SOUTHLAND DISTRICT COUNCIL

DRAFT Long Term Plan 2024-2034

Section one: Summary

Contents

Message from the Mayor and Chief Executive

To be added in final document.

Strengthening iwi and Māori partnership in Council decision-making

Council recognises that we need to build capacity and capability in order to have effective and meaningful partnerships with iwi and Māori.

Valuing and nurturing these relationships enriches the whole community and builds the cultural wellbeing of Murihiku.

The recognition and provision for the relationship of Māori culture and traditions with ancestral lands, water, sites, wāhi tapu and other taonga, having particular regard to kaitiakitanga and the principles of Te Tiriti o Waitangi is the foundation of this relationship and partnership.

We are committed to:

- continuing to strengthen genuine partnerships/relationships with all four Rūnanga Papatipu o Murihiku; Te Rūnanga o Awarua, Te Rūnanga o Oraka/Aparima, Te Rūnanga o Hokonui and, Te Rūnaka o Waihōpai at governance, management and operational levels.
- creating opportunities to increase iwi/Māori representation across Council's governance structure solidifying Te Tiriti o Waitangi treaty partnership principles.
- support the implementation, integration, review and understanding of Te Tangi a Tauira – The Cry of the People Ngāi Tahu ki Murihiku Natural Resource and Environmental Iwi Management Plan 2008 and into Council plans and policies.
- actively embodying the outcomes of the Resource Management Act reform and local government review implementing a local government system that embraces the Treaty partnership.
- continued internal cultural competency of Tikanga Māori practices and principles by supporting the continuation of the Te Rohe Pōtae o Murihiku Tikanga Māori Group.
- reviewing the Charter of Understanding between Te Rūnanga o Awarua, Te Rūnanga o Oraka/Aparima, Te Rūnanga o Hokonui and, Te Rūnaka o Waihōpai, Clutha District Council, Environment Southland, Gore District Council, Invercargill City Council, Queenstown Lakes District Council and Te Rohe Potāe o Murihiku (Southland District Council) and continuing to strengthen the associated relationships.

Charter of understanding

While the Local Government Act sets out provisions relating to all Māori, it is recognised that within the Southland region Ngāi Tahu are the tangata whenua.

Ngāi Tahu have a special status in terms of Southland District Council's resource management activities, and are not just another interest group. The evolution of the relationship between Southland District Council and tangata whenua has reached the point where that relationship is now recognised as a productive partnership.

Southland District Council is an active participant and signatory to a Charter of Understanding – He Huaraki mō Ngā Uri Whakatupu – in place between the four Southland councils and four Southland/Murihiku papatipu rūnanga. The charter sets out the basis and conduct of the councils and rūnanga in the context of the Local Government Act 2002 and Resource Management Act 1991.

The charter provides the basis for an ongoing relationship between relevant local authorities and tangata whenua of Southland/Murihiku to assist in developing the capacity of Māori to contribute to the decision-making processes. It further provides principles and opportunities, is a foundation for consultation on a wide range of local government issues including long-term and annual plans and assists councils through Te Ao Mārama Inc (the iwi liaison entity representing Southland rūnanga for resource management and local government issues), to consult with all Māori, those who hold mana whenua and matawaka (other tribal groups) living in Southland.

In addition to the Local Government Act obligations set out above under Maori relationships, the Resource Management Act 1991 gives territorial authorities specifi c obligations regarding kaitiakitanga, the principles of the Treaty of Waitangi and the relationship between Māori and their culture and their traditions with their ancestral lands, water, sites, wāhi tapu and other taonga.

To give effect to the obligations under the Local Government Act and the related obligations under the Resource Management Act, Southland District Council will continue to develop its relationships with all rūnanga in Southland through Te Ao Marama and with Te Rūnanga o Ngāi Tahu, the iwi authority. This is essential for achieving the sustainable management of the natural resources within the Southland region and living up to our brand "leading the way".

The recent changes to the Resource Management Act introduced a management document Mana Whakahono a Rohe which enables further decision-making powers on iwi.

The state and nature of the Murihiku Charter relationship between local government and the four runanga means that the charter will satisfy the majority of the requirements of the new Mana Whakahono document. However, there is an opportunity to develop a more strategic overview through a wider local government/tangata whenua discussion hui which will also support the Mana Whakahono a Rohe document.

About Southland

As a region, Southland contributes 2% of New Zealand's total gross domestic product (GDP), with an annual GDP of $5,826 million.

Agriculture remains the largest business sector in the Southland region in terms of GDP with $890 million, followed by manufacturing at $708 million. The dairy cattle farming industry remains Southland's largest employer, comprising 7% of all employees. The top three industries are sheep, beef and grain farming.

In the Southland district, Southland District Council is responsible for more than $2.1 billion worth of assets and infrastructure, which we manage on behalf of our ratepayers and residents. These include:

Sealed roads	1,990km
Unsealed roads	2,961km
Bridges	881
Unsealed cycle tracks	91km
Te Anau Airport Manapōuri	
Stewart Island Electricity Supply Authority	
Wharves/jetties	10
Boat ramps	10
Stormwater pipes and culverts	116.8km
Water treatment plants	12
Reservoirs	32
Water mains	791.5km
Urban connections	7,738
Wastewater mains	271.7km
Wastewater treatment plants	19
Wastewater connections	8,849
Libraries and offices	8
Community centres and halls	32
Public toilets	70
Council housing units	69
Cemeteries	16
Parks	156
Playgrounds	38
Sports fields	18
Ornamental trees	10,000
Rubbish bins	31,307
Recycling bins	20,988
Waste transfer facilities	7

About Council

Council works towards its vision in its plans, strategies and policies and also through the activities outlined in its long term plan.

Our Council consists of a mayor and 12 councillors elected by Southland district residents and ratepayers every three years.

