



Buller District Council



Draft
Annual Plan
2017-2018

Consultation Document
'What Council is planning to do July 2017 to June 2018'

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Consultation Document

This Consultation Document is a condensed version of the financial and narrative information provided in the full 2017-2018 Draft Annual Plan. The full document is available on Council's website www.bullerdc.govt.nz.

Our vision is for the Buller District to grow, and for the district to become a thriving community where families enjoy a great quality of life and the distinctive natural, cultural and historical environment are treasured.

About the Buller District Council

Introducing Buller's Consultation Document

This Consultation Document sets out Council's directions for the next year.

Any of the matters covered in this Consultation Document are open to public comment but Council has identified several Key Issues and Strategies that we believe are of particular importance to our community, and that we want your feedback on.

Council has a wide range of activities that it undertakes - many of which it must carry out by law, including:

- **Key infrastructure:** roads, footpaths, water, sewerage, stormwater, waste and drainage.
- **Regulatory responsibilities:** Resource Management Act, policies, monitoring and consents, building consents, food and liquor.
- **Community facilities and support:** libraries, community grants and emergency management.
- **Amenities and Reserves, Council properties:** Parks, reserves, housing for the elderly, Council owned properties.

What else is going on at Council (see page 4-5)

Council has identified a number of Key Issues which cover a range of issues and opportunities that Council considers are likely to be of interest to our community - we would like to hear your views. These Key Issues are also summarised on page 13.



About this Consultation Document

The Local Government Act 2002 was amended in 2014 and now requires Councils to produce a **Consultation Document** as the basis for public participation in decision making on its **2017-2018 Draft Annual Plan**.

This Annual Plan Consultation Document sets out the major issues and projects over the next year, the impact on rates, debt and levels of service of those projects. It includes an explanation of any significant or material variations or departures from the financial statements or the funding impact statement, a description of significant new spending proposals, the costs associated with those proposals, and how these costs will be met. It will also include an explanation of any proposal to substantially delay, or not proceed with, a significant project, and the financial and service delivery implications of the proposal.

An Annual Plan is not re-consultation on issues and key projects that were consulted on and adopted in the 2015-2025 Long Term Plan. Only material differences and key issues are highlighted and the community is welcome and encouraged to provide comment and feedback on them.

The Consultation Document and the Draft Annual Plan will be widely available on Council's website and from Council Offices and Libraries.

Roadshows will take place in the main towns throughout our district, and the public are encouraged to read this document and to have their say. **The consultation period opens on 7 April 2017 and closes on 9 May 2017.**

About the Long Term Plan

Every three years Council must produce a Long Term Plan which explains how these activities will be carried out and funded over the coming 10 years. The Long Term Plan describes how Council intends advancing the achievement of its Community Outcomes.

In the intervening years between Long Term Plans Council produces a yearly Annual Plan which sets out any minor or major changes to its Long Term Plan, and determines plans, major projects, performance targets and budgets for each of our activities, which enables Council to fund the projects and set the rates for the upcoming financial year.

Council wants to hear what you think of the 2017-2018 Draft Annual Plan

Please have a look at what we are proposing in the **2017-2018 Draft Annual Plan** and please feel free to contact us if you have any queries or suggestions. Have your say by making a written submission, and if you want to talk directly to councillors, take the opportunity to speak at the special Annual Plan hearings.

This **Consultation Document** is the second to be produced under the amended Local Government Act 2002 for an Annual Plan. The amended legislation requires that we consult with you by way of this summarised "Consultation Document" rather than the full Annual Plan itself. We have tried to make the Consultation Document easy to read while remaining informative and comprehensive enough to convey the key differences between the Long Term Plan and the consequences. It is based on the full Draft Annual Plan with the finer points set out in this document. This supporting document is publicly available on our website www.bullerdc.govt.nz, and at Council offices and Libraries, and includes all the Strategies, Policies, and Activity Statements, plus an Indicative Rates Calculator and the Annual Plan Assumptions.

Message from the Mayor & Chief Executive

We are pleased to present the Consultation Document for the Council's 2017-2018 Draft Annual Plan. During 2017-2018 we will see a number of Local Government/Central Government work streams unfold.

The West Coast Growth Study Action Plan will set out a number of projects to be developed to assist economic viability of the community and a platform for further developments.

