

ANNUAL PLAN 2016/17

ANNUAL PLAN CONSULTATION DOCUMENT

GORE DISTRICT COUNCIL

Message from the Mayor and Chief Executive

We are pleased to be able to provide a brief foreword to the Gore District Council's 2016/17 Annual Plan consultation document.

Recent amendments to the Local Government Act mean the purpose of an annual plan is to highlight departures from the Long Term Plan (LTP).

Our draft 2016/17 Annual Plan closely resembles what was anticipated in year two of the 2015/25 Long Term Plan. This is borne out in the average district-wide rate increase of 4.27%, which is the same as that forecast in the LTP.

It is important to note that the Council's planning and forecasting for the Long Term Plan was carried out in an economic environment very different to what our community is experiencing today. We are acutely aware of the challenges many are facing at present. As a rural service town, what happens at the farm gate has a ripple effect to all corners of our community.

While the Council remains committed to staying the course set last year, which will deliver benefits in the future to all sectors, every effort has been made to ensure rate increases are spread as evenly as possible across the District.

Looking to the future, the Council will be taking a more active, leadership role in economic development in the District. This is the logical next step in our successful rebranding two years ago and nicely dovetails with the GoRetail initiative.

Notwithstanding the fact key projects and initiatives have already been profiled in the LTP, there are a few issues we would like to bring to readers' attention or seek feedback on. These are:

Capital Expenditure Programme

The forthcoming year is remarkable for the number and magnitude of capital works that will be advanced. These capital works have been in

the planning pipe-line for some time. While the capital works may have a big collective price tag, they are all important and will provide long term benefits to the community.

Southland Regional Heritage Rate

The consultation document seeks specific feedback on whether the Council should agree to a request to increase the amount it pays each year in the form of a Southland Regional Heritage Rate. At the time of writing, the Council had yet to receive a formal presentation to increase the rate by \$15 per ratepayer to assist funding for providing additional specialist staff at the Southland Museum, which is based in Invercargill. However, we expect to receive one in the near future.

Home Heating Loan Scheme

It is pleasing our submissions last year to Environment Southland, opposing proposed changes to the Regional Air Plan, softened the impact on those who have to upgrade solid fuel heating appliances. However, there is still the question of how to assist those who have to install a compliant heating appliance.

This has led to discussions with Environment Southland in relation to making available a low interest loan scheme to assist people who meet specific criteria to change to cleaner heating options. We believe providing financial assistance should be Environment Southland's responsibility alone, however, would appreciate hearing your views on this.



Tracy Hicks JP
Gore District Mayor



Stephen Parry
Chief Executive

What is an Annual Plan?

An annual plan is a one-year snapshot of what the Council is planning to do. This Annual Plan is for the 12 months between 1 July 2016 and 31 June 2017. It is Year 2 of our 10 Year Long Term Plan and draws extensively on that document.

Changes to consultation process

You will find the way we will be consulting on our Annual Plan is quite different to the past, when we provided a draft plan then asked for submissions on anything in the document.

New legislation introduced last year means we are consulting on changes from our 10 Year Long Term Plan (LTP) or anything new this year.

We always welcome your feedback and we will be recapping on some of our major projects for the coming year, which were signed off in our 2015 – 2025 Long Term Plan.

How you can be involved

Once you have read the consultation document, please feel free to make a submission on one or all of the issues we have highlighted. Submissions must be received by 5.00pm Friday 29 April. You will find further details on the submission form.

You will also find supporting information online at www.goredc.govt.nz

Project update

The upgrade of the Ajax pump station was a significant project on our books this financial year. The project is needed to increase the capacity of our wastewater network in West Gore so we can accommodate residential and industrial development in the area.

Initial plans were to have this project finished by now. Unfortunately, this is not the case for reasons beyond our control and the \$2.9m budgeted cost will fall in the coming financial year.

We also have our 'business as usual' capital works in the 3 Waters and roading departments, which have a budget of \$3.9million.