We believe democratic election ensures we are able to operate in the best interests of the district.

Council is responsible for:

- representing the interests of the district
- developing and approving Council policy
- determining the expenditure and funding requirements of Council through the planning process
- monitoring the performance of Council against its stated objectives and policies
- employing, overseeing and monitoring the chief executive's performance. Under the Local Government Act the local authority employs the chief executive, who in turn employs all other staff on its behalf

The purpose of Council is:

- to enable democratic local decision-making and action by and on behalf of communities
- to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

To accomplish this, Council has overall responsibility and accountability in a variety of roles, including:

- planning the district's strategic direction alongside local communities as part of developing the long term plan
- facilitating solutions to local issues and needs • advocacy on behalf of the local community with central government, other local authorities and agencies
- providing prudent stewardship and the efficient and effective use of resources within the district in a sustainable way
- risk management
- management of local infrastructure including network infrastructure (eg roads, wastewater disposal, water, stormwater) and community infrastructure (eg libraries, reserves and recreational facilities)
- administering various legal and regulatory requirements
- ensuring the integrity of management control systems
- informing and reporting to communities, ratepayers and residents.

What we do

Southland District Council is a territorial authority. Our role is to manage the day-to-day needs of our community, making sure that we:

- provide roads, bridges and footpaths for people to travel on
- partner with our communities to create opportunities and make the best use of our community resources

- provide clean water to our people and take away their wastewater, stormwater and rubbish
- provide regulatory services such as building control, resource management and environmental health.

All of this is done keeping the social, cultural, environmental and economic wellbeings of our communities in mind.

To that end we have as our Council vision: Together, with our people, for our future. It's our Southland.

This means that we need to work together with our communities for the future of Southland. That's our goal.

Our mission is *Working together for a better Southland*. We want to continue to work together with all our stakeholders for the sake of Southland.

Our community outcomes are:

Social	Cultural	Environmental	Economic
Communities which are connected and have an affordable and attractive lifestyle	Communities with a sense of belonging for all	Communities committed to the protection of our land and water	Communities with the infrastructure to grow

These outcomes will help focus our work and the direction we are going in – led by the community, working together and focusing on partnerships..

Governance systems

Council

Mayor and 12 councillors

Community boards

Council has nine community boards that prepare local budgets, recommend local rates and make decisions on issues specifically delegated by Council. Council has a policy of decentralising responsibilities, where practical, to ensure local input into decision-making and the setting of priorities for issues of local concern.

Ardlussa   Fiordland   Northern   Oraka Aparima   Oreti   Stewart Island/Rakiura   Tuatapere Te Waewae   Waihopai Toetoe   Wallace Takitimu

Water supply subcommittees

Council has constituted two water supply subcommittees, which are each responsible for the overall governance of the respective water supply scheme and set priorities for the operations of the schemes in accordance with the policies of Council.

Five Rivers   Te Anau Basin Fiordland

Council committees

Finance and Assurance Committee
Chair: Mr Bruce Robertson (external appointee/chair)

Executive Committee
Mayor Rob Scott (chair), Cr Christine Menzies, Bruce Robertson (independent Finance and Assurance Committee chair)

Ohai Railway Fund
Chair: Kevin Dixon

Joint committees

Combined Local Alcohol Policy Joint Committee

Combined Local Approved Products Joint Committee

Great South Joint Committee

Southland Civil Defence Emergency Management Group

Southland Regional Heritage Committee

Southland Regional Transport Committee

WasteNet (WasteNet Management Advisory Group)

Council-controlled organisations

Great South

Milford Community Trust

Southland Museum and Art Gallery Trust

Council subcommittees

Riverton Harbour

Stewart Island/Rakiura Visitor Levy Subcommittee

Executive leadership team
Cameron McIntosh chief executive

The executive leadership team (comprising the chief executive, and six group managers) reviews all general organisation issues, providing a link between Council and staff. The management of Council is structured under six groups. Each group is led by a group manager:

Finance and assurance: Anne Robson

Strategy and partnerships: Vibhuti Chopra

Infrastructure and capital delivery: Fran Mikulicic

Regulatory services: Adrian Humphries

Customer and community wellbeing: Sam Marshall

People and culture: Joanne Davidson

What's a long term plan?

All councils prepare a long term plan (LTP) every three years to show what they plan to do and how it will be paid for over the next 10 years.

A long term plan makes us accountable to our communities. It identifies the outcomes we want for our community; how we will move from where we are now to where we want to be; and how we will deal with the challenges along the way.

As part of the process of putting together Southland District Council's Long Term Plan 2024-2034, we are asking your feedback on three key issues and also updating you on other important matters in this consultation document.

The situation now

In 2021, our long term plan was titled It's time Southland Murihiku – time to be up front about what we had learnt about the state of our roads, bridges, the work done for our communities, where we were then, what was coming up, and what needed to happen. We believed we got the mandate from our ratepayers to go ahead with the work that was needed and we started to do that in the belief that the major changes were mostly behind us, apart from government reform.

But we couldn't know what was going to occur - in the past three years, there have been exponential increases in costs across the board - from interest, insurances, audit and asset valuations, to day to day costs of fixing bridges, maintaining roads, building wastewater and water schemes, simple projects within our communities and more.

We had also planned for the move of the three waters activities to a separate entity, under the previous government's three waters legislation.

We couldn't plan for the cost increase, and it was difficult to predict what was going to happen around the three waters, but we now do have to plan for the outcomes while seriously looking at affordability because costs have increased markedly at household level as well - there is a cost of living crisis and people are struggling.

Given the increases in costs and inflation, Council is struggling to balance the work that needs to be undertaken with the funding available. In the last LTP we budgeted to do the minimum needed to maintain our roads at the levels our community needs. Going forward, that same budget would mean we would be undertaking a third less of planned maintenance each year.

