

KEY DECISIONS

YOUR COMMUNITY YOUR COUNCIL YOUR FUTURE 2015/25



KEY DECISIONS

FOR YOUR COMMUNITY- YOUR COUNCIL- YOUR FUTURE 2015-2025

IN THE LEAD UP TO THIS LONG TERM PLAN, COUNCIL PRODUCED A CONSULTATION DOCUMENT, TO HELP EXPLAIN KEY ISSUES AND DECISIONS COUNCIL WAS FACING. IT SET OUT OPTIONS WE WANTED FEEDBACK ON, TO HELP US IN MAKING CHOICES AND SET FUTURE DIRECTION.

Just over 370 written submissions were received from residents and organisations.

This was double the number of responses in 2012, when the last long term plan was developed.

A further 41 people also came to speak to Council in support of their written submissions.

Council would like to formally acknowledge those who took time to be involved and give their feedback.

The key issues as presented in the consultation document are included on the following pages, along with the decisions Council went on to make for this plan.



WORKING TO FUTURE PROOF THE CLUTHA DISTRICT

“Council has identified promoting growth as a priority, and is aiming to do more to develop the district as a place to live, work, play and invest.”



Focusing on growing the rating base

“It’s a simple choice really – actively promote growth or be a bystander in our district’s future”

Like other rural areas throughout New Zealand, the Clutha District’s population has declined in recent years. It’s a fact – we have lost people overseas and to other parts of the country. But, on the flip side we more than continue to hold our own on other indicators, like our gross domestic product (GDP) per capita.

Current predictions are that our population will stay relatively stable at around 17,000. But, like many other regions of New Zealand, the proportion of our population aged 65 and older is expected to grow.

At the moment there are approximately 12,500 rateable properties in the district. Based on historical trends we expect this will continue to grow by at least 0.2% a year.

As we develop our proposed 2015/25 Long Term Plan, Council has taken the opportunity to look not just at the here and now, but also ahead. We have carefully considered what our organisation can do to help future proof the Clutha District.

Council has identified promoting growth as a priority, and is aiming to do more to develop the district as a place to live, work, play and invest.

But, we also realise this is a district-wide issue, so the solutions have a better chance of success if our residents and ratepayers support us in this approach.



The no growth spiral – what happens if nothing is done to promote growth?

Just in Council terms, even if there is no growth, there is still inflation. In our 2015/25 Long Term Plan we are assuming an average inflation rate of around 2.5% per annum.

Inflation will increase Council’s costs. If there is no growth in the number of ratepayers, then either rates have to increase, or, if rates are to remain the same, then services have to be reduced. Both of these options make the district a less attractive place to live. This could become a reinforcing negative spiral as fewer people may choose to live in the Clutha District.

On the other hand, if we can increase the number of ratepayers, then the amount each individual ratepayer has to pay is reduced, and services can be maintained. Council infrastructure and services generally have considerable spare capacity, and could accommodate population growth without requiring the expense of new investment.

Promoting growth

We are proposing to provide leadership and promote growth across a number of different Council areas. These closely link with our proposed Economic Development Strategy, and actions to promote ‘Living and Working’ in the Clutha District.

We are at the early stages in this approach, and there is still much work to be done. Council recognises that promoting growth must be done in a sustainable way. The sample of initiatives and proposals that feature here are being developed on the basis that they are at worst, rates neutral. This means any investments made to promote growth will generate revenue returns that will pay back initial investment including interest. Where any opportunity to promote growth won’t achieve a rates neutral position, we plan to check with residents and ratepayers before a decision is made.

Overall, we believe taking this approach to grow the rating base is an important step forward towards future proofing the Clutha District. We’re also keen to get your feedback and suggestions for other initiatives you think Council should be working on to help grow our district.

KEY ISSUE: PROMOTING GROWTH

Source: Clutha District Council - *Your Community - Your Council - Your Future. 2015-25 Consultation Document (April 2015)*

COUNCIL'S DECISION: AGREED TO FOCUS ON GROWING THE RATING BASE

Council agreed to focus on growing the district's rating base and promoting growth following a strong level of support from submitters.