Our total capital expenditure for 2016/17 will reach \$12.8million. The most we have spent on capital works in the past 10 years is \$5.5million. The Long Term Plan's financial strategy recognises the significant capital expenditure in the coming year and the impact it will have on our debt levels. We have a strategy that will keep the debt level per rating unit below the \$4,100 limit set in the LTP, and enable greater retirement of debt over the next 10 years.

We believe it is important to realise Year 2 is not simply about a rate increase. It is the next corner on the road to the Council's desired destination, as signalled in the LTP.

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What's changed from the Long Term Plan?

The proposed rate increase for 2016/17 remains at 4.27% although the make-up of our spending is slightly different from what was originally proposed.

The main changes are:

Interest costs have increased by \$64,000 and depreciation has reduced by \$72,000. This is due

to changes in the timing of some projects from the LTP. We also intend to use an additional \$65,000 from reserves to help fund the 3 Waters capital projects next year.

Our employee costs have increased by \$64,000. This is due to service delivery improvements that will see some cost savings and some increases. A policy and planning analyst has been employed

to look after policy reviews, lead our annual plan and long term plan processes, and help our busy resource consent department.

The renewal of our contract with the regional landfill will see a higher cost for carbon credits. This means taking our waste to the landfill will increase by \$30,000 a year.

1

Southland Regional Heritage Rate

The Council, along with Southland's two other local authorities – the Invercargill City Council and Southland District Council, is being asked to increase the amount it pays each year to the Southland Regional Heritage Rate.

At present Gore District ratepayers contribute about \$188,250 a year to the rate. That equates to \$34.01 per rating unit. Much of this money is returned to the District to fund local heritage organisations.

The Southland Museum and Art Gallery Trust Board has asked southern councils for an additional \$15 per ratepayer to help fund such things as operating costs, and cataloguing and research at Southland Museum in Invercargill.

We believe our commitment should continue to be to our local services and facilities. The Gore District has an international arts and heritage reputation, one that has been fostered in no small way by the Council. As flagged in our LTP, we want to build on that reputation as we see the promotion of heritage tourism as one of the key drivers of economic development in the District.

With that in mind, we have two options for you to consider.

Option 1: Do not provide any additional funding and continue with the funding stream outlined in our 10 Year plan. This will have no impact on rates in the coming financial year.

Option 2: Rate for an increase of \$5 per ratepayer, which aligns with what the Invercargill City Council and Southland District Council are putting forward as an option. The impact on rates will be an extra \$31,000 collected across the District, meaning our district-wide rate increase for the coming year will exceed the LTP figure.

Our preferred option is Option 1.

Level of service – this retains our existing level of service.

Ratepayer \$ impact – this has no impact on ratepayers

2

Food safety fees

Changes to food safety regulations have resulted in the introduction of various new fees for the coming year. The regulations, which came into effect on 1 March, are aimed at making it easier for businesses to make sure their food is safe. They apply to anyone who starts a business involving food, such as restaurants, corner dairies or internet cake sellers. You can find out more about the new rules at www.goredc.govt.nz or www.mpi.govt.nz/foodact

General fees for food businesses and registered premises:

Printing of food control plan	\$25 fixed fee
Printing of diary	\$10 fixed fee
Application fee for registration of template food control plan or food business in a national programme	\$140 fixed fee
Application fee for renewal of template food control plan or food business in a national programme	\$70 fixed fee
Application fee for amendments and significant change in circumstance	\$140 per hour or part thereof
Verification annual fees for Schedule 1 food premises, eg restaurants, taverns, cafes, grocers that produce food	\$280 first two hours then \$140 per hour or part thereof
Annual audit/compliance fee for Schedule 1 food premises, eg restaurants, taverns, cafes, grocers that produce food	\$140 per hour or part thereof
Verification annual fees for Schedule 2 food premises, eg petrol stations, grocers not producing food	\$140 per hour or part thereof
Annual audit/compliance fee for Schedule 2 food premises, eg petrol stations, grocers not producing food	\$140 per hour or part thereof

3

Home heating loan scheme

We are considering introducing a loan scheme to help people in the Gore airshed with the installation of home heating systems that meet new emission standards, as set out in the Regional Air Plan.

