



Photo by: Si Leeds

Word from the Mayor  
Chief Executive's Introduction  
Auditor Report

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## *Introduction*



Photo by: Mark Weatherall

# Word from the Mayor

Hello and welcome to the Long Term Council Community Plan for the 2009-19 period.

One of the things that came out of our last Long Term Plan in 2006 was the funding that allowed us to introduce the “Clutha Country Where Everyone Says Hello” branding.

This has helped us all feel like we are part of a special place where people and communities work together to make our district a great place to live, work, play and bring up our families.

This is more important in these uncertain times and Council has put together this plan with these things very much in mind.

This is not the time to be hesitant, and by promoting some important projects such as the Clutha Recreation Centre, progressing with upgrading water treatment plants, introducing waste minimisation and recycling as well as continuing to maintain our other infrastructure to existing and better standards shows confidence that the Clutha District and the businesses and people within it have a good future.

The plan has identified some key issues:

- Recycling and Waste Minimisation
- Water quality improvements
- Sewerage upgrades
- Harmonisation of urban water and sewerage charges
- Rating system changes
- Sustainability of swimming pools
- Main street improvements
- Clutha Recreation Centre

In developing this list and the options we have tried to be pragmatic in our approach with clear principles and directives as mentioned in the Chief Executive’s Introduction.

We received excellent feedback during our consultation process with over 180 written submissions, over 500 returned questionnaires, as well as a willingness to pay telephone survey in which 400 people took part. Thank-you for your submissions; they allowed us to refine the draft plan to provide a clear direction which has the community’s support.

The next few years look like they are going to be challenging. I believe the Council has put out a plan that meets these challenges. I look forward to us working together to move forward with the exciting projects and initiatives contained in it.

**Juno Hayes**

**MAYOR**

**25 June 2009**



**Juno Hayes**

# Chief Executive's Introduction

This plan, the Long Term Council Community Plan (Long Term Plan) sets the activities and projects Council plans to deliver over the next ten years.

The plan has been developed in very trying conditions with the economic climate across the world, in New Zealand, and within the district changing on an almost weekly basis. Some of the assumptions we made have made in preparing this plan have changed in the months over which the plan has been prepared. The change of government and the changes it may bring about have introduced some uncertainty over what may or may not impact on us as a district and how Council should respond.

A revaluation of the district will also bring about a shift in the distribution of rates from urban to rural for our capital rate, which is the opposite of what happened three years ago.

The plan has been prepared with a number of clear principles and directives:

- Although the economic times across the world and in New Zealand are tough and confidence in financial markets is down, this should not be reason for Council and the district to completely halt progress and hunker down.
- For the district to be sustainable it needs to have the infrastructure and amenities that keep our communities vibrant, attractive, and safe; now and into the future.
- We are one district and each community benefits from the existence of other communities. It has to be recognised that some amenities and infrastructure will be located in certain locations but that we will all benefit from having these things in the district.
- We must respond to Government decisions and use every opportunity to leverage the assistance that is being offered to minimise the impact on the district ratepayers.
- Council's purpose is to promote the social, economic, environmental, and cultural well-being of communities, and Council plays an important part in delivering this via the services and activities it delivers.

There are some exciting projects within the plan which Council sees as benefiting the whole district and how these projects are to be paid for has brought about some interesting challenges for the Council.

Council has also looked at how we may help each other out in making some of the essential services such as water and sewerage services affordable for all our communities.

## Meeting the Challenge of Our Economic Times

There are two schools of thought about how Council will meet the challenge of our economic times.

The first is to reduce spending to bare essentials and keep Council rates as low as possible.

We believe that the Council is running efficiently and that if we are to reduce costs we would need to reduce levels of service and not progress some projects until better times.

The second is the approach being taken by many governments across the world and that which seems to be being taken by our own government. That is to proceed with essential and desirable new infrastructure and bring forward infrastructure renewals which will not only keep people employed through these difficult times but serve the future generations for some time to come.

Council is being pragmatic and has taken a mixture of the above two approaches with a leaning towards getting on with it. Now is the time to show that the district is going to go forward.