The Local Government Commission will decide on how to progress alternative proposals for regional and district Councils. West Coast Councils will work on increased collaboration initiatives and develop an implementation strategy for road transport and resource management services, along with other initiatives currently in progress.

Throughout 2017-2018 Chorus will work with Council on the installation of Ultra-Fast Broadband fibre network for residential Westport and Reefton. Government has scheduled completion by early 2019. In addition, Buller District Council will be looking at how it can facilitate broadband and mobile phone coverage to a number of our smaller communities.

Undoubtedly for Buller District Council, the completion of Ministry of Health Standard water supply upgrades remain a fundamental goal along with reinstatement of the number 1 tunnel that feeds Westport's main water supply.

Reefton's swimming pool, a community facility for Punakaiki (along with infrastructure to improve visitor experience), are on the radar.

2017-2018 will be a period of delivering and physically putting infrastructure in place for the benefit of our communities.




Garry Howard
Mayor

The 2017-2018 Annual Plan, as the last year of the current Long Term Plan, can be described as a 'steady as you go' plan to take us through to our new Long Term Plan, with no major departures from what was signaled in the Long Term Plan. 2017-2018 will see a number of Local Government/Central Government work streams unfold.

Management have worked very hard to control costs so that we can keep rates increases to a minimum, while still maintaining the current level of service. Our target in the Long Term Plan was 3.7% and we have managed to achieve much better than this at only 1.8%. This makes our increase amongst the lowest in the country which is appropriate given the struggles many of our ratepayers are having given the current economic climate. The feeling is that we are through the worst of this and that our economy will continue to bounce back.

Tourism is another key area where we can expect significant growth, with a particular focus on cycle trails and icons such as Punakaiki and Oparara Arches. The Council must balance the needs of ratepayers with the needs of visitors to our District and ensure that ratepayers are getting equal benefit from any spending in this area.

Freedom camping in the District has become a hot topic and as well as a by-law review.

During 2017-2018 we will be working with the other councils on the West Coast to develop a comprehensive strategy which strikes a balance between making our region an attractive place to visit and minimising the impact on our residents and environment.

During the last year of the LTP we need to do some ground work to prepare for the next Long Term Plan. You will see that we have re-budgeted \$100,000 to start the waterfront development project which was originally planned to start in 2014-15. This was deferred mainly due to issues with capacity which has now been addressed and working in with any planned flood control for the Buller River. The focus will be on developing concepts and options along with full costings so that we can fully consult with the community on these options as part of the Long Term Plan.

Assets and Infrastructure

One of the other key decisions Council needs to make is whether to go ahead with the re-development of the Clocktower as a cultural hub for Westport. This was signaled in our current Long Term Plan, and is a project that will bring vibrancy and culture into our town centre and potentially provide a more cost effective office space option than having to earthquake strengthen our current building. We have allocated \$80,000 in the 2017-2018 plan to develop a business case which will include initial designs and costings as well as a cost benefit analysis and funding strategy. The funding strategy will inform us on how much external funding we are likely to be able to attract to this project to offset the costs. We will not be able to make a decision on whether to proceed without this.

Buller District Council will continue with its program to invest in our infrastructure and facilities so we can avoid the cost of deferred maintenance in the future. Capital expenditure planned for 2017-2018 includes increasing road resilience, repairs and upgrades to our water systems, including the number 1 tunnel, and the completion of the Waimangaroa water scheme.




Andy Gowland-Douglas
Chief Executive

'Council looks forward to your views and support for the 2017-2018 Annual Plan.'

Economic Context & Assumptions

Current economic context

Buller's economy has historically been built on the primary industries of gold, coal mining, and agriculture supplemented by manufacturing and tourism.

Over the past few years the local economy has seen a decline in a number of these primary industries due to fluctuations in commodity prices. As outlined in the 2015-2025 Long Term Plan the economy will need to adjust to this, as well as the closure of the Holcim cement plant which occurred in 2016.

The economic conditions were predicted to be challenging in the short to medium term however Coasters are a resilient group and have taken advantage of a current boom in visitors to our district and the flow on effects that this has in the economy.

Major assumptions affecting the Plan

We have made the following Assumptions that are relevant to this plan:

Population Assumptions - we have assumed that the normally resident population as at 1 July 2015 is in the region of 10,000 persons and that there will be further declines in population to a base level of about 9,500 persons post the Holcim closure.