The plan, which was adopted by Environment Southland last year, has a phase out period for open fires and small scale solid fuel burning appliances, excluding pellet burners and solid fuel cooking stoves, that do not meet the specified emissions criteria.

Environment Southland and the Invercargill City Council have agreed to each contribute \$500,000 a year for the next three years towards a low interest loan scheme to assist people, who meet specific criteria, to change to cleaner heating options.

Environment Southland has promoted a similar scheme for Gore, setting aside \$140,000 a year in its Long Term Plan, on the proviso we set aside the same amount each year.

The Council has resisted becoming involved in the scheme as we believe any financial assistance is the responsibility of Environment Southland. However, we want to hear your thoughts on whether we should provide some help from a health and social responsibility aspect, to those most in need on our community.

The options we have are:

Option 1: Partner with Environment Southland to provide a low interest loan scheme. The Council can access borrowing at competitive rates, which could be passed on to ratepayers participating in the scheme. We would add a small margin to cover the costs of administering the scheme.

Option 2: Partner with Environment Southland to provide an interest free loan scheme. While the Council can access borrowing at competitive rates, we would have to fund any associated interest costs by rates.

Option 3: Continue with the course set in our Long Term Plan and not provide any loan schemes to residents in the Gore airshed to change their home heating systems. This will have no impact on rates.

Our preferred option is Option 3.

Our plans for the coming year

There can be no doubt about it, the 2016/17 financial year is significant when you look at the projects we signalled in our 10 Year Long Term Plan. Many are once in a generation-type projects that will greatly improve our water and wastewater infrastructure, ensuring we deliver a better level of service to our residents.

Manganese removal

This project will see equipment installed at the Hilbre Avenue water treatment plant to capture the dissolved minerals that, on occasion, discolour the water supply in West and North Gore. The minerals - manganese and iron oxides - are in the water drawn from one of the wells at Jacobstown. While their presence does not compromise health, we believe fixing the problem is a priority.

Budgeted cost: \$1.6million

Removing sludge from ponds

With an estimated 3000 tonnes of sludge sitting on the bottom of the oxidation ponds in south Gore, it is time for the ponds first clean out since they were commissioned. This project will improve our ability to efficiently treat wastewater, thereby lowering the risk of breaching the conditions of our discharge consent into the Mataura River. It will also allow us to handle any increase in volume from residential or industrial development.

Budgeted cost: \$2.1million

Civic Centre strengthening

Built in the 1960s, our offices in the Civic Centre fall short of today's building standards. This, coupled with the heightened awareness of the need for any building to meet specific compliance standards, in the wake of the Christchurch earthquakes, means we need to proceed with this project. We plan to move quickly to address any earthquake strengthening requirements, however, it is intended to defer any other work on the building in the short term.

Budgeted cost: \$1.5million

TIMELINE:

FRIDAY 29 APRIL – SUBMISSIONS CLOSE
TUESDAY 31 MAY – DELIBERATIVE MEETING

TUESDAY 17 MAY – HEARING OF SUBMISSIONS
TUESDAY 7 JUNE – ANNUAL PLAN ADOPTED AT EXTRAORDINARY COUNCIL MEETING

The dollars and cents

We are looking at an average district-wide rate increase of 4.27 percent. This is the figure stated in our LTP for Year 2.