We heard clearly at the last LTP submission hearings you wanted good roads and rebuilt bridges and although you didn't like higher rates, you would pay more to have those roads and bridges. We now need to balance that with the cost to you as ratepayers and come up with an agreed way forward. Maybe our roads and bridges need to be fit for purpose, which means the low-use gravel roads are not maintained as often and some bridges are not rebuilt. Maybe we can extend out consents for our wastewater plants and treated water supplies to ensure all the costs are not coming at the same time.

These are questions we have been asking ourselves and now we need to ask you them. Where is the balance for you between what you pay and what our services look like?

Many of you will say stick to your knitting and look after the roads. As a whole, we do stick to our knitting but our knitting includes looking after our communities and roads are not the only service we need to provide. We must continue working together with our community boards and our people to support our communities, and continue to develop the small council, big community focus we have been working on.

We are trying to work our way through all of that in the middle of a changing political environment. The new government has repealed many of the acts that were about to bring about major change to councils, we don't know what else may happen and we don't have all the details we need to move forward. A major review of local government was done in the past two years and there were some excellent recommendations on other funding apart from rates. We need this government to look seriously at funding local government so that the demand on rates is not so high and we will be lobbying for that.

We shared with you at the last LTP and before that there is not enough money being spent on our infrastructure and we have pushed our roads, our bridges, our community buildings and playgrounds to the limit. We have made cuts to our corporate budgets to reduce costs, but the reality is that the level of investment needed to maintain and replace our aging infrastructure will be impossible to find without increasing rates substantially or reducing the services that are offered. Neither funding from reserves nor borrowing are a sustainable option because it compounds the problem without providing a long-term solution.

Those messages continue and we need to hear from you about what you think we should do - remember there are a lot of things we have to do that are bound by legislative requirements. We have no choice so changes to levels of service are a key focus to reduce our spend. This will be something we will be engaging on with you more in the next three years, but there are some things we need to discuss now – matters that need decisions now, not only about managing water activities and roading, but also proposed changes to glass recycling because of legislation and how we fund the Te Anau Airport Manapōuri.

There are some things we need to talk about with you – matters that need decisions now.

We are talking about:

1. Managing water activities and their costs
2. Roading levels of service
3. Glass recycling
4. Te Anau Airport Manapōuri

External issues we need to consider

A new government with an agenda of reform

National, ACT and NZ First formed a coalition government on 24 November 2023 and Prime Minister Chris Luxon announced the government's plan for the first 100 days. Those 100 days are now past and there has been a lot of change for local government.

The change includes a new government policy statement on roading, reflecting the new Roads of National Significance and new public transport priorities, beginning work on a national infrastructure agency, repealing the Water Services Entities Act 2022, introducing a fast-track consenting regime, ceasing implementation of new significant natural areas, beginning work to enable more houses to be built by implementing the Going for Housing Growth policy and making the medium density residential standards optional for councils, and repealing the Spatial Planning and Natural and Built Environment Acts, which were to replace the Resource Management Act.

Councils are still working through the impact of these decisions and a clear sense of the implications the new directions will have on Council is sought.

Climate change and unexpected events

to these changes and reduce our greenhouse gas emissions is a significant challenge we are striving to meet. We continue to consider the impact of future climate events on our infrastructure and will make the necessary changes as we renew it. Moving forward, Council will continue to develop its knowledge and understanding of these climate events and the impact, incorporating it into future long term planning.

Last year Great South completed a baseline organisational greenhouse gas emissions inventory for Council, which is exploring options and developing an emissions reduction plan to contribute to regional, national, and global efforts to achieve net zero emissions by 2050. Council is using the most current data available for its planning but recognises the limits of this information. Updated climate projections are expected to be published by the Ministry for the Environment in mid-2024, which will enable assessments of regional hazards risks and support investment in flood protection by the regional council and climate adaptation activities by territorial authorities. Council is working across all parts of its business to improve the climate resilience of its operations.

We are working with Environment Southland, Te Ao Mārama Inc, Gore District Council and Invercargill City Council to develop a regional climate change strategy, in order to align our work and support a regional approach to ensure effective and efficient use of Council resources. Council will start to develop the next steps in 2024 to create its own plan, based on this strategy. This will include ongoing engagement throughout communities on adaptation and this will impact across the district.

Council has also released a report it commissioned Great South to do on sea level increase and the impact of higher sea levels, storm surges and land conditions. This report shows the possible impact on coastal areas and will be discussed further with the community as part of the above engagement. Further work on river flooding is being worked on by Environment Southland and Great South.

What we are planning to do – our key issues and options

We need your feedback

Please note: all numbers are exclusive of GST unless stated otherwise

KEY ISSUE No 1 – Water services management

The return of the water assets to Council budgets for all of the 10 years of this long term plan has meant a big change around the work that had been done to transfer the assets to an entity. Many in our communities disagreed with the three waters programme decided by the last government. The new government responded and made getting rid of the three waters reforms a priority. It has now repealed the acts setting up the entities and process for transferring the assets.

The consequence of that is that water services are back now being funded from our small ratepayer base and we need to make sure we get the balance of doing what needs to be done – what is right environmentally, culturally and socially, with the affordability of rates increases for ratepayers. The costs for new statutory requirements and renewals of the assets have increased markedly in the past few years because of regulation to protect the environment and consumers, inflation and the reform changes. We also need to consider the assets within an intergenerational framework otherwise ratepayers today will be paying for the use of the service now, both operational and capital, and also for the use of it in the future through depreciation.

So, we have reviewed the capital programme for water services, taking into consideration the affordability to ratepayers, debt levels and the ability to deliver, and are putting two options forward for you to tell us what you think.

