

Long Term Plan 2027/37 Workshop

Workshop Topic	Budget Reduction Options for Early Engagement
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Session Number	2 (Update)
Author	Steve Hill – Chief Executive
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SUMMARY

Council requested level of service reviews of activities and services to inform the Long-Term Plan Consultation Document and the community given the level of concern expressed by the community by the rates rises contained within the 2026/27 Annual Plan. There was also a request to increase the level of engagement by the community in general this time around.

This report includes information for Council on the subject, seeks Council direction on whether to include levels of service changes as a question in the consultation document, and suggests an alternative to the previously agreed early engagement program.

PROPOSED WORKSHOP OUTCOMES/DIRECTIONS

- 1. That Council discusses the levels of service activity reviews**
- 2. That Council directs if there is to be a question in the LTP consultation document on levels of service changes, and**
- 3. That Council directs to proceed with the agreed early engagement program or to change to an alternative.**

REPORT

1 Budget Reduction Options

1% of rates (now without 3 waters revenue) is \$294K.

At attachment A is supporting information relating to:

- Cessation of some services
- 25 % reduction in activity spending across most activities including reductions in staff numbers across activities.

Note: Where the supporting information refers to reductions in staff numbers, this can be used interchangeably with reductions in staff hours, which results in the same remuneration

savings and possibly without redundancy costs. Inevitably, if reductions were to progress it would be probably be a mix.

Council requested reviews of service levels that could be taken to the community so that a community view or views would inform Council's consultation document. We have a timeline for that of 26 October through to 30 November. This workshop needs to determine what information and form of information would flow into that community early engagement, whether that be survey, focus group or drop-in sessions. From the information provided at Attachment A, Council needs to determine whether to proceed with engaging with the community over possible cessation of some services and/or reducing activity expenditure by 25%.

Staff have put considerable effort into the supporting documentation that created Attachment A, and if Council is to proceed with early engagement or any alternative it will help with the production of collateral for the various engagement activities.

2 Workshop actions:

- Questions directed at staff to fully understand the information contained within the attachment.
- Decide if there are any activities or services highlighted that should not be considered for cessation or a 25% reduction.
- Decide if Council is to proceed with early engagement for activities or services decided for cessation or a 25% reduction, or if there is any other alternative to be considered.

3 An alternative to early engagement

Whilst building this report it has been important to remember the objective, which was for Council to receive feedback from the community (early engagement) to inform Council's consultation document. That document was intended to be in a near final state in December 2026. Going further back in history to last year's local government elections, and also the concerns in the community about the level of rate rise in this current 2026/27 Annual Plan, there was a desire by Council to include the community in future decisions over whether to consider level of service changes. It was anticipated that the formal Consultation Document for the Long-Term plan proposed for March release would include a question or section about possible service level changes and their impacts. Again, the early engagement would inform that.

There is a large resource commitment to early engagement:

- the survey development, running the survey, and analysis of the survey
- setting up focus groups, running the focus groups, arranging the expert to run the focus groups, and the analysis of the output of the group

- researching and developing the collateral for the drop-in sessions and running the sessions

If we are likely to be including a question about possible levels of service changes in the Consultation Document anyway, then we don't necessarily need early engagement to make that decision. We desire to be more inclusive with our community, and we do want to receive their views on levels of service changes.

But we could do that and align that to the formal consultation and submission process in March, saving a lot of work and being more efficient. We could at that time over a period of one month run a survey, focus groups, and drop-in sessions. Instead of just informing the consultation document and then consulting with the same people again at formal consultation time, we can just do that once.

Another advantage to the community of using the formal consultation approach is that the survey, the focus groups, and the drop-in sessions will have the actual budget to review, not just an interim attempt to try to set the scene.

So, the suggestion is that if Council, after assessing the information contained in Attachment A determines to proceed to include a question in the Consultation Document on levels of service changes and/or cessation of services, then we delete the previously agreed early engagement program and instead fold it into the formal consultation.

BUDGET REDUCTION OPTIONS

Summary

Service cessation options

Option	Budget base	Potential reduction	Rates reduction
Cease Community Plan development and implementation, Youth Council support, Freedom Camping and I-site services	\$560,412	\$560,412	1.91%
Cease Economic Development and District Tourism	\$711,091	\$711,091	2.42%
Total — service cessation options		\$1,271,503	4.32%

25% reduction options

Option	Budget / remuneration base	Potential reduction	Rates reduction
Reduce Cemeteries, Parks and Public Toilets maintenance and cleaning by 25%	\$1,849,931	\$462,483	1.57%
Reduce Administration Office and Council-owned Halls maintenance and cleaning by 25%	\$110,564	\$27,641	0.09%
Reduce Roding — Non-Assisted programme by 25%	\$668,000	\$167,000	0.57%
Reduce Economic Development and District Tourism funding by 25%	\$711,091	\$177,773	0.60%

Reduce staffing for Libraries, Council-operated Pools and I-site by 25%	\$2,661,558	\$665,390	2.26%
Reduce staffing for Community Development, Roading, Greenspace and Waste Operations by 25%	\$1,329,525	\$332,381	1.13%
Reduce staffing for internal Corporate Services by 25%	\$4,240,595	\$1,060,148	3.61%
Total— 25% reduction options		\$2,892,816	9.84%

Notes: The total is a simple sum for comparison only. Options overlap and may need adjustment. Rates impacts are indicative and may change after redundancy costs, funding sources and other implementation effects are considered.