This will be an important focus during the life of this Long Term Plan and beyond.

To receive such a level of support from submitters was positive as Council realises any actions to promote growth have a better chance of success if they are backed by the community.

The feedback also helped Council decide to implement two new strategies, the Economic Development and Living and Working strategies.

These are important as they underpin Council's priority to grow the rating base.

For example, the strategies include actions such as attracting people to the district to fill jobs, supporting businesses to thrive and looking for partner opportunities in both residential and commercial growth.

A key component of any work undertaken to promote growth is that it be rates neutral, this principle was also supported by the feedback received.

Overall, Council believes this focus on growth is an important step towards future proofing the Clutha District.



What are your ideas for future-proofing the Clutha District?

A sample of ways Council is proposing to promote growth:

- Attract people to the Clutha District to fill our jobs
- Support businesses to thrive and expand
- Create a coordinated marketing strategy, promotional tools and website to attract new businesses and investment
- Facilitate tailored development programmes for the primary sector
- Co-invest/partner in opportunities to support both residential and commercial growth
- Help growing sectors develop e.g. tourism
- Develop an events strategy that focuses on attracting residents and visitors
- Support and facilitate community initiatives such as cycle trails, wetlands and community facilities
- Ensure we have a level of infrastructure to meet present and future needs with the ability to be responsive to growth opportunities
- Invest in streetscape upgrades in towns around the district where appropriate, including town entranceways
- Facilitate the development of growth hubs via the District Plan, e.g. Milton as an industrial hub and Balclutha as a service hub
- Support and enable the utilisation of land for development
- Future proof current Council community housing stock
- Update strategies and management plans with a goal of maximising opportunities for recreation and leisure

**Do you support these initiatives,
and Council's focus on growing the
rating base?**

“The standard of roads across New Zealand is under the microscope”



GETTING IT RIGHT FOR ROADING

Putting our roads into perspective

‘Getting the best bang for our buck’ by targeting investment into the roads that we need the most, is the future strategy for the Clutha District’s local roads.

In our district, the New Zealand Transport Agency (NZTA) takes care of all state highways, while Council maintains all other roads, known as local roads.

We have a big local network. At just under 3,000km it is the third largest in the country behind Auckland and Southland. About 28% (809km) is sealed and the remaining 72% is unsealed.

About \$14 million a year is spent on local roads. In the past, 61% of that has come from central government, but that will drop to 59% over the next two years. Roading makes up the biggest proportion of expenditure (at 44%) and rates (at 32%). That’s easily more than any other Council service.

Rural ratepayers pay the lion’s share of roading rates, reflecting the benefit gained and use of the network. Rural roads make up 95% of the network.

Residents recognise the high quality of the district’s sealed roads. In the last resident survey 77% said they were satisfied, the highest score since surveying began.

In contrast 52% were happy with the level of maintenance on local gravel roads, the lowest score of all Council services. It’s worth noting that 52% is still the highest since surveying began. But, residents and ratepayers need to be aware that changes are coming.

The standard of roads across all of New Zealand is under the microscope with central government aiming to give motorists the same experience whether they’re driving on roads in Gisborne or Otago. This is a national standard being set through what is known as the One Network Road Classification (ONRC).

The current standard of our local sealed road network is generally higher than the national standard.

How much extra would it cost for our roads to look like scenario 1?

Amount (\$)

	Dairy Farm	Sheep/Beef Farm	Residential
Annual Average	1,600	1,000	30-50
Cumulative (10 years)	16,000	10,000	300-500

Central government will help fund roads to meet the national standard, but not beyond that. This means a choice between less spending on roads, or residents paying significantly more to maintain them above national standards. There is a specific consultation question requiring your preference on these two options.

But, there is good news if we do make some cut backs!

Given the current quality of our sealed roads Council is in a good position to reduce spending on them, especially the ones with low traffic volumes. The trade-off will be that sealed roads won’t be as smooth as they are now, and may look patchier, but will still be fit for purpose and safe to travel on.