The first option is to spread the timeframe out for doing the work needed and putting off some pro-active work. If we smooth the timing of upgrades, which depends on being granted consent extensions and move some work beyond 2034, the pressure is taken off borrowing limits and resource constraints for delivery internally and externally, along with reducing the size of the rate increases. In doing so, however we have had to increase the total planned maintenance over the 10 years by $1 million to mitigate the risk of failure. All wastewater consent renewals would be still completed by the end of 2034. The total cost for these works, in the 10 years and beyond would be $336 million of which the cost over this 10 year period would be $259 million - $176 million on wastewater, $48.5 million on water and $34.5 million on stormwater.

The second option is to carry out the work that is planned and projected across the 10 years - this will cost $322 million - $221 million on wastewater, $66.5 million on water and $34.5 million on stormwater.

Under the smoothing, $63 million has been removed from the capital programme for the 10 years - $45 million in wastewater and $18 million in water supply. In the wastewater area, underground pipes make up $17 million of this and this means more of that work would continue into the next 10-year period. Other savings include deferral of improvements to levels of service with treatment aerators and inlet screens pushed out beyond 2034 ($5 million), deferring the extension of schemes and building in capacity to beyond 2034 ($10 million), delaying improvements to switchboard and pump replacements, reducing resilience and increasing the risk of reactive maintenance ($3 million) and looking at different solutions for planned projects ($10 million).

In the water supply activity, the $18 million is made up by deferring renewals of underground pipes ($2 million), deferring resilience work around replacement of water storage ($3 million), delaying the increase in capacity with additional bores for Te Anau by allowing for one instead of two ($3 million) and deferring treatment improvements for nitrates and other elements ($7 million).

Options

1. Do the work but slow it down (our preferred option)

In this option, the renewals of wastewater treatment plants and treated water supplies will be carried out on a smoothed basis, where we try to extend the consents out for a longer time. This is dependent on obtaining extensions to the plants' consents. To date, Council has received extensions on similar consent renewals. It also puts off some proactive works to beyond 2034. To mitigate the risk of failure on the works an additional $1 million of reactive maintenance has been included for the 10 years.

Other risks include increased operational costs, more staff needed to manage the competing needs of assets, the costs of Environment Southland consents extensions and the possible refusal to extend the consents, regulatory standards changing and Council not keeping up, extended unplanned outages of our plants, lower resilience, increased customer dissatisfaction and a bow wave of capital work after 2034.

Likely consequences

On rates: (including GST) In the first year, the rates to provide three waters will be $832 for water, $857 for wastewater, and $122 for stormwater - a total of $1,811. This will increase to $1,510 for water, $2,472 for wastewater and $379 for stormwater - a total of $4,362 in 2033/2034

On debt: In the first year of the LTP, the loan balance (including existing loans), sits at $66,124,715, and goes up to $198,980,511 in year 10. Refer to the debt table on page xxx for more detail.

On levels of service: Delaying upgrades could mean increased compliance levels to meet consent requirements and this could see increased operational costs and more maintenance. Additional funds of $1 million has been allowed for this, however notwithstanding this we could see extended unplanned outages of our plants and so increased customer dissatisfaction.

2. Carry out the work as it falls due

In this option, wastewater treatment plants and treated water supplies will be renewed and improved as and when their consent falls due. Taking treated waste from being discharged to water and putting onto land will be part of the renewals. This option includes carrying out proactive resilience works, treatment improvements and building capacity in our infrastructure.

At least eight wastewater treatment plants and four water supplies are due for renewal in the 10 years of this LTP.

The risks surrounding this option include the affordability of the work for the ratepayers, the ability of staff and contractors to deliver on all the work and whether we can borrow enough to do the work.

Likely consequences

On rates: (including GST) In the first year, the rates to provide three waters will be $808 for water, $855 for wastewater, and $122 for stormwater - a total of $1,784. This will increase to $1638 for water, $2,838 for wastewater and $379 for stormwater - a total of $4,856 in 2033/2034.

On debt: In the first year of the LTP, the loan balance (including existing loans), sits at $66,286,978, and goes up to $254,938,474 in year 10. Refer to the debt table on page xxx for more detail.

On levels of service: The levels of service should remain as they are now, or improve as resilience works and improvements are carried out.

KEY ISSUE No 2 - Levels of service for roading

Council is facing an ongoing and growing challenge about meeting present levels of services which we know our communities want versus the cost of Council is continuing to face an ongoing and growing challenge about meeting present levels of services which we know our communities want versus the cost of doing so. These budgets continue to grow because of the increases in construction and material costs, and the economic environment we are working in.

Our ratepaying population is not increasing significantly and we have more ratepayers on fixed incomes as well, along with many struggling with the increased cost of living. At this time rates are our main source of income, alongside funding from NZTA Waka Kotahi for 55% of the cost of looking after our roads and bridges. It is important to note that although Council has approached NZTA Waka Kotahi with the programme needs of option one noted below, this has still to be approved by it. In Council's last LTP, the programme and funding approved was less than Council requested. Final approval is expected in early September.

We have 1990km of an aging sealed road network, 841 bridges (road bridges) with six closed, 61 posted bridges that are getting older, 13,000 aging culverts and so we need to look at levels of service. Were only asking about roading costs and levels of service at this time - are you open to looking at levels of service and reducing them? Are you open to some minor sealed roads going back to gravel? Are you open to some bridges not being rebuilt if there are bridges close by?

What are levels of service? They are the level to which something is managed or looked after and are set by Council and at a local level, by the community board. Even if we cut back even more across many of our services, those cuts will not bring enough funds to continue to maintain our roads and bridges at the same level they are now. The below table summarises the changes to these over the three options proposed.

