

YOUR COMMUNITY - YOUR COUNCIL YOUR FUTURE

Annual Plan 2019-20 Consultation Document



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KEY DATES & NEXT STEPS

We're keen to hear from you about the changes Council is proposing to make from the 2018 Long Term Plan.

You can give us feedback by going to www.cluthadc.govt.nz/consultation and filling in the online form. There is also a form attached to this document.

Pass on your feedback by 26 April 2019, so that Council can consider this ahead of making final decisions for the Annual Plan 2019-20 at their meeting on 16 May 2019.

If you would like to speak in support of your submission, a hearing will be held at Council's Rosebank Office, 1 Rosebank Terrace on 2 May 2019.

Council will adopt the Annual Plan 2019-20 on 12 June 2019. It will take effect and apply from 1 July 2019.

For further supporting information check out the Consultation and Plans pages on our website www.cluthadc.govt.nz, or call 0800 801 350.

More questions? Contact your Councillor. For contact details go to Council's website: cluthadc.govt.nz/yourcouncil/mayorandcouncillors

MESSAGE FROM THE MAYOR



MAYOR
Bryan Cadogan

The buoyancy and momentum of our local economy continues to strengthen in the Clutha District and Council is determined to meet our responsibilities and lead the way with projects and initiatives that address the ever changing needs, and also 'play catch-up' after a generation of decline.

Consequently, like never before we need your input and guidance as we strive to implement the changes you have identified.

Last year our Local Government structure had Council focus on the long term vision for the next ten or more years, with the Long Term Plan.

Normally this year's Annual plan would not require such an exhaustive process, but for Clutha that is not the case as there has just been a raft of priority projects that we want your further consideration, and ratification on.

The primary driver to this has been the our community consultations in Balclutha, Milton, Waihola and now the Catlins as we circulate through the district identifying the impediments to economic activity and also prioritise what our residents require to make their towns a better place to live, work and play in.

This has been a phenomenally successful initiative with what I have seen as the most comprehensive response from our communities ever, and I thank everyone who has embraced the consultation and

the positive feedback we have received.

It is a tonic to see the collective desire to improve 'our place' and Council now has the nucleus of a pathway forward.

What we need now is for everyone to consider what is being proposed and give us your final opinions. You will see much of the attention is presently on Milton, and this is not surprising, as it has been apparent for some time that Milton desperately needs to address the growing social issues and the long overdue changes required for the town to blossom and thrive.

I believe Milton has the potential to be the district's largest town within twenty years.

It has so many natural advantages and it would be a travesty if Council or the community failed to grasp this chance.

Inevitably there needs to be a commitment to invest and I want to stress that there are as always financial implications right across the district.

The flip side of this is that when any of our towns surge forward we all gain financially as the overall population and economic activity increases.

Along with the focus on Milton the continuing need to upgrade core infrastructure and further progressing our Living and Working projects is another matter we would appreciate your feedback on.

And as always this process is a further opportunity for you to promote the issues that are dear to your heart.

Please take the time to read through our plan and be assured that your thoughts are valued and will be heard.

Bryan Cadogan
Mayor

LIVING & WORKING IN CLUTHA UPDATE

Two of Council's strategic focuses are known as Facilitating Growth and Living and Working in Clutha . Each of these programmes span several of our delivery areas and provide us with a supporting strategy to underpin large complex pieces of work. This is an update on the larger programmes which are part of these initiatives.

SUBDIVISION PROGRESSES

One of Council's key aims is to take a leadership role in driving our district's economy and to be proactive about promoting growth. In addition, there is a known accommodation shortfall in Balclutha. The Council-led Plantation Heights subdivision aims to give Balclutha the ability for further residential development. As of March 2019, 24 sections of 66 have been sold, and there is one further section with a sale and purchase agreement waiting to be settled.

KAITANGATA HOUSE & LAND PACKAGE INITIATIVE

Council has supported Kaitangata Promotions' House and Land Packages initiative to a 'turn-key' stage. Construction on Council's Kaitangata House & Land Package house will finish in 2019. When it is sold, Council will move on to construct a second house on land it owns in Kaitangata.

