	Moderate	Moderate	Low	Unlikely
Low	Low	Low	Low	Low	Unlikely
Unlikely	Unlikely	Unlikely	Unlikely	Unlikely	Unlikely

##### Mitigation actions

SDC and Downer NZ are continuously seeking to improve our efficiencies and communications to reduce unnecessary expenditure. Currently all projects within the works programme are tracking within the approved budgets, projects are reviewed monthly against budgets and project delivery team (PDT) is actively engaged with the activity managers on assisting with scoping and budget preparations with upcoming works. All projects have updated Health and safety plans - all contractors and suppliers have been compliant with the regulations and checks are being undertaken and new risk management framework is being developed. The 2023/2024 works programme is well developed. Any further minor capex works to Downer will be delayed until final completion of the 2022/2023-year works is fully complete (including as Buils and required asset data being received to Council). Any works not given to Downer has been awarded to others to progress the programme. Trade resources are starting to reach capacity across the entire district especially with the introduction of the three waters stimulus funding reaching market but SDC staff are monitoring the key suppliers and using as many local trades and companies as possible along with early engagement with contractors.

### Strategic planning priorities

#### Closed landfill risk assessment

- completed assessment and five identified high risk scheduled in LTP for remediation, some sites require sampling to determine any remaining contaminants
- results from the first round of monitoring sampling at these sites have been received and monitoring bores have been installed at Lumsden, Winton, Te Anau for continued monitoring
- first round of sampling of the bores were completed prior to Christmas, but the second round has been delayed due to recent state of emergency at Bluecliffs.

#### Subdivision land use and development CoP

- on hold until public consultation has occurred during the development of the next LTP.

#### SDC/ICC/Recycle South contract renewal

- the negotiations with ICC for the recycling renewal have been completed and signed.

#### Repealed Water Reforms: Water Service Plans

- consider implications eg CCOs-team input required.

#### Health and safety

- four near misses were recorded for April.
- one incident was reported where a rock was thrown through the window of an operator's vehicle while they were driving
- four audits were undertaken with minor follow-up actions recorded.

#### Environmental

- wastewater consent compliance sampling – April 2024 recorded 100% compliance rate (135/135 samples)
- drinking water consent – April 2024 recorded 100% compliance rate (208/208).

#### Contract performance summary

##### 23/01 operations and maintenance contract

- we are now 83% through Year 1 of the contract and 21% through the overall contract term, total claim to date is 90% of Year 1 and 21% of overall contract length, exclusive of cost fluctuations and variations
- at the time of writing, the contract performance measures for April 2024 reported 19/19 of the KPI categories met 100%.

##### Manapouri water treatment plant

- this project has suffered a 4-6 week delay in programme due to delays in the application of the building consent. The consent has now been approved, so works can continue, with the contractor hopeful in reducing the lost time for a planned completion now in August 2024.

##### Riversdale waste water plant filtration upgrade

- the project is "practically complete", with commissioning being undertaken late April, early May where the plant will be put back into full operational service.

##### Te Anau and Sinclair Avenue Nightcaps AC water main upgrade work 2022/2023 and 2023/2024

- both the Te Anau contract comprising of Henry, Duncan Street, along with the Nightcaps Sinclair Avenue water main renewals are completed.

##### Balfour and Winton infiltration and inflow

- will start in May
- contracts have been let, Balfour to Te Anau Earthworks, Winton to SouthRoads.

##### Stewart Island rising main

- contract has been awarded with Wilson Contractors and they established Monday, 29 April.

##### WWTP pond fencing

- progressing well
- these are the last projects of the 2023/2024 programme.

##### Winton WWTP – land purchase

- negotiations continue.



## Activity summary report April 2024 – forestry

## Previous month's achievements

- harvesting at Dipton concluded.

## Next month's goals

- land preparation and maintenance – Gowan Hills
- land preparation and maintenance – Ohai
- land preparation following harvesting – Dipton
- Harvest Plan for 2024/2025 being prepared.

## Financial summary 2023/2024

- the Harvesting and Marketing Plan for 2023/2024 was approved by Council
- Harvesting and Marketing report for 2024/2025 being prepared.