Charles Hakkaart

Three of the main issues identified in this Long Term Plan address this challenge:

- **Clutha Recreation Centre** The Long Term Plan allows for a contribution up to \$1.2 million to a planned new \$4 million recreation centre in Balclutha. One of the main users of the proposed new facility will be netball which is played at Balclutha by teams from throughout the District and therefore has district-wide benefits. Refer to the 'Key Issues' section of the plan for more information.
- **Main Street Enhancements** It is proposed (after further consultation as to the design etc.) to undertake enhancement of Balclutha's main street Central Business District (CBD). The planned expenditure in 2012/13 of \$2.05 million will see a much enhanced appearance along the main route through our main town. Enhancement of the Balclutha CBD area is seen as needed to show confidence in the district. Refer to the 'Key Issues' section of the plan for more information.
- **Swimming Pools** The four swimming pools within the district managed by Council (Balclutha, Milton, Kaitangata and Lawrence) are aging and need refurbishment. To address declining numbers attending our pools it is also being suggested that upgrades such as heating, hydro slides, and spa pools are needed. A numbers of projects have been included in the plan to refurbish and enhance the Council managed swimming pools. Council asked the question about whether maintaining all four swimming pools is sustainable given the costs and declining numbers. We specifically consulted with the Lawrence and Kaitangata communities over the future of their swimming pools. The Lawrence community has decided they wish to work towards building a new swimming pool for their area and Council has allowed in the plan to support this. The Kaitangata Swimming Pool, in the meantime, will continue to be managed and operated by Council.

Roading as our largest budget item is an obvious target to look for savings. Council has taken out of the plan, budgets for the next two years for seal extensions amounting to around \$440,000 per year where no financial assistance is available from the New Zealand Transport Agency. We have retained budget items for the sealing of the Nuggets Road where a 70% assistance rate is available. This keeps the rates rise over the next two years down by about 2%.

Feedback on the draft plan through the consultation process resulted in Council agreeing to fund the South Otago Museum curator position; continue to help fund the Gore Women's Refuge, and continue to fund the Community Coordinator position. These, plus other requests for funding towards projects has resulted in an increase in rate funding from that indicated in the draft plan.

## Sustainability

When we think about sustainability we often think about issues such as climate change and peak oil.

While these things are important and are kept in mind, Council believes sustainability for the Clutha District right now is about keeping our communities strong and vibrant so that they can meet these challenges of the future.

Council therefore wants to ensure the backbone of the district economy, agriculture, is supported and promoted. Council does this in several ways.

**Roading** is an important service that Council provides to the rural community. Overall roading represents 53% of the Council annual budget. Without good roads, access to properties and markets would be inefficient. The New Zealand Transport Agency (NZTA) is an important partner in delivering roads to the district as they contribute 60% of maintenance and 70% of construction and renewal project costs.

To save costs Council could reduce the level of planned construction and refurbishment of roads. To do so would also lose the assistance from the NZTA which would mean that for every \$1 saved in rates, \$1.67 would be lost. Council, therefore, has maintained its level of road maintenance and construction expenditure.

Council continues to support the agriculture sector via the District Development Board support of the Agricultural Development Board \$60,000 per year.

Without **Rural Water Schemes**, stocking levels would be reduced and dairy farming in parts of our district would not be viable. Council recognises the role rural water schemes play in ensuring farming remains sustainable in the district. A lot of work has gone into upgrading rural water scheme capacity and certainty of supply. Further work is planned along with having to look at how the schemes meet the challenges of meeting the drinking water

standards.

As well as making sure our rural community remains sustainable we also need to make sure that the urban communities have the services and infrastructure modern communities are expected to have, so that they remain sustainable as they play an important part in servicing the rural sector of the district. The proposed recreation centre, main street enhancements, and swimming pools mentioned above play an important part in this as do the following.