FURTHER RESIDENTIAL DEVELOPMENT

In December 2018 Council agreed to make an application as a developer to KiwiBuild, in order to build five KiwiBuild houses in Balclutha and five



houses in Kaitangata. This will only proceed if the application is approved by Government and the project is rates neutral because of Government guarantees associated with KiwiBuild. If approved construction will start in 2019.

INDUSTRIAL DEVELOPMENT

The Rosebank industrial area continues to develop. After identifying that there was a shortage of industrial land in Balclutha, and insufficient industrial land to service future demand Council purchased the old Rosebank sawmill site at the start of 2016/17. The aim was to develop the site and make it available to encourage economic development and investment.

Council let a contract in 2017/18 for the development of the site into 10 serviced lots and construction has generally been completed, (other than future work on a sliplane on SH1) with titles having been applied for. Council also informed ratepayers through the 2018/28 Long Term Plan that a loss was expected to be made on the development, but that the loss would be

met through funds generated by sales of surplus property rather than by rates. As of 12 March 2019 two lots have been sold and four lots have sale and purchase agreements waiting to be settled.

DISTRICT PLAN UPDATE

To encourage economic development and investment, Council has investigated industrial zoned land opportunities. To complement this Council has also explored further residential expansion potential in and around the same towns to support the living aspect of the Living and Working Strategy. Work will continue on this, along with an update in our overall approach to conduct a full District Plan review in 2019/20, rather than rolling reviews. This will ensure Council meets its statutory requirements as a result of the Resource Management Amendment Act 2017, and that we adopt the National Planning Standards into our District Plan.

OUR PLACE COMMUNITY PLANS

Closely linked with the Living and Working Strategy is the development of community plans for the District's communities. The 'Our Place' community plan process is designed to help determine the projects and priorities for communities, as well as help put Council's Living and Working and Economic Development Strategies into action.

The ideas centre on what Council can do with our key facilities and how we can work with the community to make things happen. Significant progress has been made towards implementing the Our Place Balclutha and Milton Plans. This annual plan includes work to progress all the approved

projects. Specific focus will be on destination toilets, planning for upgrading Milton's main street, progressing the Balclutha Memorial Hall project and the Naish/Old Boys park project.

We will also be completing the Our Place Catlins Community Plan, with implementation beginning in 2019/20.

The next Our Place plans to be developed are for Kaitangata and Lawrence-Tuapeka in 2019/20. This work is to be carried out in conjunction with Reserve Management Plan updates for these areas. The process enables Council to gain a greater understanding of the future direction residents want their towns to take, and inform Long Term Plan projects and budgets.

DEVELOPING TOURISM INFRASTRUCTURE & CLUTHA AS A DESTINATION

Destination Strategy and Tourism Infrastructure reviews are expected to be completed in 2019 by Clutha Development Inc. and actions proposed will be submitted in this Annual Plan consultation and will also contribute to an application to the Government's Tourism Infrastructure Fund.



FINANCIAL INFORMATION

There are some differences between what was forecast for 2019/20 in the 2018 Long Term Plan, and the updated forecasts we are looking at now for the 2019/20 Annual Plan. The main variances are included in this section.

Prospective Statement of Comprehensive Revenue & Expense*

(All in \$000s)

	Long Term Plan 2019/20	Annual Plan 2019/20	Overview of changes
Rates	26,844	27,104	1
Rental Revenue	930	930	
Grants, Subsidies & Donations	10,617	10,932	2
Fees and User Charges	3,058	3,209	3
Permits & Other Licences	610	699	3
Other Income	9	9	
Interest Income	1,264	1,275	
Total Revenue	43,332	44,158	
Employee Benefit Expense	6,765	7,216	3
Administration Costs	2,863	2,906	
General Expenses	1,835	1,898	
Operating Expenditure	13,783	14,432	4
Grants	2,409	2,409	
Finance Costs	474	233	5
Depreciation and Amortisation	12,951	13,134	
Total Expenditure	41,080	42,228	
Other Comprehensive Revenue & Expense	83,722	81,711	
Total Comprehensive Revenue & Expense for the year	85,974	83,641	

* For further details refer to the Draft Financial Statements which are supporting information to this document.

Overview of changes

1 Water Rates

Water rates are the main variation between the 2018 Long Term Plan (LTP) and proposed 2019/20 AP. The change is due to a number of reasons, including increased funding needed for non-routine maintenance, overheads related to customer service improvements, and changes to the capital programme for some water schemes.