Forestry	Actual YTD	Projection YTD	Full year projection	Variance	Variance %
Income	4,121,991	3,723,122	3,794,636	398,869	10%
Harvesting costs	2,251,952	2,069,410	2,102,215	182,542	8%
Net return Harvesting	1,870,039	1,653,712	1,692,461	216,327	12%
Other expenditure	348,143	479,184	561,585	-131,041	-38%

- the Harvesting and Marketing Plan for 2023/2024 performed above target, this was due to the yield and grade of the forest stock being above planned in some areas
- operational expenditure is below budget due to the phasing of cost year to date, it is likely to trend toward budget in the later part of quarter four with the completion of forest management activities
- the contract between IF5 and SDC resulted in negotiated fixed price agreements between IF5, SDC and log market entities. The outcome was a de-risked harvesting and marketing operation that resulting in the financial position reflecting better than open market rates in the national log market
- the terms and conditions of the contractual relationship are set to continue into the 2024/2025 Harvest Plan to ensure the commercial advantages of de-risking the activity with fixed pricing above open market rates continues to benefit the Forestry business unit in the future.

## Risks and hotspots

(eg top five with commentary as required)

## SDC WORKS PROGRAMME KEY RISKS

## Likelihood / Impact

(Likelihood x Impact = Risk Score)	
Red (15-25)	Extreme
Orange (8-12)	High
Yellow (4-6)	Moderate
Green (1-3)	Low

## RISK FACTORS

## Post mitigation

Ref No	Works programme risks	Unlikelihood	Impact	Risk Score
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1	Harvesting programme not meeting targets	3	3	9
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2	Health and safety	2	3	6
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3	Budgets and cost control	2	3	6
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4	Resources	5	3	15
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5	Environmental risk	3	3	9
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Unlikelihood	Consequence				
	Highly likely	Medium	Medium	High	Very high
1. Harvesting	Highly likely	Medium	Medium	High	Very high
2. Health and safety	Highly likely	Medium	Medium	High	Very high
3. Budgets and cost control	Highly likely	Medium	Medium	High	Very high
4. Resources	Highly likely	Medium	Medium	High	Very high
5. Environmental risk	Highly likely	Medium	Medium	High	Very high

## Mitigation actions

The harvest plan has secured fixed pricing on a quarterly basis and no logistics issues are likely to arise this quarter. The export log market is indicating volatility in quarters three and four.

All aspects of health and safety have been observed and indications are that health and safety training and awareness within crew is having a positive effect.

The harvest and marketing contract has secured fixed pricing. A net positive financial performance is likely due to contractual obligations.

Some resources in the silviculture space have been impacted with lack of availability and rising costs. This is reflected in the budget for silviculture activities.

Harvesting operations are highly planned and managed to minimise environmental risk.

## Strategic planning priorities

- a Forestry Carbon Management Plan has been developed and is being monitored against the Emissions Trading Scheme
- further aligning the forestry portfolio with the National Environmental Standards for Plantation Forestry
- monitoring the harvesting and marketing contract performance against long and medium term predictions

## Forest growing, silviculture and maintenance

## By forest

FOREST	ACTIVITY	STATUS
Dipton	Harvesting Operations and Sales	Remaining
Dipton	Consultants	Remaining
Dipton	Monitoring	Remaining
Dipton	Maintenance - General	Remaining
Dipton	Land Preparation	Remaining
Dipton	Purchase of Seedlings	Remaining
Dipton	Tree Planting	Remaining
Dipton	Fire Protection	Remaining
Gowan Hills	Harvesting Operations and Sales	Completed
Gowan Hills	Consultants	Remaining
Gowan Hills	Monitoring	Remaining
Gowan Hills	Maintenance - General	Remaining
Gowan Hills	Land Preparation	Remaining
Gowan Hills	Purchase of Seedlings	Remaining
Gowan Hills	Tree Planting	Remaining
Gowan Hills	Forest inventory	Remaining
Ohai	Harvesting Operations and Sales	Completed
Ohai	Consultants	Remaining
Ohai	Monitoring	Remaining
Ohai	Maintenance - General	Remaining
Ohai	Land Preparation	Remaining
Ohai	Purchase of Seedlings	Remaining
Ohai	Tree Planting	Remaining
Ohai	Forest inventory	Remaining
Waikato	Consultants	Remaining
Waikato	Monitoring	Remaining
Waikato	Maintenance - General	Remaining
Waikato	Purchase of Seedlings	Complete
Waikato	Tree Planting	Complete
Waikato	Silviculture, Release Spraying	Complete
Waikato	Silviculture - Pruning	Remaining