	Quantity to be delivered				Delivery change from current LOS (Option 2)	
	Option 1	Option 2	Option 3		Option 1	Option 3
	Intended delivery	Current LOS	further reduction		Intended delivery	further reduction
					(less)/longer	(less)/longer
Kilometres resurfaced	375	480	240		(105)	(240)
Kilometres renewed	27	40	21		(13)	(19)
Years to complete bridges	10	10	17		0	7

Options

1. Reduce levels of service on roading, but maintain bridges budget (our preferred option)

A total of $147,381,245 will be spent on all roading activities over the first three years of this LTP. This includes maintenance on sealed and unsealed roads, drainage, structures, traffic services and footpath maintenance, renewals for drainage, bridges and structures, traffic services and footpaths, re-gravelling unsealed roads, sealed road resurfacing and rehabilitation. This includes 55% funding from NZTA Waka Kotahi.

In this option, Council will resurface 375km of sealed roads over the first three years of the LTP. This will cost $28,335,275, but will see some reduction in levels of service. This investment includes a one-off $1.5 million for Stewart Island Rakiura resurfacing. Twenty-seven kilometres of collector roads (roads that carry larger numbers of vehicles or link significant communities) will be renewed at a cost $20,831,528.

Across the district 134 bridges need to be replaced over the 10 years of the LTP. In this option, all 134 will be rebuilt. We have 45 culverts greater than 600mm ready for replacement and the plan is to replace the bulk of them.

Likely consequences

On rates: With NZTA Waka Kotahi funding 55% of the increased costs, our share of the increase in year one is $4,366,044. This represents 6.85% of our preferred overall rates increase of 13.66%

On debt: $1,383,750 is borrowed in year one and fully repaid in year three to mitigate the rate impact.

On levels of service: The 13 kilometres of collector roads that are not renewed and the 105 kilometers of resurfacing that is not completed in the three years under this option are at higher risk of failing. This will mean some sections of sealed roads will likely have reduced speed limits, more potholes and more patching and increased risk of significant road pavement failure and more crashes. Some low volume roads will need to be reverted to gravel. As such there is likely to be more customer complaints. A number of bridges will remain closed in the short term because weight restrictions and gantries have been ignored.

2. Retaining the present levels of service on our roads - what our network needs

A total of $174,588,362 will be spent on all roading activities over the first three years of this LTP to maintain current levels of service. This includes maintenance on sealed and unsealed roads, drainage, structures, traffic services and footpath maintenance, renewals for drainage, bridges and structures, traffic services and footpaths, re-gravelling unsealed roads, sealed road resurfacing and rehabilitation. This includes 55% funding from NZTA Waka Kotahi.

Council will continue to work on the present levels of services and catch up on the backlog as well, carrying out 480km of sealed road resurfacing. This includes a one-off $1.5 million for Stewart Island Rakiura resurfacing. It will cost $36,300,271 for the first three years of the LTP. Forty kilometres of sealed road will be rebuilt in the first three years at a cost of $30,021,908.

This option will see all 134 bridges being replaced in the 10 years of the LTP. We have 45 culverts greater than 600mm ready for replacement and the plan is to replace them all.

Likely consequences

On rates: An increase to rates required of $7,999,625 in year one, increasing the preferred rates percentage from 13.66% to 19.36%

On debt: $1,383,750 is borrowed in year one and fully repaid in year three to mitigate the rate impact.

On levels of service: The current levels of service will be retained, along with replacing the assets as they reach end of economic life, rather than when they fail.

3. Further reduction in levels of service

A total of $111,700,900 will be spent on all roading activities over the first three years of this LTP. This includes maintenance on sealed and unsealed roads, drainage, structures, traffic services and footpath maintenance, renewals for drainage, bridges and structures, traffic services and footpaths, re-gravelling for unsealed roads, sealed road resurfacing and rehabilitation. This includes 55% funding from NZTA Waka Kotahi.

The number of metres resurfaced on sealed roads will be reduced to 240km and it will cost $16,433,385 for the first three years of the LTP. Twenty-one kilometres of sealed road will be rebuilt for the first three years at a cost of $16,203,674.

This option means it will take 17 years to replace all of the 134 bridges. We have 45 culverts bigger than 600mm to replace as well, but only a limited number of these will be able to be replaced.

Likely consequences

On rates: A decrease to rates required of $4,169,859 in year one, decreasing the preferred rates percentage from 13.66% to 7.11%

On debt: There is no impact on debt.

On levels of service: The 19 kilometres of collector roads that are not renewed and the 240 kilometers of resurfacing that is not completed in the three years under this option are at higher risk of failing. This will mean sealed roads will have reduced speed limits, more potholes and more patching, increased risk of significant road pavement failure and more crashes. Some low volume roads will need to be reverted to gravel. As such there is likely to be more customer complaints. Bridges' weight restrictions are more likely to be ignored and there is a risk of the bridge collapsing with traffic on it. Completing the reseal on Stewart Island Rakiura may be delayed a year and this will mean reseals in other parts of the district will be significantly lower whatever year it is completed. The work on the Monowai bridge will need to be completed, but a great number of other bridges will be put under restrictions or closed.

KEY ISSUE No 3 – Glass recycling

Government legislation requires councils to do a kerbside collection of glass by 2027, which we are already doing through glass going in the recycling bin. Wastenet, our shared waste management service with Invercargill City Council and Gore District Council, is recommending we separate the glass from the recycling now to not only meet legislative requirements but also to improve the way we manage our waste. By taking glass out of the mixed recycling bin the impact of contamination from broken glass in that bin will be reduced. At the moment this contamination is causing extra waste being sent to landfill, which costs more.

The councils are also facing increased costs around waste from the Government, including emission trading scheme costs and waste level charges - the charges on how much we send to landfill. Wastenet also wants to increase the amount it invests in education to inform people what can be recycled. There will be improvements in health and safety for people processing the waste and improved sustainability from less waste being sent overseas.

The options are either to collect a new glass recycling bin monthly or fortnightly or to stay with the status quo. In 2024/25 bins will be bought and distributed and the new collection process will begin in 2025/26.