2 Subsidies

The main variation here is the timing of NZ Transport Agency financial assistance. This change reflects the approach to undertake three years worth of the roading programme over a two year period (2018/19 and 2019/20) for structure maintenance, structure component renewal, traffic services renewals, bridges renewals and minor improvement works.

3 Additional staff resourcing

Additional resourcing is proposed to enable the following:

- To improve contract supervision and responsiveness and follow-up for customer service requests.

- To focus on reducing water losses and assisting the public to reduce water loss. This may also need to be expanded once the proposed Water Services Bylaw is implemented, for support relating to trade waste discharge consenting and charging.
- To meet drinking water and compliance obligations, with more regulation now on the horizon.
- To assist with delivery of building regulatory functions such as a Compliance Schedule. This is to be funded from a combination of salaries and increases to fees and charges in the relevant areas.
- Warrant of Fitness monitoring, Resource Consent monitoring, contract supervision of our Environmental Health and After-Hours Noise contracts, along with noise monitoring, parking and litter enforcement. This is to be funded from a combination of salaries and increases to fees and charges in the relevant areas.

4 Operating Expenditure

Reflects additional non-routine water costs and changes to the roading programme of bringing work forward from 20120/21.

5 Finance Costs

These are lower than forecast due to a lower level of external borrowing for capital projects, linked with progress of the 2018/19 programme.

Prospective Statement of Financial Position*

(All in \$000s)	Long Term Plan 2019/20	Annual Plan 2019/20	Overview of changes
Current assets	31,408	35,180	1
Non-current assets	1,110,189	1,098,787	
Total assets	1,141,597	1,133,968	
Current liabilities	5,381	6,040	
Non-current liabilities	15,303	7,507	2
Total liabilities	20,684	13,547	
Equity	1,120,912	1,120,421	
Net Current Assets	26,027	29,140	

* For further details refer to the Draft Prospective Financial Statements which are supporting information to this document.

Overview of changes

1 Current Assets

The main variation here is for the KiwiBuild project for houses in Balclutha and Kaitangata. Refer to the Living & Working in Clutha section for further information.

2 Current Liabilities

These are lower than forecast due to less assets built, linked with progress of the 2018/19 programme.

Schedule of Fees & Charges

The Annual Plan 2019/20 is also linked with the proposed updates to the Schedule of Fees and Charges 2019/20.

We encourage you to also refer to the statement of proposal information available about this, particularly for proposed increases to bulk water and sewerage charges. Increases are also proposed for alcohol licencing.

You will find the Statement of Proposal for the Proposed Schedule of Fees & Charges 2019/20 on the Council website and it is also available at all Council offices. Submissions also close 2 May 2019.

RATES, DEBT & INVESTMENTS UPDATE

There are some differences between what was forecast for 2019/20 in the Long Term Plan 2018, and the updated forecasts we are looking at now for the proposed Annual Plan 2019/20 . The main variances are included in this section.

Updated Draft Forecasts for Rates, Debt & Investments 2019/20

\$000	LTP 2018 Year 2 (2019/20)*	Annual Plan 2019/20	Difference
RATES			
Total (excluding penalties)	26,600	26,900	300
Forecast rates change (%)**	3.12%	3.92%	0.80%
Rates limit at 4%	26,900	27,976	1,076
DEBT			
Internal borrowing	38,300	37,300	-1,000
External debt	14,989	7,099	-7,890
External interest costs as a % of rates***	1.1%	0.86%	-0.24%
Debt limit****	65,000	66,236	1,236
INTERNAL INVESTMENTS			
Closing balance	38,300	37,300	-1,000
Interest earned	1,300	1,200	-100
EXTERNAL INVESTMENTS			
Closing balance	25,700	25,947	247
Interest earned	1,300	1,275	-25
Amount to off-set rates	800	833	33

* As published on pp.57, 58, 59, 60 & 60 of the Financial Strategy contained within the Long Term Plan 2018.

*** On external debt funding only . **** On internal debt and additional external debt funding.

Note: Internal debt and rates off-sets will be subject to review prior to finalising Annual Plan 2019/20 budgets.

Updated Rates Forecast

As outlined on p.6 water rates are the main difference between the LTP 2018 and Annual Plan (AP) 2019/20.