	Urban	Rural	Heavy Industry
Average rates percentage increases	4.07%	4.79%	4.27%

We have also created a table to show you what the rates would be for a property of the same value in the

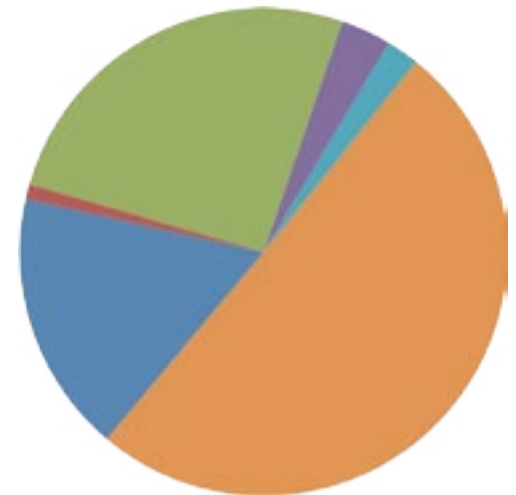
Property value	50,000	150,000	250,000	350,000	500,000	750,000	1,500,000	3,000,000
Gore urban	2,036	2,243	2,451	2,658	2,969	3,488	5,044	8,156
Mataura urban	1,978	2,071	2,164	2,258	2,397	2,630	3,328	4,723
Gore commercial	2,305	3,064	4,020	4,976	6,303	8,801	12,844	19,500
Mataura commercial	2,233	2,848	3,659	4,471	5,581	7,719	10,679	15,170
Rural	952	1,229	1,361	1,492	2,930	2,020	3,008	5,139

To get a clearer picture of what this means to you, we have provided these sample properties.

Category	Capital Value	2016/17	2015/16	% Increase	Rates change \$ annually	Rates change \$ weekly
Gore Residential	50,000	\$2,036	\$1,956	4.05%	\$79	\$2
Gore Residential	150,000	\$2,243	\$2,156	4.02%	\$87	\$2
Gore Residential	250,000	\$2,451	\$2,357	3.99%	\$94	\$2
Gore Residential	375,000	\$2,710	\$2,607	3.96%	\$103	\$2
Gore Residential	500,000	\$2,969	\$2,857	3.94%	\$112	\$2
Gore Residential	650,000	\$3,280	\$3,157	3.91%	\$124	\$2
Mataura Residential	15,000	\$1,880	\$1,808	3.97%	\$72	\$1
Mataura Residential	45,000	\$1,908	\$1,836	3.91%	\$72	\$1
Mataura Residential	75,000	\$1,936	\$1,864	3.85%	\$72	\$1
Mataura Residential	140,000	\$1,996	\$1,925	3.73%	\$72	\$1
Mataura Residential	230,000	\$2,080	\$2,008	3.58%	\$72	\$1
Mataura Residential	340,000	\$2,183	\$2,111	3.40%	\$72	\$1
Gore Commercial	40,000	\$2,260	\$2,200	2.74%	\$60	\$1
Gore Commercial	150,000	\$3,064	\$2,923	4.83%	\$141	\$3
Gore Commercial	250,000	\$4,020	\$3,822	5.19%	\$198	\$4
Gore Commercial	400,000	\$5,455	\$5,170	5.50%	\$284	\$5
Gore Commercial	700,000	\$8,323	\$7,867	5.80%	\$456	\$9
Gore Commercial	1,400,000	\$12,393	\$11,916	4.00%	\$477	\$9
Mataura Commercial	15,000	\$2,126	\$2,075	2.46%	\$51	\$1
Mataura Commercial	45,000	\$2,218	\$2,175	1.96%	\$43	\$1
Mataura Commercial	95,000	\$2,401	\$2,342	2.50%	\$59	\$1
Mataura Commercial	165,000	\$2,969	\$2,886	2.88%	\$83	\$2
Mataura Commercial	380,000	\$4,715	\$4,596	2.60%	\$119	\$2
Mataura Commercial	600,000	\$6,501	\$6,345	2.47%	\$156	\$3
Rural	100,000	\$1,018	\$995	2.30%	\$23	\$0
Rural	400,000	\$1,558	\$1,502	3.73%	\$56	\$1
Rural	800,000	\$2,086	\$1,998	4.40%	\$88	\$2
Rural	1,650,000	\$3,206	\$3,050	5.11%	\$156	\$3
Rural	2,500,000	\$4,327	\$4,103	5.46%	\$224	\$4
Rural	3,500,000	\$5,645	\$5,341	5.69%	\$304	\$6
Rural	5,500,000	\$8,282	\$7,818	5.93%	\$464	\$9
Rural	9,000,000	\$12,896	\$12,152	6.12%	\$743	\$14
Heavy Industry 1	365,000	\$23,428	\$22,469	4.27%	\$960	\$18
Heavy Industry 2	918,000	\$13,820	\$13,253	4.27%	\$566	\$11
Heavy Industry 3	18,674,000	\$241,108	\$231,235	4.27%	\$9,872	\$190