## Activity summary report April 2024 – project delivery team

## Key achievements – previous months

- eight of the 12 bridge replacements complete with Papatotara Road bridge now completed
- Lumsden playground complete
- footpath renewals are now making good progress following an extended period of bad weather which left some sites open longer than desired, expect all sites will be completed by 22 May 2024
- Winton area road rehab package completed
- Gorge Road rehab completed
- Rimu Road rehab completed
- Butterfields Beach walking track completed
- Healthy Homes upgrades work completed.

## Priorities – upcoming months

## Planning for the 2024/2025 programme of works

- Seeking to understand quantum of jobs and value likely to fall to the project delivery team (PDT) to deliver
- allocating projects in the potential 2024/2025 programme to PDT including new starts
- defining pre-work (if any) that could be undertaken pending LTP being approved
- continuation of the footpath renewals package to conclusion in May
- four remaining bridge replacements, with two currently well underway and the contractors on target to complete by year end
- Taramea Bay toilet, finish of building in readiness for code compliance around mid to late June
- finish the toilet install Slope Point
- completion of the shelter Slope Point
- delivery of the "Speed Signs Around Schools" contract
- contract procurement for the Athol toilet construction
- construction stage one Lions Park toilet refurbishment – coin operation
- Lumsden skatepark installation (attached to completed playground)
- focus to close out Better Off funding projects that are due by year end.

## Approvals/ unbudgeted expenditure requests

- an unbudgeted expenditure request will be required in May 2024 for the pawa shell installation at the new location in Riverton, expected value will be approximately \$20,000.

## Risks and hotspots

## SDC WORKS PROGRAMME KEY RISKS

Likelihood / Impact

	(15-25)	Extreme
Red	(8-12)	High
Orange	(4-6)	Moderate
Yellow	(1-3)	Low

RISK FACTORS

Post mitigation

Likelihood / Impact

	(15-25)	Extreme
Red	(8-12)	High
Orange	(4-6)	Moderate
Yellow	(1-3)	Low

RISK FACTORS

Post mitigation

Likelihood / Impact

	(15-25)	Extreme
Red	(8-12)	High
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RISK FACTORS

Post mitigation

Likelihood / Impact

	(15-25)	Extreme
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RISK FACTORS

Post mitigation

Likelihood / Impact

	(15-25)	Extreme
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Yellow	(1-3)	Low

RISK FACTORS

Post mitigation

Likelihood / Impact

	(15-25)	Extreme
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RISK FACTORS

Post mitigation

Likelihood / Impact

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RISK FACTORS

Post mitigation

Likelihood / Impact

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RISK FACTORS

Post mitigation

Likelihood / Impact

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RISK FACTORS

Post mitigation

Likelihood / Impact

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RISK FACTORS

Post mitigation

Likelihood / Impact

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RISK FACTORS

Post mitigation

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RISK FACTORS

Post mitigation

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RISK FACTORS

Post mitigation

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RISK FACTORS

Post mitigation

Likelihood / Impact

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RISK FACTORS

Post mitigation

Likelihood / Impact

	(15-25)	Extreme
Red	(8-12)	High
Orange	(4-6)	Moderate
Yellow	(1-3)	Low

RISK FACTORS

Post mitigation

Likelihood / Impact

	High	Medium	Low	Very Low	Extremely Low
High	High	Medium	Low	Very Low	Extremely Low
Medium	Medium	Medium	Low	Very Low	Extremely Low
Low	Low	Low	Low	Very Low	Extremely Low
Very Low	Very Low	Very Low	Very Low	Very Low	Very Low
Extremely Low	Extremely Low	Extremely Low	Extremely Low	Extremely Low	Extremely Low

Mitigation actions

2023/2024 works programme developed,

resources allocated early. Increases in project

pricing, requires careful consideration and

forecasting at estimating to mitigate quantum of

unbudgeted expenditure approvals.

Improve scope definition and understanding at

planning stage, ensuring key partners

understand and agree the actual scope of work

and expected outcomes before commencement

to maintain efficient procurement and delivery.