Updated Internal Debt, Internal Investment & External Debt Forecasts

These variances are linked with progress of the 2018/19 capital programme, levels of expenditure and their flow-on impact.

Updated External Investment Forecast

The 2018/19 returns are higher than the LTP 2018 forecasts, giving a higher forecast opening balance at 1 July 2019, and a higher closing balance at 30 June 2020.

**An individual property's rates changes vary depending on its land value, capital value and the bundle of services received. Refer to the Draft Rates Information 2019/20 supporting document for examples of rating changes.

PROJECT UPDATES

This is an update of new projects and overview of changes in timing for other projects we're proposing since we developed the 2018 Long Term Plan. We've also included a summary of the overall programme for your reference.

Milton Service Centre & Swimming Pool

Following on from developing the Our Place Milton Community Plan we've been doing developing options for future community facilities in Milton. Although we haven't added anything to Annual Plan 2019/20 budgets at this point, we're seeking feedback from ratepayers about future options. Refer to the Our Place Milton update section in this document.

Gabriel's Gully Sewer and Water Extension

Projected spend in 2019/20:

\$81,000 (sewerage) & \$13,000 (water)

This new project is to extend sewerage and water services to properties in Gabriel's Gully. It is subject to property owners making a capital contribution, with the balance of the cost to be funded from reserves and recovered through future connections.

NEW PROJECT

Asbestos Identification & Management

Projected spend in 2019/20: \$40,000

This new project is required to allow for the identification and management asbestos in Council buildings, required under the Health & Safety at Work Regulations 2016.

NEW PROJECT

Backscanning & Online Improvements

Projected spend in 2019/20: \$146,000

A range of improvements to backscan building, liquor and food premises files are to be undertaken. Provision has also been made for customer improvements to introduce building consents online.

NEW PROJECT

Elizabeth Street Carpark

Projected spend in 2019/20: \$75,000

Balclutha's Elizabeth/Charlotte streets carpark is a strategic car park and serves an area with high demand near the hospital. A budget has been introduced to seal the carpark. Higher demand in this area and future hospital redevelopment plans means it is important to plan for improved parking in this area. We will also be looking to develop a parking strategy taking into account future developments and needs in this part of Balclutha.

NEW PROJECT

Community Facilities Review Engineering Assessment

Projected spend in 2019/20: \$50,000

Council has committed to carrying out a Community Facilities review. This project has two parts, a strategic review and an engineering assessment. This budget is to carry out the engineering assessment which looks at assessing and recording the physical assets and a building compliance gap analysis.

NEW PROJECT

Roading Programme Update

Projected spend in 2019/20: \$4,092,000

Delivery of capital programmes and contractor availability is one of Council's key risks. To mitigate this and make better use of contractor capacity, two-year contracts have been let to complete three year's worth of work in key areas of the NZ Transport Agency financially-assisted roading programme (structures maintenance, structures component renewals, traffic services renewals and minor improvements). Council approved this approach during 2018/19, which has a flow-on impact on 2019/20 and 2020/21 budgets as well. This means there is a \$1,299,000 increase in the budget for the proposed AP 2019/20 compared to the LTP 2018 from \$2,793,000 to \$4,092,000. Council's rates share for the difference will be funded from depreciation reserves.

2020/2021 BROUGHT FORWARD

Balclutha Streetscape Stage

Projected spend in 2018/19: \$160,000

We're proposing to spend \$50,000 on Rosebank Triangle and \$30,000 on professional services for streetscape projects, and carry over the remainder of the budget to 2019/20. Once scoping has been completed, Council will look to confirm budgets for 2020/21 and beyond through the next annual plan.

2018/2019 CARRY FORWARD

Balclutha Destination Toilets

Projected spend in 2019/20: \$495,000

After Our Place Balclutha community consultation, Council agreed to construct new destination toilets in Balclutha, included in the LTP 2018 for 2018/19. Initial planning work is being undertaken, with construction expected in 2019/20. This means the budget above will be carried forward into the 2019/20 AP.

2018/2019 CARRY FORWARD

Hina Hina Bridge Update

Projected spend in 2019/20: \$4,092,000

Approval for the Hina Hina Bridge renewal continues to progress with a business case currently being considered by NZ Transport Agency for co-funding. If approved it is anticipated that a realistic budget timeframe would be across the 2019/20 and 2020/21 years. The AP 2020/21 budget has been revised to reflect this.