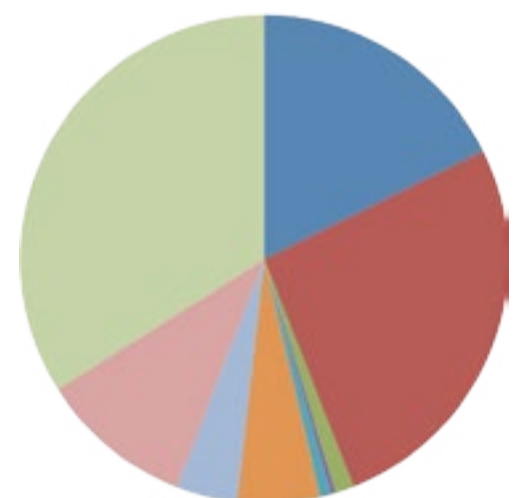
What we intend to do and how we intend to pay for it

What work do we plan to do in 2016/17?



- Capital expenditure to improve the level of service
- Capital expenditure to meet additional demand
- Capital expenditure to replace existing assets
- Finance costs
- Other operating funding applications

How will we pay for it?



- General rates, uniform annual general charge, rates penalties
- Increase (decrease) in debt
- Increase (decrease) in reserves
- Interest and dividends from investments
- Local authorities fuel tax, fines, infringement fees, and other receipts
- Subsidies and grants for capital expenditure
- Subsidies and grants for operating purposes
- Fees and charges

TIMELINE:

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The dollars and cents

Summary of prospective financial statements:

Operating revenue

This is day to day income received from things such as rates and fees and charges

Operating expenses

These are our day to day expenses such as the cost of collecting rubbish, mowing reserves and maintaining roads

Total comprehensive income

This is the difference between operating revenue and operating expenses for the current year i.e. more revenue = surplus
more expenses = (deficit)