General Economic Assumptions - the economy is predicted to remain tough in the short to medium term. Tourism may soften to some extent the impact of the slowdown in the primary commodity industries. The planned exit of Holcim and its cement-making activity late in 2016 is a major blow to the district's economy. Not only with the direct jobs that have been lost, but also many indirect jobs in businesses that have supplied Holcim with services. Westport Harbour has lost its major shipping customer and consequently the need to operate a dredge. Holcim will continue to contribute to the local economy as it remediates the plant site.

New Technologies - if the District is to have a more diversified economic future it must be able to offer both existing and new residents more. This Plan assumes that Council will take a strong advocacy lead in a drive to extend broadband and mobile connectivity across all populated parts of the District.

Roading Funding - the Plan assumes a general Financial Assistance Rate (FAR) from New Zealand Land Transport Authority (NZTA) of 63% for the 2017-2018 year. The Karamea Highway 100% assistance rate is guaranteed for the 2017-2018 year.

Annual Plan approach

The approach to this Annual Plan, which is the second Annual Plan following the 2015-2025 Long Term Plan, is to consolidate the work of that plan via a 'steady as you go' approach, by maintaining current service levels, achieving cost efficiencies through efficient allocation and reallocation of resources where possible, focusing on completing the rural water upgrade at Waimangaroa and addressing the Westport Water tunnel piping refurbishment that requires an immediate solution.

Council continues with the planned property and earthquake upgrades that were identified in the LTP as a key priority. Key projects this year include planning for relocation of Council offices to the Clocktower which will involve some rationalisation of Councils building stocks. The project provides an opportunity to minimise ongoing operating expenses and ultimately the cost to the ratepayer.

In 2016 the Kaikoura earthquake resulted in the re-routing of traffic through Springs Junction. Traffic counts on the state highway soared from 2,700 movements per day to over 6,000. With this came the challenge to provide adequate services by Council including additional toilet facilities. This Annual Plan includes the additional cost, in the short term, of the operating cost of these facilities.

Council continues with its planned property maintenance schedule and this Annual Plan recognises the continued need to be adaptable in this area.

The urban streetscape Waterfront project is another example of where Council has needed to be flexible. Stage three of the project was expected to be completed in 2017-2018. However Council has needed to work in with and understand the implications of any flood protection work planned by the Regional Council before it commits any significant expenditure on the waterfront adjacent to Westport. Once the Regional Council has decided on the appropriate flood protection strategy this will enable Council to commit to spending funds on the project.

In addition, Council sees the value of district advocacy to grow our local economies and help develop vibrant communities. Particularly to ensure central government and any relevant agencies are lobbied so that the Buller receives its share of any regional development initiatives.

Council commenced the rates review in 2014 and has worked through a number of models to date. The review of rates has not been an easy process however Council expects that a model will be available for public consultation in the third quarter of 2017. This would enable any proposed new system to be adopted for the 2018-2019 rating year. Therefore any changes to the way that rates are apportioned will not impact the ratepayer in the 2017-2018 rating year.

'A full list of Key Assumptions can be found in Council's full Annual Plan.'



Key Issues affecting the Plan

Westport water

Council identified completing the Westport Water as a priority in the 2015-2025 Long Term Plan. The option adopted by Council in the LTP was to defer immediate replacement of the Westport trunk main pending further investigation of its condition. An amount of \$100,000 was budgeted to undertake an investigation of the trunk main to Westport to determine the optimum timing and lengths of pipe to be replaced. Replacement was scheduled for 2016-2017. In addition Council decided to pipe tunnel one at a cost of \$1.6m with an anticipated subsidy of \$0.75m in 2015-2016. These options were chosen because they immediately addressed the reliability of the Westport water supply and allowed time to accurately determine the scope of the pipe replacements to be undertaken.

Following on from this Council received a report from Opus International Consultants in March 2016 on the condition of the trunk main and tunnels and the practical options to address their replacement or refurbishment. The report recommended the following actions:

- Defer replacement of the Westport trunk main. The report considered the trunk main would be serviceable in the short term and did not yet require replacement.
- Address the issues in tunnel one by remediating a length of approximately 100 metres of timbered support in the area of the collapse.

Council have again included the trunk main repair option in this Annual Plan as the asset has performed satisfactorily with a minimum number of outages. Council will continue with this option and repair sections as required with the option to revisit the replacement option should the current option prove unsatisfactory to ratepayers and consumers.

