

ANNUAL PLAN SUMMARY 2023/24

KEY INFLUENCES ON THE BUDGETS

Interest rates

If you have a mortgage or personal loan, you will know all about rising interest rates. The interest rates on our debts are also increasing. In 2021, when we adopted the 2021 – 2031 Long Term Plan, interest rates were as low as 2% on some of our loans.

Fast forward to 2023, and interest rates are sitting at around 4.26%. This unavoidable cost increase, combined with an increase in our debt, means we need an extra \$743k (3.67%) in rates funding to pay the interest on our loans.

Inflation

Inflation is an increase in the general price level of goods and services in an economy. You will have noticed the rise in prices of everyday things, such as groceries and fuel. Likewise, we are facing increasing costs for materials and services we provide. Inflation hit a record high of 7.3% in June last year and is currently at 6.7%.

Personnel availability

Unemployment in New Zealand is at an all-time low. Combine this with a short supply of skilled workers, and we face a tight employment market. We have already seen experienced staff 'shoulder tapped' by other employers offering higher wages and incentives.

Therefore, it's important we recognise and retain existing staff, and ensure we have people to support service changes and meet community expectations.

Welcome to our 2023 – 2024 Annual Plan summary.

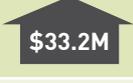
This plan is Year 3 of our 2021 – 2031 Long Term Plan. A lot has happened that's impacted the assumptions we made when we adopted our LTP two years ago.

We've all heard about the global recession, cost of living increases and interest rate hikes. These are why setting our budgets for the coming financial year has been challenging.

Grappling with these pressures means there has been little room to manoeuvre when reviewing our budgets. Every \$200,000 we add to operational expenditure equals about 1% of rates.

KEY FINANCIAL HIGHLIGHTS

- We have set a district-wide average rate increase of 10.97%. This compares to 4.59% forecast in the Long Term Plan, but as we all know a lot has changed since it was adopted two years ago.
- Due to higher interest rates, our interest cost is now projected to be \$2.11m compared to the previous forecast of \$1.38m.

	AP 2024	LTP 2024	Reason
Rate Revenue	 \$22.4M	\$21.2M	A combination of the points noted below
Other Revenue	 \$5.4M	\$4.2M	Increase in fees and charges for transfer station due to the increase in government levy
Subsidy and Grant Revenue	 \$4.3M	\$4.1M	3 Waters transition subsidy
Operating Expenditure	 \$33.2M	\$29.7M	Increase in interest rates, wage inflation and increase in waste levy imposed by central government
Capital Expenditure	 \$11.3M	\$10.8M	Demolition of Mataura Pool and purchase recycling bins to add a third bin to kerbside collection
TOTAL DEBT	 \$54.8M	\$50.3M	Demolition of Mataura Pool, purchase recycling bins to add a third bin to kerbside collection and decision not to fully fund 3 waters depreciation means that net borrowings increases

OUR RATING SYSTEM

Our rating system is capital value-based. This means the value of your property is used to calculate the percentage you pay for certain activities. It is not used to calculate your total rates.

There are two types of rates - a general rate and a targeted rate. Your rates account is made up of the following:

- Uniform Annual General Charge & other uniform target rates
- Fixed targeted ward rates
- Valuation-based targeted rates
- Valuation-based general rates

WHAT DOES THE RATE INCREASE LOOK LIKE ACROSS OUR RATING AREAS?

Taking an average-valued property, the rates movements for next year will be:

	CV of property	% Increase	\$ Increase	\$ Increase/week
Gore Residential	\$450,000	9.76%	\$315.02	\$6.06
Mataura Residential	\$350,000	9.80%	\$261.30	\$5.03
Rural	\$5,730,000	3.29%	\$336.21	\$6.47
Commercial	\$820,000	3.92%	\$366.44	\$7.05

As you can see, there is a difference between our residential ratepayers and rural and commercial. This is due to a combination of factors such as:

- Properties with a low capital value have increased proportionately more than higher valued properties in last year's District revaluation. This means lower valued properties have attracted a higher percentage of the general and ward rates.
- Capital value of the average residential property has increased by a greater percentage than the average rural property.
- Debt servicing on services generally more associated with urban areas, such as water and wastewater.

How your money is spent



There are fixed charges everyone pays for. These are:

Fixed Charges	22/23	23/24
UAGC	\$873.48	\$949.60
Southland Regional Heritage	\$39.82	\$38.75

CHANGES TO FEES & CHARGES

Rates are an essential part of how we fund our services and activities, but we don't rely on rates alone.