Assets

The property we own

Liabilities

The amount we owe

Operating activities

The difference between operating revenue and operating expenses

Investing activities

The difference between buying and selling assets

Financing activities

The difference between borrowing and the repayment of loans

Cash held

Money in the bank

Prospective statement of comprehensive revenue and expense for the year ended 30 June LTP 2017	LTP 2016	LTP 2017	Annual Plan 2017
	\$000	\$000	\$000
Operating revenue	20,262	21,024	21,063
Operating expenses	(20,464)	(21,154)	(21,325)
Net surplus/(deficit)	(202)	(129)	(262)
Other comprehensive revenue and expense	21,587	-	-
Total comprehensive revenue and expense	21,385	(129)	(262)
Prospective statement of changes in equity for the year ended 30 June 2017	LTP 2016	LTP 2017	Annual Plan 2017
	\$000	\$000	\$000
Balance at 1 July	363,568	384,953	384,563
Total comprehensive revenue and expense	21,385	(129)	(262)
Balance at 30 June	384,953	384,823	384,301
Equity represented by:			
Retained earnings	131,352	131,514	131,185
Reserves	253,601	253,309	253,116
Prospective statement of financial position as at 30 June 2017	LTP 2016	LTP 2017	Annual Plan 2017
	\$000	\$000	\$000
Current assets	4,881	4,649	5,026
Non-current assets	396,912	401,730	402,034
Total Assets	401,793	406,379	407,059
Current Liabilities	2,373	2,437	2,298
Non-current Liabilities	14,467	19,119	20,460
Total Liabilities	16,840	21,556	22,758
Net assets/equity	384,953	384,823	384,301
Prospective statement of cash flows for the year ended 30 June 2017	LTP 2016	LTP 2017	Annual Plan 2017
	\$000	\$000	\$000
Net from operating activities	4,805	5,033	4,816
Net from investing activities	(5,611)	(9,968)	(12,838)
Net from financing activities	858	4,655	7,666
Net increase/decrease in cash held	53	(280)	(355)
Opening cash balance	3,451	3,503	3,498
Closing cash balance	3,504	3,222	3,143
Financial Strategy KPIs	LTP 2016	LTP 2017	Annual Plan 2017
Rates revenue \$,000 (limited to \$25 million)	\$14,308	\$14,920	\$14,919
Rates increase (limited to 5%)	4.43%	4.27%	4.27%
Debt per rating unit (limited to \$4,150)	\$2,314	\$3,075	\$3,271
Number of rating units	6042	6059	6049
Interest as a percentage of revenue	3.9%	4.3%	4.6%

CONSULTATION DOCUMENT SUBMISSION FORM

Please make sure you get your submission back to us by 5.00pm Friday 29 April 2016.

HOW TO MAKE YOUR SUBMISSION

Online	You can visit our website www.goredc.govt.nz and fill in the online form.
Email	Scan your completed form and email to us at info@goredc.govt.nz
In Person	Drop off your completed form at our Civic Centre office, 29 Civic Avenue; the Gore Library; or the Mataura Library/Service Centre.
By Post	Put your completed form in an envelope and post it using our Freepost address: Annual Plan 2016/17, Gore District Council, FreePost Authority 213, PO Box 8, Gore 9740

Please note your submission will be made available to the Councillors and the public as required by the Local Government Act 2002, and subject to the Local Government Official Information and Meetings Act 1987. This will include your name and address.

Mr/Mrs/Miss

First name Last name

Postal address

Email address

If you are making a submission on behalf of an organisation, please state

Organisation name

How would you prefer to be contacted? Email Post

Do you wish to speak to Councillors in support of your submission? Yes No

Do you wish to receive our free ChinWag email newsletter? Yes No

Please tick the appropriate option for the issues we are seeking feedback on. You do not have to submit on every issue. If you have different options for any of the issues you think we should consider, please tell us. You can provide any comments you may have on a separate page and attach.

1. SOUTHLAND REGIONAL HERITAGE RATE

Our preferred option is Option 1. Please tick the option you support?

Option 1: Do not provide any additional funding and continue with the funding stream outlined in our 10 Year plan. This will have no impact on rates in the coming financial year.

Option 2: Rate for an increase of \$5 per ratepayer, which aligns with what the Invercargill City Council and Southland District Council are putting forward as an option. The impact on rates will be an extra \$31,000 collected across the District, meaning our district-wide rate increase for the coming year will exceed the LTP figure.

2. FOOD SAFETY FEES

Do you agree with the new fees we are introducing as a result of changes to food safety regulations? Yes No

3. HOME HEATING LOAN SCHEME

Our preferred option is Option 3. Please tick the option you support?

Option 1: Partner with Environment Southland to provide a low interest loan scheme. The Council can access borrowing at competitive rates, which could be passed on to ratepayers participating in the scheme. We would add a small margin to cover the costs of administering the scheme.

Option 2: Partner with Environment Southland to provide an interest free loan scheme. While the Council can access borrowing at competitive rates, we would have to fund any associated interest costs by rates.

Option 3: Continue with the course set in our Long Term Plan and not provide any loan schemes to residents in the Gore airshed to change their home heating systems. This will have no impact on rates.