TIMING UPDATE

SCHEDULE OF PROJECTS ANNUAL PLAN 2019-20

The proposed Schedule of Projects Annual Plan 2019-20

	LTP 2019/20 (\$) 000	AP 2019/20 (\$) 000
Roading Improvements		
Balclutha Streetscape (Stage 2)	-	160
Milton Main Street/Streetscape Project	38	38
Replacement of bridges and structures	525	315
Low cost low risk roading improvements	219	412
Urban Seal Extensions	639	639
Elizabeth Street Carpark Sealing	-	75
Roading Renewals		
Unsealed Road Metalling	1,962	1,962
Sealed Road Resurfacing	2,762	2,762
Drainage Renewals	473	473
Pavement Rehabilitation	206	206
Structure Component Replacement	716	1,017
Traffic Service Renewals	264	301
Milton Main Street/Streetscape Project	13	13
Replacement of bridges and structures	2,099	1,259
Low cost low risk roading improvements	1,594	2,362
Footpath upgrades (renewals)	402	402

Key - Explanation of variances to the 2019-20 LTP:

-  Change in amount
-  New project
-  Moved to a future year
-  Carried forward from 2018/19 to 2019/20
-  Change in timing over 3 year period for Roding projects

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LTP 2019/20 (\$) AP 2019/20 (\$)
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Urban Water Improvements

Treatment Plant Upgrades	130	110
Commercial Meter Installation	200	200
Urban Water Loss Management	180	180
Urban Water Tapanui Backwash Upgrade/Removal	450	450
Lawrence - Gabriels Gully Road Water Pipeline	-	13

Urban Water Renewals

Pipeline Renewals	20	20
Treatment Plant Renewals	31	31
Backwash Discharge Resource Consents Renewal	40	40
District-wide Urban condition assessment of pipelines and modelling	20	20


Rural Water Improvements

Treatment Plant Upgrades	2,154	2,229
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Rural Water Renewals

Treatment Plant Renewals	1,581	1,594
Plant Renewals	3	3
Booster Pump Station Renewals	165	165
Pipeline Renewals	862	495
Pipeline Upgrades	130	130
Reservoir Tank Renewals	335	335

Key - Explanation of variances to the 2019-20 LTP:

-  Change in amount
-  New project
-  Moved to a future year
-  Carried forward from 2018/19 to 2019/20
-  Brought forward from 2019/20 to 2018/19

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	LTP 2019/20 (\$ 000)	AP 2019/20 (\$ 000)
Sewerage Improvements		
Treatment Plant Upgrades	780	905
Sewer Line Extensions	-	81
Sewerage Renewals		
Network Renewals	240	240
Treatment Plant Renewals	25	25
Pump Station Renewals	15	-
Wastewater Pond Desludging	990	700
Stormwater Improvements		
Stormwater Upgrades & Extension	995	995
Solid Waste Improvements		
Resource Recovery Park	20	20
Mount Cooee Landfill - Leachate Curtain - Stage 2	60	60
Solid Waste Renewals		
Operational Consent Extensions	70	70

Key - Explanation of variances to the 2019-20 LTP:

-  Change in amount
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-  Change in timing over 3 year period for Roading projects
-  Brought forward from 2019/20 to 2018/19

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LTP 2019/20 (\$) AP 2019/20 (\$)
000 000

Community Service Improvements

Community Facilities Review - Engineering Assessment	-	50
Asbestos Identification and Management Surveys	-	40
Parks and Reserves - Proposed upgrades	251	251
Public Toilets - Proposed Upgrades	550	1,045





Community Services Renewals

Swimming Pool Renewals	61	61
Community Hall Renewals	20	20
Library Renewals	113	113
Community Housing Renewals	193	193
Parks and Reserves Renewals	20	20
Public Toilet Renewals	82	22
Sports Grounds Renewals	4	4

Internal Services

Information Services	221	361
Administration Office	580	580
Vehicle Renewals	240	240
District Plan Review	-	500

Key - Explanation of variances to the 2019-20 LTP:

-  Change in amount
-  New project
-  Moved to a future year
-  Carried forward from 2018/19 to 2019/20
-  Change in timing over 3 year period for Roading projects
-  Brought forward from 2019/20 to 2018/19