1. Cessation of some services

1.1 Premise behind a cessation approach

Staff reviewed Council services to identify where a cessation approach could apply. Ceasing a service could not apply for example with statutory activities (Regulatory), nor would ceasing a service be appropriate where there are significant fixed costs such as the swimming pools or significant contractual costs and subsidies such as maintaining our assets (roads, greenspace, waste etc.) There was, therefore, an objective approach taken as to which services were considered for cessation review.

1.2 Parts of the Community Development department

The estimated savings includes staff costs (salaries) and other costs associated with providing each activity. Additional costs required to provide these services through different mechanisms have not been included – for example, investigating complaints regarding Council's Freedom Camping Bylaw, or costs to provide the Council Services currently provided through the Clutha I-site. Redundancy costs have also not been included. External overheads have been excluded from budget savings and depending on how overheads are calculated ceasing services reduces the activities overheads are allocated to.

Community Plan development & implementation Youth Council support Freedom Camping I-site	Total Budget	\$560,412
	Rates Impact:	1.91%

Community Plan development & implementation Youth Council support Freedom Camping I-site	Most of this funding would have been allocated from the investment account, so it would result in an increase in investment equity \$458,550	\$458,550
Core Service: - These do not sit within the statutory definition of core services. Staff Impact: - Between 7-8 FTE - Redundancy costs have not been factored in Impact: Community Plan Development – Loss of: - Council help to access external funding to assist with community projects (estimated at more than \$30M to date). - Meaningful community engagement to progress each plan. - Translation of community feedback into clear, achievable goals and actions. - Coordination with internal council teams to support delivery. - Support for communities to lead and implement actions themselves - e.g., Kaka Point Esplanade Playground, Te Pou O Mata-Au. - Monitoring of progress and keeping plans active and relevant. Return unspent funding – this is because of no support for approved community projects Youth Council – Loss of or negative impact on - Council’s ability to maintain a consistent and meaningful connection with young people across the district. - hearing directly from young people - understanding emerging issues affecting youth - involving young people in decision making. - an opportunity for young people to develop leadership, governance, communication and civic participation skills. - a direct link to a demographic that do not normally engage with Council, including a strong relationship with Telford and five secondary schools. - Youth Council-led projects – previous projects include the CACTUS program (now in its third year), the Ripple Effect video and Stronger than Silence. Freedom Camping – Loss or negative impact on - Providing education and ensuring compliance with the Freedom Camping & Vehicles on Beaches bylaws. - Promoting responsible behaviour by campers and other recreational users. - Deterring vandalism and inappropriate behaviour at Council domains and facilities.		

- Supporting homeless individuals living in vehicles to access longer-term solutions.
- Removing immediate hazards from roads.
- Collecting information about issues which require attention from other teams, including fly tipping, abandoned vehicles and road sign damage.
- The loss of a key role as the 'eyes and ears' of the Community Services Department, as well as providing critical information to other teams such as roading, greenspace and regulatory.
- **I-site – Loss or negative impact on**
 - Keeping visitors staying longer in the district, visitor satisfaction, local visitor spending, promoting local businesses, products & events, and promoting council & community services
 - Provision of Council Services and services information
 - Bookings and Itinerary planning – agents for Intercity/ Interislander, Bluebridge Ferries, Great Journeys, and Fish & Game.
 - An outlet for suppliers to sell their products to visitors and locals, resulting in a loss of revenue for local entrepreneurs.
 - Support for community events through the What's on in Clutha Facebook page
 - Work experience – The I-site provides an opportunity for Gateway students from local secondary schools to learn new skills.
- **Significance:**
- Rates impact of reductions is of significance

1.3 Economic Development and District Tourism

We could just cease these activities and not provide them given they are a contracted service. There would need to be alignment to the contract renewal timeframes, but the contract is a 3-year contract ending 30 June 2027.