### Urban Water Supplies

By applying early Council was able to obtain considerable support towards upgrading four main water treatment plants in the district to meet the modern Drinking Water Standards. The upgrade works are planned over the next three years:

Treatment Plant	Total Cost	Assistance
Balclutha	\$1,400,000	\$355,000 (25%)
Kaitangata	\$437,900	\$275,900 (63%)
Lawrence	\$835,000	\$751,700 (90%)
Tapanui	\$750,000	\$600,000(80%)

Refer to the 'Key Issues' section of the plan for further information on the water upgrades, and on the harmonisation of water and sewerage charges

**Recycling and Waste Minimisation** services are a popular request and are now being promoted via the Waste Minimisation Act. However, this service does come at a cost, particularly when dealing with green waste.

The Long Term Plan sets out a programme introducing recycling and waste minimisation services.

The plan starts in the next year with proposed drop off points for recyclables at current waste management facilities. In year 2011/12 it is proposed that a kerbside recycling will be introduced at an additional cost of \$20 per household. In year 2012/13 green waste collection and treatment was considered at a cost of a further \$196 per household. However, consultation clearly indicated this was not favoured, so this has not been included in the plan. Council did, however, provide an extra \$20,000 per year for education and advice to help people compost at home and in the community.

Refer to the 'Key Issues' section of this plan for further information.

**Youth** are the future of our country and district. Council has recognised this by proposing to support a number of initiatives that have to date proven to be popular.

The Youth Council has a small budget of \$8,000 for training and projects. This, with the administration support of the Council, is allowing youth to have a say in decisions being made by Council as well as offering them opportunities to see how local government works, learn meeting procedures and how to work within their communities. Hopefully this will help them become valuable leaders in our communities for the future.

Council has also planned to continue to support youth via funding towards a youth coordinator. Council's proposed contribution of \$40,000 is about a half of that required to fund the position and funding support will be required from other organisations.

**Health** and having suitable health services is important to keep our communities sustainable. Council supports a number of initiatives that promote health in the district.

Sport Clutha receives \$40,000, also about a third of the sum required towards the employment of a sports coordinator. This funding over the past three years has greatly increased the promotion of healthy exercise and sport in the district and with the help of other funders Council hopes that this will continue.

Having warm homes promotes health and by working with the Otago Regional Council, other neighbouring councils and Energy Efficiency and Conservation Authority, considerable funding has been found to assist those on lower incomes to insulate their homes. This programme is now being extended to include replacing fireplaces with modern efficient burners or heat pumps. This has the added advantage of reducing the emissions to air and the programme will focus on Milton where the emission to air is above the permitted levels. Council has doubled its contribution to this programme to \$30,000 per year for the next three years.

Having a medical centre close to hand is a key consideration when people think about shifting to or staying in a community. West Otago Health Ltd. is looking at the development of a new medical centre and rest home in Tapanui based at the old hospital site. Council has already agreed to help fund a feasibility study from rent returns from the Tapanui Commonage land. Consultation indicated support for Council to provide some funding and once the feasibility study is made public it is intended to discuss this proposal with the West Otago and Tapanui communities and how much they wish to contribute towards the construction of a new facility and how this is funded. The 'Community Summary - Tapanui' section of the Long Term Plan gives some more information on this.

## Long term financial strategy

A key aspect of Council's financial approach is to carry a certain level of reserves (or investments) that it deems to be prudent, to ensure there are sufficient finances set aside to fund future infrastructure requirements. These reserves include special funds, depreciation reserves, along with a \$2.5 million emergency fund, to help Council fund its share of potential costs of a major disaster. Projected forestry income during 2011/12 to 2017/18 after the sale of resources when they reach maturity is also expected to boost these reserves by approximately \$2.9 million.

Reserves are also affected by the extent of internal loan funding. Council's approach has been, and continues to be to use internal loan funding to finance major infrastructural projects. Extensive internal borrowing of \$5.8 million is planned during 2009/10, following by \$2.7 and \$3.8 million in 2010/11 and 2011/12 respectively. This tapers off in the following years of this plan and reserves/investments increase as the loans are repaid.

## Sharing the impact of rates

In developing the plan Council has been mindful of the impacts on rates from the initiatives and projects being proposed.