All projects have risk profiles completed - all

contractors and suppliers have been compliant

with the regulations and checks are being

undertaken and new risk management

framework is being developed.

Cost increases are putting pressure on project

contingency values. Early rescoping and

engagement required where contingency values

appear insufficient.

Scope creep affecting project values and delivery

efficiency, effort required at scoping stages to

ensure all key partners including community

boards clearly understand costs and cost

implications for unplanned scope changes.

Assessment of resource levels vs delivery

program and timing to ensure sufficient capacity

and experience to deliver.

Carefully monitor impacts of additional funding

sources such as Better Off and the impacts this

may have on capacity to deliver, agree realistic

delivery expectations.

Early procurement, get to the market early in the

season, get first crack at contractor availability.

Provide a steady flow of work to keep contractors

in our market.

Updates and engagement with contractors on

potential forward work and opportunities.

Meeting with contractors and suppliers regularly

regarding delivery and expectations

## Strategic planning priorities

- early scoping and planning of projects well in advance of delivery time frames
- ensuring scope understanding and outcome expectations are understood with community boards or affected parties, mitigating hold ups and confusion during delivery
- early engagement with community boards to sign off on projects allowing realistic delivery time frames.

## Health and safety

- 16 safety audits/safety observations completed by PDT during March and April
- 10 April 2024 – serious incident on a rehab site with roller overturning into water table whilst rolling shoulders. The contractor's incident report and follow up information has been very slow to come through despite repeated requests, a draft report has now been received (10 May 2024) and is currently being reviewed as part of the contract and by SDC health and safety team.

## Environmental

- Nil to report.

## Capital delivery works programme summary

ACTIVITY	COMMUNITY RESOURCES	TRANSPORT - ROADWORK	TRANSPORT - OTHER	THREE WATERS	TOTALS
2023-24 approved unbudgeted expenditure	6,730	22,381	0	1,566,985	1,621,196
2023-24 Total Annual Plan Budget including early forecasts, prioritisation, and unbudgeted expenditure approved to date.	11,242,956	28,389,008	214,953	13,906,043	53,752,960
Actual costs to April 2024	2,224,612	15,482,961	17,056	6,011,945	27,716,574
Estimated cost to complete	9,018,344	8,906,107	197,897	7,894,098	26,017,006





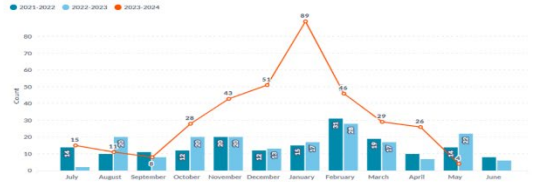
## Activity summary report to April 2024 – environmental health and licensing



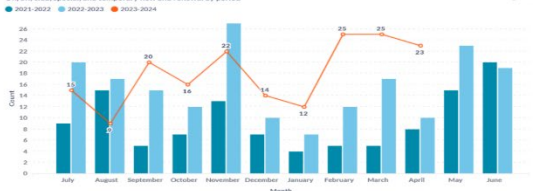
## Manager's report

- food and health premise renewal counts are higher than the previous years as health was not included in the figures - includes National Programme food plans, that are renewed every two years
- promising to see new operations for food and health premises
- alcohol counts are much higher than the previous years - this could be attributed to timing of renewal falling due and an increase in Special Licence applications.
- request for service enquiries for environmental health are higher than this time last year
- Land Information Memorandum (LIM) requests are lower than last year, alcohol counts are higher than the previous years for new and renewals - this could be attributed to an increase in Special Licence applications.