The Westport tunnel upgrade has become a priority for Council following a collapse in tunnel 1 in January 2017 which has necessitated pumping of water from Giles Creek to meet Westport water consumption needs. The collapse has forced Council to act quickly to find a suitable long term solution to the water tunnel refurbishment. Tunnels 2 and 3 are still fully operational.

The report by Opus in March 2016 concluded that overland alternatives to the tunnel were not feasible due to the nature of the terrain and the length of the reticulation that would be required. Overland pumping was considered feasible but carried higher ongoing operating costs than Council's current pumping situation from alternative sources. Directional drilling and pipe jacking options were also considered as options but were rejected due to the high cost to ratepayers and current capability by contractors to provide this option.

A repair and refurbishment option of the damaged section was recommended as the most viable option given that much of the tunnel was still in good condition. Council had already budgeted \$650,000 in the 2016-2017 Annual Plan to refurbish a 100 metre

section of this tunnel. Due to the increased scope of the project and Council's intention to refurbish a longer section of the tunnel than first anticipated an additional \$650,000 is proposed for the 2017-2018 Annual Plan. Work is expected to commence in the 2016-2017 year and carry over into the 2017-2018 where the project is expected to be completed. Council will continue to pump water through its alternative water supply until the project is completed and commissioned.

Karamea special purpose road

The Karamea Special Purpose Road was previously state highway and following agreement was transferred to Buller District Council management with 100% subsidy from NZTA as a designated special purpose road. This road provides a vital lifeline to the Karamea community, Heaphy Track terminus and takes dairy tanker traffic.

An estimated \$60m of agricultural product passes across the road each year, with tourist traffic providing additional economic value.

The Karamea Special Purpose Road transits very difficult terrain with sheer cliffs, bluffs and drops either side of the road. The known original construction methodology of a tree base 'corduroy' foundation has made the road very susceptible to large slumping and drop outs as the old tree trunks rot and compact.

The issues associated with the management and maintenance of the Karamea Special Purpose Road are known and managed where possible. Due to the original construction and physical terrain, risk mitigation at reasonable cost is determined on a case by case basis.

The long term costs of maintaining and keeping the Karamea Special Purpose Road in operation are unknown, but will be considerable given the nature of the terrain it traverses. Similar roads in New Zealand are State Highway 60 (Motueka to Collingwood) and State Highway 2 (Wairoa to Gisborne). All three roads experience similar terrain induced maintenance issues, with State Highway 60 and 2 being fully managed and maintained by NZTA and their contractors.

NZTA have indicated to the Buller District Council that it is planned that the Karamea Special Purpose Road may lose its designation and revert from 100% subsidy to the Buller District Council's financial assistance rate of 63%, with a three year phase-in period.

In examining the unquantifiable risk associated with the long term maintenance of the Karamea Special Purpose Road, the financial risks associated with this proposal are considered to be beyond the financial resources of Buller District Council's ratepayers to fund.

At this stage Council has assumed that funding for the Karamea Highway will continue at 100% for the purposes of this Annual Plan. If this does not eventuate Council has assumed that the Karamea Highway will revert to a State Highway.

Rates overhaul

Council commenced the review of the existing rating system in 2014 and consulted with the community on a model in December 2014 and January 2015. Following consultation, a number of areas were identified for further work and in the 2015-2025 Long Term Plan Council committed to continue to work on this significant project and anticipated that a new rating system would be developed for implementation on 1 July 2016.

Council has run a number of workshops over the past two years and has exhaustively explored models and options to try to arrive at a rates model and system which was equitable to the majority of ratepayers.

The project will continue into 2017-2018 with a final model expected to be made available for public consultation late 2017 for implementation in the 2018-2019 rating year.

In addition to the proposed new rating system Council will be required to redistribute rates from any rating reclassification of the Holcim Cape Foulwind site, and potentially the port in Westport. All rating examples in the 2017-2018 Annual Plan are based on the current rating system.

Rural water upgrades

Inangahua Junction

The physical construction of the new Water Treatment Plant was completed in January 2017 with commissioning to be completed in February 2017.