The overall funding required in the next ten years is shown below:

	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19
Amount (\$000s)	19,784	21,299	23,140	24,080	24,821	25,451	26,182	26,895	27,547	28,430
% change (excl. major projects)	5.91%	7.16%	7.91%	3.66%	3.02%	2.59%	2.88%	2.74%	2.43%	3.22%
Major project impact	1.04%	0.50%	0.73%	0.41%	0.06%	-0.06%	-0.01%	-0.01%	0.00%	-0.02%
Total % change	6.94%	7.66%	8.64%	4.06%	3.08%	2.54%	2.87%	2.73%	2.42%	3.20%

Increases in rates above the general level of inflation from 2009/10 to 2012/13 are due to a number of reasons. These include increased roading costs and catch-up on deferred work, increased water supply costs resulting from upgrades and increased sewage treatment costs required by consent renewals. The reintroduction of unassisted seal extensions contributes significantly to the projected rates increase in 2011/12. A key point to note is the sharp increase in the major projects impact in 2012/13 indicated in the draft Long Term Plan due to the costs of the green waste collection and composting being proposed is now gone.

The impact on individual property owners will depend on a number of factors:

- The change in your property valuation as result of the revaluation that took place in September 2008.
- The water and sewerage schemes you are connected to and the changes proposed for these.
- Whether you receive the wheelie bin service and the impacts from recycling.
- What is planned for your community in respect to swimming pools, halls, footpaths etc.

Elsewhere in this document we have given example for rates impacts for individual communities. Refer to the Community Summaries section.

As identified above the revaluation that took place in September 2008 will impact on how rates are distributed,

particularly where individual properties have changed in value significantly differently from the average.

As part of developing the Long Term Plan Council reviewed its Revenue and Financing Policy (How and Who we rate for the services we provide and Why). Please refer to the 'Key Policies' section in Volume Two of this document.

Some changes of note have been made.

Because of the number of rating areas and how community services' rating was rated it was becoming complicated to calculate and there were some anomalies. Community Services rating has been changed so that the funds to be rated for will be split 65% to the relevant community rated on land value and 35% to the Uniform Annual General Charge (UAGC) which is applied across the whole district. The Council believes this fairly distributes the rate impact for these community activities.

In the past there has been a mixed approach to rating half water and sewerage charges for separate empty sections with communities like Balclutha and Milton having them in place and others like Owaka and Clinton not. Council wishes to have a consistent approach particularly given the proposal to harmonise water and sewerage rates for urban communities. It is therefore proposed that half charges will be phased in over three years into Clinton, Kaitangata, Kaka Point and Owaka.

Fees and Charges that are to apply into the future have also been considered. Of note is that the fees and charges for building and resource consents have been increased. Council believes this will better reflect the benefit gained by individuals from these activities and that they are still very reasonable when compared to other authority charges for the same activities. The charges of purchasing cemetery plots has also been increased over the next three years with a portion of the plot purchase price being set aside for future development and extension of cemeteries across the district.

These and other rating changes are explained more fully in the 'Financial Information' section in Volume Two of this document.

Council has agreed to implement 'harmonisation' of urban water and sewerage schemes in the Long Term Plan. It does see benefits in doing so and the 'Key Issues' section provides some information and the options considered.

Council has also carefully considered the funding of the two major projects in Balclutha - the Clutha Recreation Centre and the Balclutha Main Street enhancement. There may be some feeling that with the proposed Clutha Recreation Centre and proposed Balclutha Main Street enhancement all happening in Balclutha, but with funding from across the district, that Balclutha is being favoured. Council does not believe this is the case. Balclutha is the administration centre of the district, has the largest urban population, and is the centre of various sporting, cultural and economic activities for the district and needs to have the infrastructure that provides confidence in the future of the district. If such activities as library services, wheelie bins, cemetery services, etc. were stand alone for each community they would be cheaper for Balclutha. But as they are the same for all communities across the district the larger Balclutha community is assisting others around the district.

Council believes it has reached an equitable balance in its rating system that shares the impact recognising that we are a district, affordability, ability to pay, and willingness to pay.

## Conclusion

The Clutha District Council is pleased to present this Long Term Council Community Plan for the Clutha District. It believes it addresses the needs of the communities in the district in relation to the services the Council provides.

**Charles Hakkaart**  
Chief Executive

**25 June 2009**