Options

1. Introduce a new 240-litre glass recycling bin monthly collection service – our preferred option

Residents with the rubbish and recycling service will receive a new blue 240-litre bin for glass. The glass bin will alternate fortnightly with the yellow recycling bin - meaning each will get collected once a month. Wastenet estimates under this system about 90% of glass would be able to be reused within aggregate products such as road surfaces and there will be a reduction in contamination.

There is a risk that monthly emptying of the recycling and glass bins is not enough and customers may have to use other recycling facilities, such as the 24/7 recycling stations. If ratepayers find that one bin collected monthly is not enough capacity for their glass or recycling then there would be an option to add an extra bin at an additional cost ($228) or to use the other facilities such as the 24/7 recycling stations. Council would revisit the frequency and options if volumes indicate a need.

Likely consequences

On rates: (including GST) This would see a $7 rates increase for those on the service from year two onwards. Council will collect $228 from rates in year two.

On debt: This option would increase debt by $807,950 - the cost of buying the new bins, and distributing them.

On levels of service: The reduction of recycling collection to once a month can be seen as a reduction of service, but because glass is being taken out of the recycling bin and being collected the alternate fortnight, there is still a fortnightly recycling collection. This could be seen as an increase in the level of service as it enables better use of recyclables.

2. Status Quo

Council continues with its present rubbish and recycling service - one bin for rubbish and one for recycling, which glass can be put into. This will mean the contamination problem may not reduce although further education could help. Moving to a glass bin could be revisited in the next LTP or at the next contract renewal.

Likely consequences

On rates: There will be no impact on rates.

On debt: There will be no increase in debt for this service.

On levels of service: Levels of service will remain the same as they are now.

3. Introduce a new 240-litre glass recycling bin fortnightly collection service

This option will mean a new bin for every property which currently receives recycling services. This will be a cost of $807,950 for the purchase of 11,000 bins. In addition, the cost of the service will need to cover the new trucks needed to collect waste from three bins, costed out at $966,165. Wastenet estimates under this system about 90% of glass would be able to be reused within aggregate products such as road surface and there will be reduction contamination. There will be improvements in health and safety for people processing the waste and improved sustainability from less waste being sent overseas.

Likely consequences

On rates: (including GST) This will mean a $101 increase for those on the service, taking the cost of rubbish and recycling collection to $322 of rates a year.

On debt: This option would increase debt by $807,950 - the cost of buying the new bins, and distributing them.

On levels of service: This will be an increase in the level of service for recycling as it enables better use of recyclables.

KEY ISSUE No 4 – Te Anau Airport Manapōuri - district funding

Last year a working group was formed to deliver a review of the Te Anau Airport Manapōuri. The review considered the challenges currently facing the airport and made recommendations to Council for its future direction. Significant engagement with the local community was undertaken by the working group and the report was discussed and recommendations passed at the November 2023 Council meeting.

As part of those resolutions, Great South is now leading work on an interim solution to allow the airport to establish a more commercial operation, and explore opportunities to increase revenue, while a medium to long term plan is developed and a more permanent solution of setting up a Council controlled trading organisation (CCTO) is investigated. This work is being funded by the Fiordland Community Board from the Luxmore subdivision reserve. The board also agreed to pay off the existing airport loan of $631,797, from the reserve which means that ratepayers will no longer be required to pay off this loan from rates.

The review also noted that while the airport delivers most benefit to the Fiordland community, there is a benefit to the whole of the Southland community as an alternative transport option with flow-on economic and emergency management benefits.

The operations of the airport are currently funded by a combination of lease and rental income, fees from landings, ground handling and parking landing fees with the balance typically funded by a targeted airport rate across all ratepayers in the Fiordland area. However, the airport is considered a strategic district asset of Council because, as the only airport with a sealed runway in the Southland District, it provides an important alternative transport option, particularly in times of emergency.

Over the past five years of actuals to 30 June 2022, rental and fee income has not been enough to fund annual operating expenses with the shortfall ranging between $217,000 to just under $320,000 funded from rates. Based on the current budgeted level of fee income, over the next ten years the shortfall needed to be funded from rates is forecast to range between $260,000 to $395,000. The increase is largely related to loan repayments for projects to resurface the runway.

In response to the review report Council is considering funding all or a portion of the airport operating cost shortfall from the district-wide general rate. Five options are being consulted on for the proportion of general rate funding – 0% (so any shortfall continued to be fully funded by a local rate in the Fiordland area), 30% or 50% (funded from the general rate with the remainder of the shortfall funded by a local rate across the Fiordland area),100% (so any shortfall would be fully funded by the general rate), or any other option suggested as part of the consultation. Until the Council has considered the feedback on the options, we have not included any general rate funding, which is consistent with option one.

The general rate is paid by all ratepayers with 45% collected from the fixed uniform annual general charge UAGC and 55% from a rate in the dollar based on the capital value of a property.

Options for funding 2024/25 airport operating cost funding shortfall $296,000

Council does not have a set preference on these options because we want to hear from you about what you think.

1. No change to funding for Te Anau Airport Manapōuri

The shortfall would be fully funded from a targeted airport rate across the Fiordland area. This is the current approach.

Likely consequences

On rates: (including GST) In this option the local airport rate paid by ratepayers in the Fiordland area would be around $95 in 2024/25.

On debt: No impact

On levels of service: No impact

2. 30 percent general rate funding for Te Anau Airport Manapōuri

30% of the shortfall would be funded from the general rate with the remaining 70% funded from a targeted airport rate across the Fiordland area.

Likely consequences

On rates: (including GST) In this option the local airport rate paid by ratepayers in the Fiordland area would decrease to around $67. All ratepayers in the district would pay an extra $2.40 for the uniform annual general charge (UAGC) and an extra 20c for every $100,000 of property capital value

On debt: No impact

On levels of service: No impact

3. 50 percent general rate funding for Te Anau Airport Manapōuri

50% of the shortfall would be funded from the general rate with the remaining 50% funded from a targeted airport rate across the Fiordland area.