Council is also signalling that over the next three years we are changing future spending. Instead of maintaining all roads to a similar level, Council will target roads with the biggest economic benefit to the district, with the aim of giving ratepayers the ‘best bang for their buck’. We want to check with residents and ratepayers before we head in this direction.

Gravel roads

We are not proposing to change the current level of service for unsealed roads. Traction seals to improve safety on short sections throughout the district are expected to continue. As things stand we know that sealing other gravel roads in the district generally wouldn’t meet NZTA funding criteria. Sealing roads cost about \$300,000 per kilometre, which means it would cost over \$600 million to seal the gravel roads in the district. Council recognises this is an unrealistic cost to put onto ratepayers and is not planning any non-subsidised sealing in the future, a position we have maintained since 2009.

At this stage Council supports sealing the Nuggets Road to the iconic lighthouse, but only if the project secures NZTA funding assistance.



This scenario is Council's preferred option.

Scenario 1: Increase rates to maintain the current standard

If ratepayers and residents want to maintain local sealed roads at their current levels and looking like this rates increases will be needed to cover funding shortfalls.

What to expect:

- Sealed roads remain at current levels (above proposed national standards)
- Roading rates would increase, for example:
 - A dairy farm with a capital value of \$6.8 million would pay \$16,000 more during 2015-25.
 - A sheep farm with a capital value of \$4.0 million would pay \$10,000 more during 2015-25.
 - A residential property in one of the main towns of the district would pay approximately \$300-\$500 more during 2015-25.

Scenario 2: Reduce spending and target investment

This would mean targeting investment and rates to meet national standards. We could reduce spending by doing less work on sealed roads with less traffic.

This is Council's preferred scenario. We are in a good position to do this and believe it is a smarter, sustainable long term approach.

What to expect:

- Sealed roads won't be as smooth as they are now, but still fit for purpose and safe to travel on (and more in line with proposed national standards).
- Less rates to pay than scenario 1.



KEY ISSUE: ROADING

Source: Clutha District Council - Your Community - Your Council - Your Future 2015-25 Consultation Document (April 2015)

COUNCIL'S DECISION: SCENARIO 2: REDUCE SPENDING AND TARGET INVESTMENT

After considering feedback from submitters, Council agreed with the majority of them that reducing spending on roads and targeting investment was the best way of balancing ratepayers' expectations with meeting national standards for roading.

It means changing future spending over the next three years to do less work on lower volume sealed roads and instead targeting funds towards sealed roads with the biggest economic benefit to the district.

This approach will also help Council work towards the One Network Road Classification national standards for roads from 2018 onwards.

Given the current high quality of the district's sealed roads, Council is in a good position to reduce spending on them, especially the ones with low traffic volumes.

The trade-off will be that sealed roads won't be as smooth as they are now, but they will still be fit for purpose and safe to travel on.

Council is not planning to change the current level of service for unsealed roads.

Targeting investment in our roading network will allow Council to manage its roading programme in a smarter and more sustainable manner in to the future.

Should we increase rates to maintain current standards for local sealed roads OR reduce spending and target investment?



SAME SERVICE - SAME CHARGE?

"When you turn on the tap or flush the loo you don't really think about the cost"

Weighing up paying for water, sewerage and stormwater services

"Should the amount you pay depend on the service you get... or which community you live in?"

This is something Council has been carefully weighing up lately, and we want to put this question to urban water, sewerage and stormwater customers.

When you turn on the tap or flush the loo you don't really think about the cost. But, at the moment how much you pay to do these things varies depending on which community you live in. How much it varies by is shown in the table opposite.

Another scenario is for customers to pay the same amount if they receive the same service, no matter which community they live in.