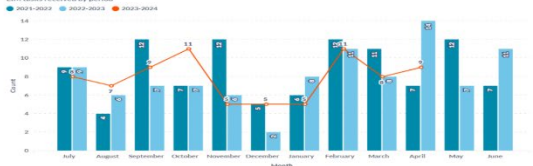
Food and health renewed by period



On, off, club, special, and temporary new and renewal by period



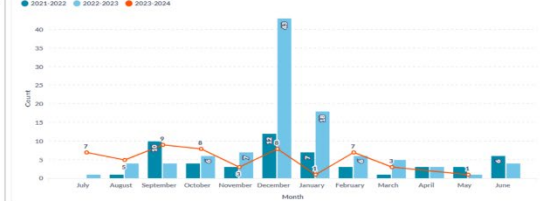
LIM tasks received by period



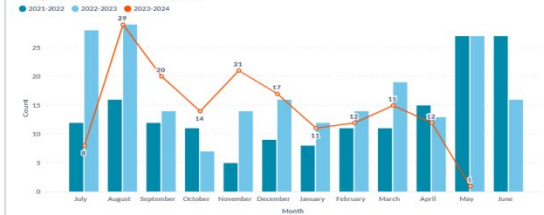
## Priorities for next month

- working on the Business Improvement Plan (Sec 17A review)
- prioritisation on issuing of alcohol licenses, and working towards online applications and updating website
- update of Food and Health licensing website
- review the potential sites received for mobile trading from community boards and promote to our customers to become registered users to encourage online applications for Alcohol, Food and Health applications

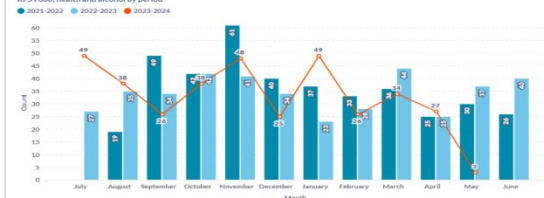
Food and health new issues by period



Managers certificates new and renewal by period



RFS Food, health and alcohol by period







### Activity summary report April 2024 – resource planning

#### Processing of consents

- table shows the amount of consents that have been lodged from the beginning of the year to the 30 April
- the past two years 2022 and 2023 are given to show comparison.

1 JANUARY to 30 APRIL	2022	2023	2024
<b>Applications lodged</b>	134	80	60
<b>Applications completed</b>	136	98	105
Granted/ issued	125	88	95
Incomplete (s88) returned	3	7	3
Cancelled/ withdrawn	7	2	8
Recommendation to requiring authority	1	1	0
<b>MONTH OF APRIL</b>			
<b>Application lodged</b>	32	18	17
<b>Application completed</b>	34	21	16
Granted issued	32	17	14
Incomplete (s88) returned		3	
Cancelled withdrawn	1		2
Recommendation to requiring authority	1	1	

#### Going forward

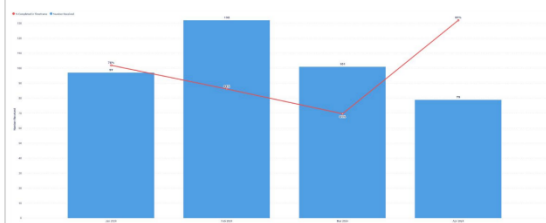
- we would like to have more reports available that include 223/224 lodgements, consent processing days, LIMS, PIMS and building consents, invoicing day count, holds types and day count, referrals
- to remedy this working alongside information services to help get the most accurate data capture and reporting
- ongoing projects in planning team to assist and improve service to clients and data capture to Council – including
  - a review of e-pathway lodgements – is it available to lodge online – do the fields satisfy our information required to process an application
  - internal system data entry and processes
  - documenting processes for new staff
  - automating as much of the information as possible
  - automating as much of the internal processes as much possible.
- ongoing staff training and development of new employee induction and process for sign off on competency for individual employees capturing training and growth development.

#### Requests for service

- table shows the amount of RFS's that have been lodged from the beginning of the year to 30 April
- the past two years 2022 and 2023 are given to show comparison.

RFS 1 JANUARY to 30 APRIL	2022	2023	2024
<b>Lodged</b>	590	470	406
<b>Completed</b>	587	457	462
<b>RFS Month of April</b>			
<b>Lodged</b>	125	109	76
<b>Completed</b>	126	98	102

Graph below shows 2024 by month and % completed in timeframe



#### Invoices for resource consents – 1 January to 30 April 2024

WHEN APPLICATION CREATED REQUIRING INVOICES	NUMBER OUTSTANDING
2023	3
January 2024	2
February 2024	3
March 2024	3
<b>Total</b>	<b>11</b>

All of these will be awaiting further information to be issued.