Economic Development and District Tourism	Total Budget	\$711,091
	Rates Impact:	2.42%
Core Service: ● Economic Development and Tourism do not fit within the definition of core services. Staff Impact: ● No FTE impact as it is a contracted service – obviously there would be staff consequence within Clutha Development Inc. Impact: ● The effects would not necessarily be immediate in the same way as closing a facility or reducing opening hours. There would no longer be an organisation with a district-wide mandate and dedicated capacity to connect these activities and proactively progress economic opportunities. ● Over time this would mean:		

- Businesses no longer have a dedicated local economic development point of contact
- Fewer business, workforce and investment opportunities being proactively identified and progressed
- Reduced representation of Clutha in regional and national economic and tourism activity
- Coordinated destination management and promotion reducing or stopping
- Less independent local business intelligence and economic development capacity available to Council
- The key impact of this scenario is therefore not simply the loss of individual programmes. It is the removal of the dedicated capability that currently allows the district to identify, develop, and respond to opportunities.

Significance:

- Rates impact is of significance

2 25% reduction in activity funding

2.1 Premise behind a 25% reduction approach

Council expected that levels of service changes would be put to ratepayers and the general public however Council engages in so many activities it was considered too resource-exhaustive to do anything other than pick an arbitrary reduction amount (25%) and then have staff review their activities against that to identify the services and the impacts. This has taken a considerable amount of work by staff to get to this point; there are pages of supporting information that have been aggregated together for the purpose of this report.

2.2 Reductions in Routine & Non-routine Maintenance and Cleaning Budgets

Infrastructure Strategy

Cemeteries, Parks, Public Toilets	Routine & Non-routine Maintenance, Cleaning	\$1,849,931
	25% reduction	\$462,483
	Rates Impact	1.57%
Core Service: • Parks are expressly included as reserves or recreational facilities. Public toilets and cemeteries are likely to fall within community infrastructure, although they are not specifically identified in the Act. Staff Impact: • Only 1 FTE is directly allocated to this activity, so a 25% reduction has no impact, unless taken in conjunction with other reductions Impact: Lower Level of Service		

- You will see messier cemeteries, parks, and toilets with more grass, more weeds, more rabbits etc., less vandalism fixed, more complaints.

Significance:

- Rates impact of reductions is of significance
- Parks 60% of total
- Public Toilets 30% of total

Community Services

Admin Office, Council-owned Halls	Routine & Non-routine Maintenance, Cleaning	\$110,564
	25% reduction	\$27,641
	Rates Impact	0.09%
Core Service: • Council-owned halls are likely to constitute community infrastructure. The administration office is not itself a specified core service, although it supports Council's delivery of core services and statutory functions. Staff Impact: • Only 1 FTE is directly allocated to this activity, so a 25% reduction has no impact, unless taken in conjunction with other reductions, cleaning contracts are reduced. Impact: Lower Level of Service • The rate of deterioration of halls would increase, resulting in a reduction in the level of service, and potentially making the halls unsustainable in the long term. • Some building repairs and routine maintenance would not be completed. • A messier building, with less cleaning undertaken • Lower standard of cleaning Significance: • Rates impact of reductions is not significant		

2.3 Reductions in Contracted Services

We haven't looked at the Waste activity for reductions because the rates go to recover the cost of the wheelie bin activity and then there are also fee generating activities. We assumed that rubbish collection as a core service would not be intending to decrease the level of service i.e. less collections etc. In addition, the contract has already seen significant savings and efficiency improvements as previously reported whilst maintaining the same level of service or better.

Roading assisted program – current budget (currently CDC budget NZTA is yet to be approved, and we won't know this figure till Feb/March next year). The budget is currently \$9.7M and a 25% reduction would reduce it to a \$7.2M budget. This would cause a significant reduction in level of service, increase the risk of NZTA reducing our funding requests moving forward, and for every dollar spent CDC currently only contributes 0.32 cents. So, any savings work the same way, for each dollar saved, CDC only saves 0.32 cents. We have assumed that roading as a core service would not be intending to decrease the level of service.

The Roding – Non- Assisted program is different. The current budget is \$668k and a 25% reduction would save \$167k, a 0.57% savings of rates. This would mainly reduce street cleaning; noxious plant spraying and carriageway lighting levels of service.

The greenspace contract is covered above within the routine and non-routine expenditure section.

2.3 Economic Development

Economic Development and District Tourism	Total Budget	\$711,091
	25% reduction	\$177,773
	Rates Impact	0.60%
Core Service: - Economic Development and Tourism do not fit within the definition of core services. Staff Impact: - No FTE impact as it is a contracted service – obviously there would be staff consequence within Clutha Development Inc. Impact: - Clutha Development would need to prioritise its activities more tightly and accept that some opportunities and activities would not be progressed. - Business engagement would reduce, reducing CDI's ability to maintain proactive engagement across the whole district and limiting local intelligence generated through those relationships. - Fewer projects and investment opportunities could be actively developed and facilitated, requiring greater prioritisation of staff resources. - Workforce, housing and other economic-enabling activity would reduce, with less capacity to coordinate responses to barriers affecting multiple businesses or communities. - Regional and national engagement would become more selective, meaning some partnerships, funding opportunities and initiatives could not be pursued. - The organisation would become more reactive, with less capacity available to develop new initiatives or respond to unforeseen opportunities. - Economic development and destination management activities are increasingly integrated and the reduction is therefore unlikely to translate neatly into the removal of one programme or function. Instead, it would reduce CDI's reach, proactive capability and responsiveness across a number of work areas. Prioritisation would become increasingly important, with resources directed to those activities considered to have the greatest economic impact. Significance: Rates impact is of significance		