Urban Water, Sewerage and Stormwater Services Rates (2015/16)*

	Water (on demand) ¹	Water (restricted) ²	Sewerage	Stormwater
Balclutha	383.50		262.30	112.60
Benhar	483.00		262.30	
Clinton		671.50	512.70	123.20
Heriot			559.10	
Kaitangata	647.30		336.80	88.60
Kaka Point		563.00	464.90	81.90
Lawrence	671.00		453.80	112.50
Milton	672.10		307.90	183.90
Owaka		245.90	568.70	100.10
Stirling	365.90		568.70	
Tapanui	671.00		341.40	129.60
Waiholā		415.40	453.70	

What it would look like if customers paid the same amount for the same service (2015/16) *

	Water (on demand) ¹	Water (restricted) ²	Sewerage	Stormwater
Customers who receive service	528.50	449.25	352.20	118.40

What impact would the proposed 'same service – same charge' approach have on your rates?

Balclutha, Benhar, Owaka, Stirling and Waiholā households would pay more under the proposed change compared to the current approach.

Clinton, Heriot, Kaitangata, Kaka Point, Lawrence, Milton and Tapanui would pay less compared to the current approach.

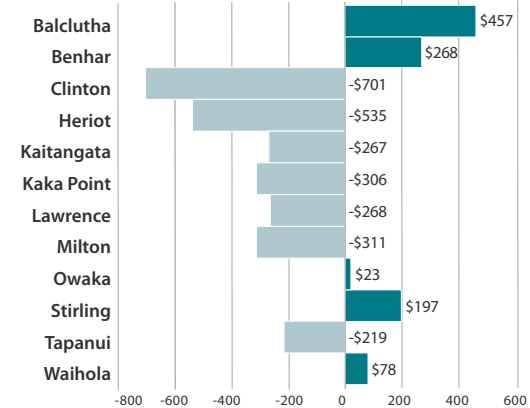
The graph below shows how much more or less customers would pay if we moved from our current approach to the proposed 'same service – same charge' approach.

If Council makes this change, we recognise that the biggest increase would be felt by Balclutha customers, so we're proposing to phase in the 'same service – same charge' approach over three years (2015/16, 2016/17 and 2017/18).

This transition also takes into account the restricted and on-demand supply difference in charges.

The change in total rates over three years between the status quo (Scenario 1) and phasing in 'same service-same charge' (Scenario 2)*

Total Rate change



Should customers pay for water, sewerage or stormwater services depending on which community they live in (Scenario 1),

* Includes GST

¹ On demand customers have no flow restrictions

² Restricted customers have flow restrictions

After carefully looking at the facts, with your help Council wants to confirm the best way forward. We encourage you to take this opportunity to tell us your views.



Scenario 1:

Where you live is what you pay

Continue to pay for water, sewerage or stormwater services depending on which community you live in.

This would see Council sticking with the more direct scheme-by-scheme user pays system we currently have in place.

What to expect:

- 30 different rates for customers throughout the district
- Variations in what customers pay depending on which community they live in.

Scenario 2:

Same service – same charge

This would see Council introduce a 'same service – same charge' approach where the amount customers pay depends on the service they get, rather than the community they live in.

What to expect:

- 4 different rates for customers throughout the district
Water – on demand (Balclutha, Benhar, Kaitangata, Lawrence, Milton, Stirling and Tapanui), *Water – restricted* (Clinton, Kaka Point, Owaka and Waihola), *Sewerage and Stormwater*.
- Consistency with how you pay for other Council services, e.g. all wheelie bin customers pay the same, regardless of their distance from Mt Cooe Landfill.
- An approach that aligns the services communities get to national standards for drinking water and sewage discharges.
- Changes to how much urban customers pay for their rates compared to the current approach
Balclutha, Benhar, Owaka, Stirling and Waihola would pay more. Clinton, Heriot, Kaitangata, Kaka Point, Lawrence, Milton and Tapanui would pay less than they do now.

This scenario is Council's preferred option.

KEY ISSUE: RATING FOR URBAN WATER, SEWERAGE AND STORMWATER

Source: Clutha District Council - Your Community - Your Council - Your Future 2015-25 Consultation Document (April 2015)

COUNCIL'S DECISION:

REVISED SCENARIO 2: A 'SAME SERVICE - SAME CHARGE' APPROACH PHASED IN OVER SIX YEARS

After debating the different options, and taking into account the feedback received, Council voted to introduce a 'same service-same charge' approach to urban water, sewerage and stormwater services.