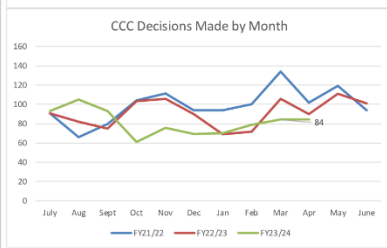
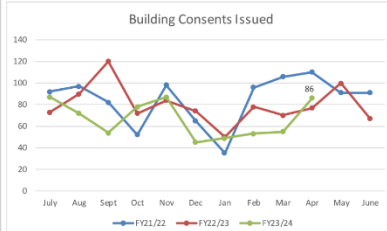
In total 138 invoices were issued over the period.



Activity summary report April 2024 – building solutions team

Progress report – building control team

Compliance to timeframes for Building Consents is 90% and compliance to timeframes for Code Compliance Certificate decisions is 97% for April 2024. Only 7 building consents remain over the clock in the system and these will be resolved (issued / refused) by the end of May 2024.



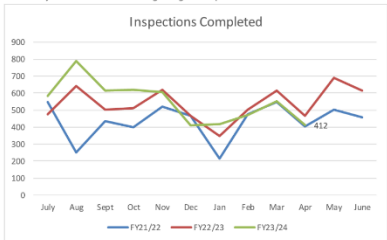
Progress report – building compliance team

68% of pools have passed their inspection across Southland with only 14 being followed up to ensure compliance. April saw the BWOF audits completed increase to 17%. At the time of writing this report during May 19.7% have been completed confirming that the team will meet the external KPI of 20% this year.

Industry and legislative updates

(for additional information – please see links/websites)

- MBIE has commenced requiring BCAs to complete quarterly reporting on compliance to timeframe. The first report was released in April 2024 and shows the cumulative / average compliance for each BCA for the first quarter. SDC's average of 86% will be much improved for the next round of reporting – <https://www.mbie.govt.nz/dmsdocument/28298-building-consent-system-performance-monitoring-april-2024.pdf>
- MBIE has also released an Operation Magazine regarding an investigation into Boarding House Fire Safety. This report details findings across a small selection of buildings and P14 fairly represents what SDC are seeing within our District and these types of buildings. This financial year alone the SDC Compliance team have issued 166 amended compliance schedules as a result of BWOF inspections being undertaken. Boarding houses are part of the 'High Risk' category which Council are audited on a 3 yearly cycle. The district has 95 High Risk buildings and staff have completed 45 audits of this category this year – <https://www.building.govt.nz/assets/Uploads/managing-buildings/operation-magazine-report-info-safety-assessments-of-boarding-houses.pdf>
- IANZ has released their biennial accreditation report, showing findings from all BCA accreditation audits in the past two years. SDC received 8 General Non Compliances in the last audit which have all been cleared – <https://www.building.govt.nz/assets/Uploads/building-officials/bca-accreditation/bca-accreditation-report-rou-ni-eight-july-2021-june-2023.pdf>
- there are many changes to regulations, MBIE Guidance and legislation, including the content of Schedule 1 of the Building Act 2004 coming through central government shortly. More will be known regarding the impact this will have to the team.



Progress report – building quality assurance team

Monthly meetings with the industry focus group continued in April and remain solutions focused. A new designer driven check sheet for applicants will be released in June, creating consistency for work coming into Council and supporting consistency with outputs coming from Council.

Consents lodged by ward – April 2024

Mararoa Waimea	25
Oreti	17
Stewart Island Rakiura	3
Waiapu Aparima	23
Waihōpa Toetoe	10

5.1.2 - Active BWOFs map







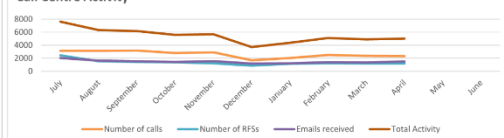


## Monthly activity summary report April 2024 – services and libraries team

## Contact centre overview

CALL CENTRE ACTIVITY							
Month	Number of Calls	Average Wait Time	Average Length of Call	Number of RFS's	Emails Received	Antenna Requests	Total Activity
February	2,492	31	2.22	1,226	1,388	28	5,106
March	2,356	38	2.27	1,189	1,357	26	4,902
April	2,334	27	2.25	1,187	1,495	30	5,016