Waimangaroa

The Waimangaroa water upgrade was expected to be fully completed in the 2016-2017 year. Council consulted with the Ministry of Health to determine if the scope of the project could be altered to include an artesian option and still qualify for a subsidy from central government. This was approved and Council investigated suitable bore options within a practical distance from Waimangaroa. Sites were investigated towards the beach and near Conns Creek. The feasibility of the first option was considered too costly with regard to reticulation and servicing costs. Currently Council is investigating a bore on road reserve near Conns Creek. Council has re-budgeted the cost of the scheme and the subsidy to the 2017-2018 year.

Ngakawau-Hector

The proposed Ngakawau-Hector drinking water supply upgrade has been challenging for Council due to lack of community support and issues around scheme design and ownership. Council initiated a legal review of the ownership of the supply in 2016 and the outcome of that review determined that Council was the ultimate owner of the water supply. Council will continue to work with the community and the Ministry of Health to ensure that a satisfactory outcome is achieved.



Rationalising property & investing in our towns!

Council property & earthquake strengthening

In the Long Term Plan Council decided it needed to be sure that it is getting best value from its significant property assets as well as considering how it will deal with earthquake strengthening requirements.

Under the new Better Local Government legislation Council has a statutory requirement to take a 30 year plus asset management approach. Good stewardship and prudent use of ratepayer money would suggest that there is no point in spending money unless the finished building is fit for purpose for at least the next 25 years.

Council also has a health and safety obligation to both to staff and community users to ensure that it is taking reasonable steps to address any buildings that do not meet current earthquake safety standards. Accordingly, Council resolved to manage immediate earthquake risks by strengthening unsafe buildings to above 34% of the New Building Standard (NBS).

Council has completed earthquake strengthening to minimum building standards on Brougham House and the Reefton Service Centre. If these buildings are to be used long term they will need to be upgraded to 67% of the NBS. WestReef offices and the Victoria Square Complex were strengthened in the first half of the 2016-2017 financial year to 50% and 67% respectively.

Clocktower Council chambers

Initially Council considered four options to rationalise and achieve the best use of the existing buildings owned in Westport. The preferred option selected was to modernise and extend the Clocktower to provide a long term solution for Council offices and a Council Meeting Room. This is to be implemented with a staged approach within a timetable that also incorporates the Westport waterfront development and other urban projects.

Council decided in the Long Term Plan as Stage 2 of its Town Heart Project to modernise and extend the Clocktower Building and sell Brougham House to provide a long term solution for Council offices and meeting room. The alternative was to strengthen Brougham House to current earthquake standards to provide a safe working environment for staff and also to strengthen Victoria Square Grandstand which is currently the district Civil Defence Centre.

There is \$80,000 included in this Annual Plan to begin preliminary work, which would involve exploring external funding options, evaluating any savings in the ongoing operating costs of rationalising the current multiple building stocks, examining the proposed buildings' suitability for upgrading and continued use and some design work if the project is deemed suitable to proceed with.

Waterfront development

In the 2016-2017 Annual Plan Council allocated a total of \$250,000 to be spent on developing the waterfront area in Westport. This was made up of \$150,000 carried over for the 2015-2016 LTP and \$100,000 brought forward from the 2017-2018 year. The project has not progressed as expected due to capacity issues causing delays. In addition there is uncertainty over the West Coast Regional Council flood protection plans and how this may impact on the project. It is counter-productive for Council to commit to significant development work in this area until there is some certainty over where, if any, proposed flood protection work is to be sited by the Regional Council. Therefore it is proposed that to progress the waterfront project \$100,000 should be re-budgeted in 2017-2018 (Council has originally budgeted \$420,000 in 2017-2018 to complete the project) and the funds required to complete the project be redetermined and allocated when Council develops its 10 year budgets in the 2018-2028 Long Term Plan.

Because of the success of the Kawatiri River Trail Project, Council has decided to provide a grant of \$50,000 toward developments of this nature around the waterfront, to be carried out by the Buller Cycling Club. This initiative recognises the win/win outcomes that can potentially be achieved by supporting Council/Voluntary Community group partnerships.

Other Council properties

The Cultural Hub Building that is occupied by Coaltown requires replacement of the roof at budgeted cost of \$80,000. The Peel Street yard has been a challenge for Council. The site could be fully remediated but this would come at a significant cost to the ratepayer. Council has set aside \$70,000 toward a seawall to protect the Punakaiki Camp.

Public toilets

Council is proposing to construct new public toilets at Fox River at an estimated total cost of \$200,000. The project is expected to be cost neutral to Council as it is proposed to seek funding from central government through the Regional Mid-sized Tourism Facilities Grant (MFF) administered by MBIE. If the funding is not available then the project is unlikely to proceed in its current form.