2.4 Staff Reductions

Note: Excludes any positions funded from external sources, including any portion of salaries capitalised to capital projects. It excludes Regulatory as Regulatory has a significant user pays component and will be addressed under fees and charges increases.

2.4.1 Staff Reductions impacting on the running of facilities

Libraries, Council operated Pools, and the I-site	Staff Remuneration	\$2,661,558
	25% reduction	\$665,390
	Rates Impact	2.26%
Core Service: - Libraries and Council swimming pools are Core Services. - Visitor information and i-SITE services are not specified core services. They support tourism and local economic development but do not fall directly within the statutory list of core services. Staff Impact: - Redundancy costs have not been factored in. Impact: Reduced Level of Service - Balclutha and Milton pools only open 62 hours/week (currently 83). - Fixed costs remain – i.e. still paying for the facility, but just not open as much. - Library opening hours would reduce as follows: - BCL and MIL – 32.5 hours (currently 43.5) - Owaka, Lawrence & Tapanui – 28 hours (currently 37.5) - I-site opening hours would reduce to 34 hours a week. Significance: - Rates impact of reductions is of significance but subject to any redundancy costs		

2.4.2 Staff Reductions in external facing activities

Community Development	Staff Remuneration	\$761,179
Roading, Greenspace and Waste Operations	Staff Remuneration	\$568,346
	Total	\$1,329,525
	25% reduction	\$332,381
	Rates Impact	1.13%
Core Service: Community Development (team leader, administrator, youth worker and development officer) is not a specified core service. However, individual activities undertaken by the team may support core services or other statutory functions and should be assessed separately.		

- Rooding, Greenspace, and Waste Operations are core services.

Staff Impact:

- Community Services - either staff shift to a part-time mode which may need to include redundancy offers, or an activity or activity ceases, which would involve redundancy.
- 1-1.75 FTE reduction spread across rooding, greenspace, and waste
- Redundancy costs have not been factored in.

Impact: Reduced Level of Service

- Community Development Focus would change from a total support service (e.g., proactively supporting events and new initiatives) to a more functional approach.
 - Reduced ability to engage with, and support communities – including youth, vulnerable people and community groups.
- Rooding, Greenspace, and Waste less contract supervision, increased contract risk.
 - Do minimum necessary, more reactive, less proactive.

Significance:

- Rates impact of reductions is of significance but subject to any redundancy costs

2.4.3 Staff Reductions in internal “Corporate” services

GM Infrastructure and Asset Management	Staff Remuneration	\$706,317
Finance	Staff Remuneration	\$1,554,999
Internal Services Department – IT, Comms, H&S and OPI, Civic and DCE team	Staff Remuneration	\$1,590,855
CE Department – HR, Civic excl. CE	Staff Remuneration	\$388,424
	Total	\$4,240,595
	25% reduction	\$1,060,148
	Rates Impact	3.61%

Core Service:

- GM Infrastructure and Asset Management supports core services
- All others support core and non-core services

Staff Impact:

- GM Infrastructure and Asset Management – equivalent to reducing by 1-2 FTE.
- Finance has 1 FTE aligned to 3 waters and then otherwise it is equivalent to reducing by another 1.75-2.25 FTE
- H&S is already considering a reduction in advance of transferring 3 waters and then otherwise it is equivalent to reducing by up to 3 FTE
- HR and Civic would need to reduce by 1 FTE
- Redundancy costs have not been factored in.

Impact: Reduced Level of Service

- Need to be selective about what can be achieved for asset management.

- Finance and IT - Problematic and unachievable if our ERP system issues remain unresolved
 - If the ERP system issues are resolved and we move to maintenance mode, then the impact would be less proactivity, more reactivity.
 - Hours for front of house may reduce (less hours Council is open)
 - Longer wait times for resolutions
 - Reactive rather than proactive
- Comms - Minimal or no proactive communications
 - Limited to essential communications only, and answering LGOIMA's
 - Minimal or no Mayoral communications support
- HR & Civic - Mayoral and CE support reduced
 - If staff reductions were to proceed, we would need all the HR staff to manage the processes related to redundancy

Significance:

- Rates impact of reductions is significant but subject to any redundancy costs