It means Council will move towards charging for the provision of these three services according to their availability, rather than their location.

In the past the amount customers paid varied between different urban communities.

In making this decision, Council recognised it signalled a shift to thinking more collectively as a district, rather than as individual rating communities.

Council also recognised the effect of this change would be felt more by some communities than others, particularly in the case of Balclutha.

In response, Council voted to phase in the approach over six years, rather than the three initially proposed, to reduce the rates impact on different communities.

Such a change significantly reduces the 30 different rates customers currently pay for water services throughout the district, and provides consistency with how people pay for other Council services e.g. wheelie bin collection.

It is also an approach that aligns the service communities receive with the national standards for drinking water and sewage discharges.

REFER TO THE RATES AND COMMUNITY SUMMARIES SECTIONS OF THIS PLAN FOR MORE DETAILS ABOUT RATES CHANGES.

or should a 'same service – same charge' approach be phased in over three years (Scenario 2)?



While there are no specific choices to make yet, Council encourages your feedback.

RE-THINKING RATES

“The future we want at the price we can afford.”

Weighing up who pays, and how much is affordable heavily influences Council's decisions.

In our widespread rural district we have the added challenge of a relatively small population and a lot of infrastructure, especially for core services like roading and water supply.

Council has the important balancing act of providing services to a standard that residents expect, at a price they can afford.

In developing the 2015/25 Long Term Plan Council has carefully considered rates affordability.

We are proposing a range of measures including:

- Controlling costs
- Looking for greater efficiencies in how we do things
- Ongoing work on our rating system
- Looking at how we can increase our non-rates income.

We also want to highlight discounts on rates that are available. We are currently consulting on policies that

reduce rates, for example, for community groups and organisations, buildings with historical covenants and land with conservation values. We encourage you to check this information to see if it affects the rates you pay.

The approach of encouraging growth could also lead to a positive impact on rates, if there are more ratepayers to share the cost.

We also intend to investigate the impact of further limiting rates increases, as a way of keeping rates affordable.

There is no doubt this is an ongoing issue, where we will be doing more work to reduce rates increases.

Council encourages your feedback about rates

ISSUE WE SOUGHT FEEDBACK ON: RATES

Source: Clutha District Council - Your Community, Your Council - Your Future 2015-25 Consultation Document (April 2015)

COUNCIL'S RESPONSE:

WE WILL CONTINUE WORK TO REDUCE RATES INCREASES

Weighing up who pays, and how much is affordable, heavily influences Council's decision-making and we will continue to work to reduce rates increases.

While Council has to balance providing services to a standard residents expect with a price they can afford, it did note the feedback about impact of rate changes - especially on superannuitants and those on low incomes.

Rates affordability will be a careful consideration during the life of this Long Term Plan with Council proposing a range of measures including controlling costs, looking for greater efficiencies, ongoing work on the rating system and looking to increase non-rates income.

Council also intends to investigate the impact of further limiting rates increases as a way of keeping rates affordable.

As was noted in the section on promoting growth, any actions undertaken in that area should be rates neutral.

It is possible that any growth in the district could also lead to a positive impact on rates, if there are more ratepayers to share the costs.

OTHER ISSUES AND PROJECTS COUNCIL CONSIDERED

THE FOLLOWING ARE ISSUES OR PROJECTS WHERE WE RECEIVED FEEDBACK THAT HELPED US MAKE DECISIONS

NUGGETS ROAD SEALING

Council confirmed the inclusion of \$2.6 million in the 2015/16 budget for the possible sealing of the Nuggets Road to the iconic lighthouse near Kaka Point. This is on the assumption that the project will secure NZ Transport Agency financial assistance, and that Council's share will be \$1.0 million.

Council recognised that the project will improve the journey to a premiere tourist destination; provide an improved journey for residents and locals using the road; provide Council's contribution to an Otago/Southland inter-regionally prioritised project; provide safety improvements and reduce maintenance costs and complaints.