Likely consequences

On rates: (including GST) In this option the local airport rate paid by ratepayers in the Fiordland area would decrease to around $48. All ratepayers in the district would pay an extra $3.90 for the uniform annual general charge (UAGC) and an extra 34c for every $100,000 of property capital value.

On debt: No impact

On levels of service: No impact

4. 100 percent general rate funding for Te Anau Airport Manapōuri

100% of the shortfall would be funded from the general rate with no targeted airport rate.

Likely consequences

On rates: (including GST) In this option the local airport rate paid by ratepayers in the Fiordland area would decrease to $0. All ratepayers in the district would pay an extra $7.90 for the uniform annual general charge and an extra 68c for every $100,000 of capital value.

On debt: No impact

On levels of service: No impact

5. Another suggestion for funding for Te Anau Airport Manapōuri

This option is open for submitters to make other suggestions so we cannot show what the likely consequences are.

Strategic framework

Infrastructure strategy – meeting future needs

Council has, for its size of population, a large infrastructure asset base, dominated by the local road network. These infrastructure assets enable Council to deliver services to communities to the agreed levels of service and performance standards. The overview of the asset base shows that the increased investment signalled in Council's previous infrastructure strategy for the maintenance and renewal of sealed roads and bridges remains the key priority now.

Other assets also require mitigation or investment to improve the condition and performance; however, in some cases improved operational activities can reduce the risks or the investment needed is comparatively small compared to the transport activity.

Council has continued to improve its asset management, financial and monitoring systems to enable these assessments to be undertaken and the strategy sets out to address the identified needs based on the assessments undertaken.

Infrastructure replacement and improvements is the largest single expenditure Council faces, and it is important that this is affordable to Council, to the community and the wider economy of the Southland region. New infrastructure assets are also required to meet resource consent requirements, improve levels of service and to support growth within the district, however these are expected to be a small component compared to the renewals / replacement programmes.

Key projects and programmes include the sealed roads maintenance and rehabilitation programme, the bridge renewals programme, the Stewart Island Rakiura electricity generation replacement, the office building replacement, the closed landfill protection/removal programme, wastewater treatment upgrades and the Golden Bay development on Stewart Island Rakiura.

For more detail, please refer to the full draft Infrastructure Strategy accessible online at the LTP consultation page link on www.southlanddc.govt.nz [update this page reference in final document].

Financial strategy

Our financial strategy shows how we intend to manage our finances prudently and whether we will have the financial capacity (income) to meet our financial needs (expenses) now and in the future. It shows where we want to get to with our finances and the direction we plan to take, with limits to help us to stay on track.

This strategy continues with a consistent goal - to be on a sustainable financial footing where we are able to maintain the majority of current service levels whilst also meeting higher environmental and healthy living standards in a way that the community can reasonably afford without placing a financial burden on future generations.

Within this plan, capital projects and debt increase significantly during the 10 years because of the increased pressures of high inflation costs and continued high investment needed, particularly in the wastewater activities to meet increasing environmental standards. Over the next 10 years we need to spend $681 million with greater investment overall planned in roading and wastewater. However, we have also had to reduce our programme by 18%

($148 million) from the level suggested in our asset planning to help reduce debt, keep rates lower and ensure it is deliverable. This will affect current levels of service in roading, as described in issue two above, becoming more obvious on your road experience as time goes by. Depending on the option chosen, this document will only be the start of the conversation.

To keep the costs down in the short term, we are planning to not collect enough money from rates to cover our operating costs, resulting in an unbalanced budget. This is primarily because we will not be fully rate funding the annual cost of looking after our assets (known as funding depreciation). This is a way of ensuring that current ratepayers are meeting the full cost by funding the annual use of assets from rates.

A summary of the key financial targets and limits set out in the draft strategy are:

- lifting our rate increase limits to 14% in year one, 11% in years two and three and retaining 8% for the remainder of the period.
- maintaining our net borrowings limit at 175% of operating income
- placing a limit on our capital expenditure of $80 million a year.
- continuing to recognise the rates pressures on our communities by continuing to not fully fund the annual cost of using our critical assets from rates. This results in water and wastewater funding increasing by 5% annually until fully funded towards the end of the 10 years.
- looking to achieve a balanced budget by 2031/32 by ensuring our operating income is enough to cover our operating expenses
- finding ways to increase revenue from other sources and work collaboratively with other councils and central government to advocate for a sustainable funding model for local government and support new ways to deliver core services affordably.
- stop using funds collected for wastewater asset replacements to pay interest costs for our wastewater level of service borrowings.

For more detail, please refer to the full draft Financial Strategy accessible online at the LTP consultation page link on www.southlanddc.govt.nz [update this page reference in final document].

Financial prudence benchmarks

The purpose of this statement is to disclose Council's financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings. Council is required to include this statement in its long term plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement. As a result of the budgeting undertaken by Council for the long term plan, how Council is doing in relation to these benchmarks in each of the 10 years is outlined in the following graphs.

Rates (increases) affordability benchmark

The Council meets the rates (increases) affordability benchmark if the planned rates increases equal or are less than each quantified limit on rates increases. This graph compares Council's planned rates increases with a quantified limit on rates increases contained in the financial strategy included in the long term plan which sets the limit at 14% in year one, 11% in years two to three and 8% for the remainder of the period. Council is within the cap it has set for the plan.