Each year, as well as working out what rates we need, we review the fees and charges for services we believe should be user pays. This includes services such as waste disposal, building consents, dog registration, and burial fees.

Due to the increasing cost of delivering these services, many fees and charges will need to rise from 1 August this year.

Let's Talk Rubbish

It is becoming increasingly expensive to get rid of our rubbish. The Government charges all local authorities a waste disposal levy. From 1 July this year, that levy rises from \$30 to \$50 per tonne.

Consequently, it will cost us about \$2.48m to get rid of rubbish from the transfer station to the Southland landfill.

We don't believe it's fair all ratepayers should have to bear the burden of this increase and have decided to increase transfer station disposal fees by 30%. This puts more of the cost on the user.

It's also been decided to cap the amount of green waste residents can dump for free to 100kg.

The recycling conundrum

Unfortunately, we've had to delay re-introducing a kerbside recycling service until July 2024. We understand that most people want this service back, but going ahead in the 2023-24 financial year would have added over 2% to rates.

The upside to the delay is that it gives us time to look at all options to meet national waste minimisation targets. We might even be able to collaborate with our neighbouring councils to provide efficiencies across the region.

Don't forget – while we don't have kerbside recycling, we still have recycling options available in Gore and Mataura, and glass kerbside recycling once a month. Go to our website for more details.

PROJECT UPDATES

3 Waters

Maintaining and improving our water, wastewater and stormwater assets is a big part of what we do.

Before the end of this calendar year, we have some big-ticket projects drawing to an end. These have been significant undertakings for a small council, such as Gore, and will future proof our 3 Waters infrastructure assets.

The projects are:

- Elizabeth Street Pipeline Renewal. Cost - \$4.14m Completion – late 2023. This project will fix ongoing capacity issues in Elizabeth Street, St Andrews Street and the western end of Joseph Street.
- Stage 3 - Wigan Street Wastewater Main Replacement. Cost - \$2.05m Completion - August.
- Gore oxidation ponds' sludge removal project. Cost - \$2.35m. Completion – August. This project sees the removal of approximately 2,500 dry tonnes of sludge.
- Mataura Water Treatment Plant upgrade. Cost - \$3.50m. Completion – October.



💧 Shift Hilbre Avenue Water Tower pumps into a dedicated pump station in preparation for the demolition of the water tower. Cost - \$250,000.

💧 Replacing the existing wastewater main over the State Highway 1 bridge in Gore. Cost - \$350,000. Completion – within the next six months.

Mataura River Crossing Project

The next 12 months will see significant progress in our plans to centralise water treatment for Gore at the East Gore plant. Following the decision to focus on installing pipes under the Mataura River (as opposed to constructing a shared-use bridge), we will be undertaking investigation, design and procurement work in the coming months. We will be aiming to start construction in mid-2024.

Estimated cost - \$3.6 to \$4.1 million.

Gore and Mataura Wastewater Discharge Consent Renewals

We are preparing an application to renew the discharge consents for the Gore and Mataura wastewater treatment plants. In 2021, a technical working group involving the Hokonui Rūnanga was formed. It aimed to identify the preferred disposal system for the treated wastewater from these two plants. At this stage, we expect a preferred option to be identified and a resource consent application submitted to Environment Southland in mid-2024.

3 Waters Reform

The Council continues to work with the Department of Internal Affairs (DIA) on this, providing information and input for the proposed shift to a separate dedicated entity responsible for the delivery of 3 Waters services for Otago and Southland prior to 1 June 2026.

Roading

We know from our annual Residents' Survey that the maintenance of our roads is a high priority for you.

As with all our activities, significant cost increases may limit how much work we are able to carry out. Some of the projects and business-as-usual work on the calendar for the 2023/24 year include:

- Resealing about 18km of sealed roads to keep them waterproof
- Putting new seal on the gravel section of Oldham Street
- Renewing about 1200m of footpath in Gore and Mataura
- Constructing a pedestrian/cycling refuge crossing on Railway Esplanade to provide safer access to Hamilton Park
- Reviewing our Speed Management Plan and talking with our community about speed limit changes
- Installing school speed zone signs at all schools in the District
- Upgrading or replacing the Parker Road bridge
- Laying about 9,000m³ of maintenance metal on various gravel roads throughout the District
- Sealed shoulder widening on Waimumu Road at the approach to Southern Field Days site main gate