BALCLUTHA STREETSCAPE IMPROVEMENTS

Council agreed to increase the budget for this project by \$600,000 to do additional work raised during the consultation that didn't fit with the initial \$2.6 million budget. This aims to help Council 'do it once and do it right'.

KAITANGATA HALL

Council confirmed the commitment to funding \$100,000 towards a community owned and operated facility. The amount of \$85,000 has also been budgeted for the demolition of the existing hall building.

KAITANGATA POOL

Low use of the Kaitangata pool means it is unsustainable as a Council-owned and operated facility. The option that it should become community owned and operated if it is to continue to operate, was confirmed. The facility reopening from 2015/16 onwards will be determined by the Kaitangata community and its representatives.

BALCLUTHA i-SITE

Council confirmed it will continue with the review to decide whether Balclutha's i-SITE should be moved to a new location at Elizabeth Street or kept at the existing hall, with other services potentially relocated there, for example, a service centre, museum or any other community facility.

HINA HINA BRIDGE

Council confirmed it will continue investigating options for repairing the Hina Hina Bridge and working out its priority in terms of our overall roading and bridge network

TAPANUI STORMWATER UPGRADE

Upgrading the stormwater system at Tapanui to address issues with Paterson's Creek.

CHANGES RELATING TO REVENUE & FINANCING POLICY AND SCHEDULE OF FEES AND CHARGES 2015/16

STORMWATER RATES

Council has agreed to introduce the district-wide stormwater rate to properties in Heriot, Pounaweia, Stirling, Taieri Mouth and Waihola. These areas have had stormwater issues in the past and minimal work has been undertaken retrospectively in response. Capital work has been identified

for all these areas to address issues, but had not been able to be funded in the past. Council aims to plan for and work towards a consistent level of stormwater management in urban areas across the district, including in these smaller communities.

INCREASING BUILDING CONSENT FEES

Building consent fees will increase by around 20% on average so that building owners pay more and ratepayers pay less for these costs. The increase still keeps our fees within the range of our neighbouring districts.

INCREASING CHARGES FOR BALCLUTHA AND MILTON POOLS

Council considered submissions, but agreed that casual rates will increase with the aim that between 10-15% of the costs of running the pools is recovered from pool-users. We will continue free swims for schools' swimming programmes.

OTHER ISSUES AND PROJECTS COUNCIL CONSIDERED - CONTINUED

THE FOLLOWING ARE REQUESTS THAT WERE GRANTED THROUGH SUBMISSIONS:

REDUCING WHEELIE BIN RATES AND INCREASING MT COOEE LANDFILL CHARGES

This change is being introduced to reflect how much waste goes to the landfill from wheelie bins compared to users 'through the gate'. Charges will increase by 25%, for example the charge for a car and trailer will increase from \$23 to \$30. On the other hand, wheelie bin charges will go down.

RURAL FIRE TANKER REPLACEMENTS

Funding to the Otago Rural Fire Authority for tanker replacements was confirmed. This includes \$85,000 in 2015/16 and \$174,250 in 2016/17. It was agreed this would be loan funded internally over a period of 10 years.

PAPATOWAI RURAL FIRE STATION

One-off funding of \$10,000 was granted to the Papatowai Volunteer Fire Force, to help towards the building extension project at the fire station at Papatowai

CLUTHA DISTRICT COMBINED MUSEUM FUNDING

Council approved a request to increase operating funding by \$10,000 taking the annual grant to \$88,000. This did not include provision for additional funding for the South Otago Historical Society's curator funding.

CROSS RECREATION CENTRE

The annual operating grant was increased by \$10,000 to \$31,000 (inflation-adjusted) for 2015/16, 2016/17 and 2017/18.

CLUTHA DISTRICT EMERGENCY SERVICES TRUST

An ongoing annual grant of \$1,200 was confirmed. This is to help fund the operating costs for the Trust's caravan that is deployed in emergencies.