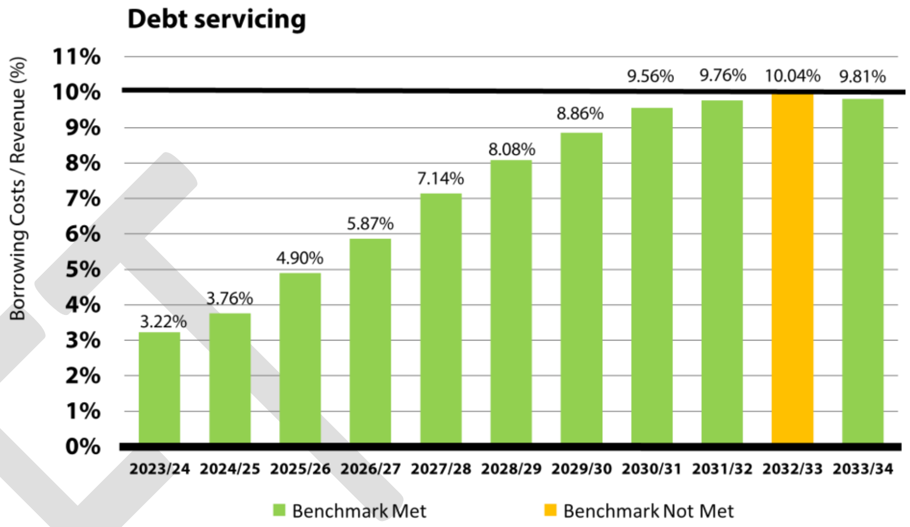
Debt affordability benchmark (net debt)

Council meets the debt affordability benchmark if its planned borrowings are within each quantified limit on borrowing. This graph compares Council's planned net debt with a quantified limit on its borrowing contained in the financial strategy included in the long term plan. The limit being 'net borrowings limit at 175% of our operating income'. The planned net debt over the 10 years varies from 65% to 162%. Planned debt incurred is principally due to funding various infrastructural renewals predominantly in water, wastewater, stormwater and community assets.

Debt servicing benchmark

This graph displays Council's planned borrowing costs as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment).

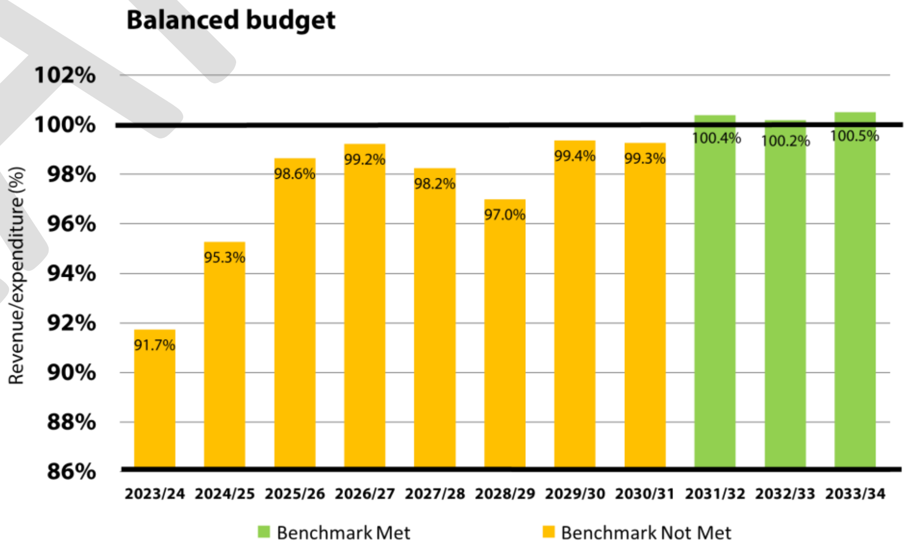
Council meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



Balanced budget benchmark

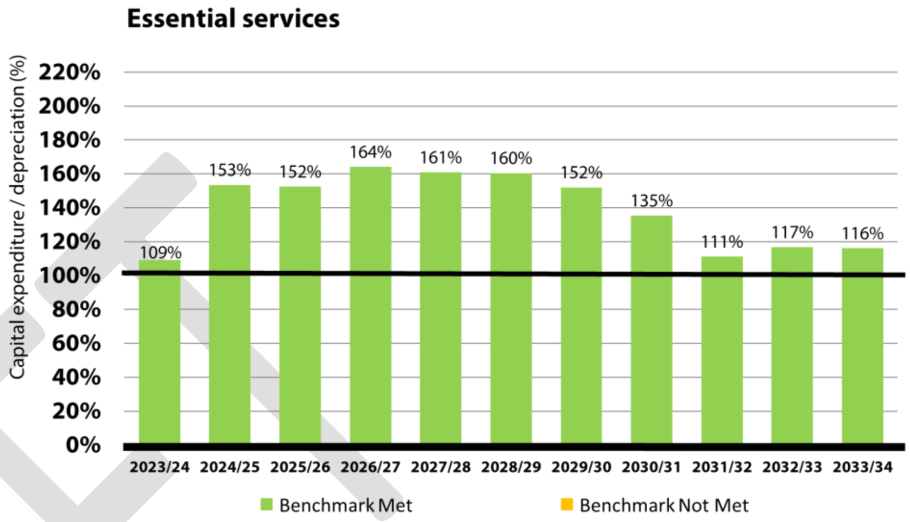
This graph displays Council's planned revenue (excluding development contributions, financial contributions, vested asses, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment).

Council meets this benchmark if its planned revenue equals or is greater than its planned operating expenses. Council meets the balanced budget in three of the ten years. Council does not meet the benchmark in the remaining seven years as a result of the phasing in of depreciation funding. By 2031/2032, Council will be fully funding depreciation of the majority of key district assets and this is reflected in the graph above increasing beyond 100%. Further commentary on the balanced budget can be found in section three of the LTP.



Essential services benchmark

This graph displays Council's planned capital expenditure on network services as a proportion of expected depreciation on the network services. Council meets this benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services. Council achieves the essential services benchmark in all years.



Auditor’s report

To be included in the final LTP document when adopted.