Call Centre Activity



## TRACKING THREE MONTH TOP FIVE RFS CATEGORIES

February	Building - general enquiries	138
	Online customer change of name/address	65
	Resource management general enquiries	57
	Dog registration change	53
	Animal Complaints	32
March	Building - general enquiries	208
	Resource management general enquiries	101
	Online customer change of name/address	66
	Rates/Water Enquiries	53
	Dog Registration Change	47
April	Building - general enquiries	202
	Online customer change of name/address	111
	Dog Registration Change	84
	Resource management general enquiries	47
	Transport - General	47

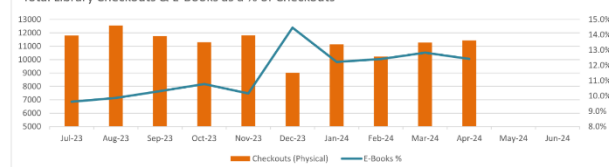
## April service insights

- Inbound service emails are now in Genesys Service system, allowing us to triage, count and manage email service traffic more efficiently.
- Planning for Dog season well under way with email comms starting this month (advisory email) – move to online payment and registration have shown year on year increases and the team hope to see this again this year.
- RFS induction training offered by our call centre manager – in conjunction with old and open RFS review – this is continuing work.
- Continuing to work with the finance team to ensure the call centre is doing as much as possible during rates conversations/ contacts.
- Some great teamwork between knowledge services and service regarding SIESA service, commissioning connections and working with the RFS system to track progress.

## District library overview

DISTRICT LIBRARY STATS	SEPT-23	OCT-23	NOV-23	DEC-23	JAN-23	FEB-23	MAR-23	APR-23
CHECKOUTS (PHYSICAL)	11,770	11,296	11,806	9,014	11,142	10,227	11,281	11,430
BORROWERS (PHYSICAL)	1,656	1,671	1,656	1,363	1,521	1,513	1,567	1,585
E-BOOKS	1,214	1,218	1,200	1,304	1,362	1,270	1,447	1,420
PRESSREADER (NEWSPAPERS)	1,355	1,327	1,548	1,279	1,675	1,745	1,848	1,858
E-BOOKS %	10.3%	10.8%	10.2%	14.5%	12.2%	12.4%	12.8%	12.4%

Total Library Checkouts &amp; E-Books as a % of Checkouts



## April library insights

- After some delay, we have a potential mobile service van delivery date of mid-July, we will have some technology work to do in house and work on wrap design, but should have solid dates to ELT and comms shortly.
- Mobile service out to our small district schools is working well with new book tubs going into classrooms – excellent reading numbers initially coming through.
- Lots of detail in the teams most recent acquisitions (books) meeting – the team now looking at our magazine mix and our digital check-out data. Children's early reading materials seeing a real increase in demand, which is hugely encouraging.
- The district library team is also looking at overall collection size, with the view to creating spaces in our office/libraries for additional activities (youth and children's activities, technology, and learning) – this work is ongoing.
- District programmes delivering very well over the past three months – brick club very popular (and a very good gateway into the library for kids) – Wyndham with 107 participants in the last 3 months. Storytime another very successful programme in our hub libraries.
- Network resilience has been challenging with covid and illness stretching the teams ability to staff libraries on rare occasions.

## SDC DISTRICT PROGRAMME PARTICIPATION FEB/MARCH/APRIL 2024

	Brick Club	Holiday Programmes	Kids Craft Te Anau	Manga Club	Story Time	Summer reading 2023	Te Anau Events	Wriggle and Rhyme	Total Participants
All locations						52			52
Lumsden	22	9							31
Otautau	17	17							34
Riverton	64	17		14					95
Te Anau	114	45	90		131		31		415
Winton	32	12		8	438			64	558
Wyndham	107	20							127
Total Participants	356	120	90	22	569	52	31	64	1,312





## 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.

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:

#### C8.1 Quarry - 155 Longwood Road

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
Quarry - 155 Longwood Road	s7(2)(g) - maintain legal professional privilege.	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.

#### C8.2 Proposed road stopping - Newalk Street, Wrights Bush

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
Proposed road stopping - Newalk Street, Wrights Bush	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.  Personal address of the applicant is mentioned..	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.

#### C8.3 Restrictive Covenant - Southern Lakes Helicopters

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
Restrictive Covenant - Southern Lakes Helicopters	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.