One Network Road Classification System

This joint initiative between the New Zealand Transport Agency (NZTA) and Local Government New Zealand has introduced a road classification system for all roads in New Zealand. The classification system aims:

- to deliver similar driving experience across New Zealand.
- to support more consistent asset management across the country.
- to enable collaboration and prioritisation between those organisations responsible for the planning, delivery, operation and maintenance of the nation's roading network, leading to a more efficient and safer network and improved value for money.

This will introduce different levels of service across roads of different classification. This allows the Agency and the Road Controlling Authority access to better information on which to make better investment decisions.

Council has undertaken the classification using the criteria developed by the joint initiative. Council has also collaborated with Westland and Grey District Council to ensure that there is regional consistency. The Councils have collectively looked at the criteria that is important to the region and this has been used to refine the categories.

NZTA will be setting levels of service for the different roading classifications at the time of release of the Annual Plan. To-date the technical service levels have not been released. The risk the Council faces is how these levels of service are interpreted into funding investments by NZTA.

Council has assumed that there will be no change in the levels of service currently provided. If a change in service levels does eventuate during the term of the Plan, our Council will be faced with two choices:

1. Change the current level of service provided to that set by NZTA
2. Fund the difference between the current service level and that proposed by NZTA from ratepayer contributions

At this stage the rating effect of this risk cannot be quantified for the 2017-2018 Annual Plan as the proposed levels of service have not been set by NZTA.

Rates - how they impact you!

Rate Assessments

Rates assessments are made up of two types of rates. Broadly speaking there are General Rates and Target Rates.

Everybody pays something in the form of a general rate which is based in the first instance on the land value of your property. General rates are value based and the amount payable rises in accordance with the amount of land value. General rates are also affected by the use category defined for each property. Some categories pay at higher rates and some pay at lesser rates.

Target rates are only payable by those properties in a certain geographical area, or those deemed to be in receipt of a particular benefit. Target rates can be calculated on a value basis or a uniform basis. All of Council's present target rates are calculated on a uniform or flat basis whereby all ratepayers irrespective of the value of their property pay the same amount.

Uniform Annual General Charge (UAGC)

There is only one target rate that is applicable to all properties and this is known as the Uniform Annual General Charge or UAGC.

The Uniform Annual General Charge for the 2017-2018 Annual Plan is \$421.74 (GST exclusive).

Rate Movements

	2016-2017 Annual Plan	2017-2018 Long Term Plan	2017-2018 Annual Plan
Total Rates	\$13,517,000	\$14,269,000	\$13,765,000
Rateable properties	7,515	7,400	7,515
Average Rates	\$1,799	\$1,928	\$1,832
Rates Movements	+1.5%	+3.7%	+1.8%

Targeted Rates

(exclusive of GST)	2016-2017 Annual Plan \$	2017-2018 LTP \$	2017-2018 Annual Plan \$
Water:			
Westport	680	750	680
Reefton	510	530	530
Little Wanganui	175	370	185
Mokihinui	235	250	235
Ngakawau-Hector	280	310	300
Waimangaroa	325	345	340
Punakaiki	650	660	750
Inangahua Junction	350	260	350
South Granity	240	255	240
Solid Waste:			
Zone 1	126	129	122
Zone 2 (Maruia)	90	90	100
Zone 3 (Karamea)	85	87	70
Sewerage:			
Westport	820	860	820
Reefton	550	610	550
Little Wanganui	610	660	630

Note:

The Annual Average Rate is the sum of the general and targeted rates, divided by the number of ratepayers.

There will be properties that pay less and others that pay more, depending on the services they receive.

Key changes to policies

There are no policies proposed to be reviewed for the 2017-2018 Annual Plan.



Rating Examples

SECTOR	Res 101	Res 103	Res 103	Res 103	Res 104	Res 104	Res 106	Res 106	Res 106	Res 108	Res 113	Res 114	Res 101
Location	Karamea	Little Wanganui	Mokihinui	Seddonville	Hector	Waimangaroa	Westport (Brougham)	Westport (Russell)	Carters Beach	Charleston	Punakaiki	Ikamatua	
Land Value	\$43,000	\$57,000	\$76,000	\$32,000	\$48,000	\$40,000	\$60,000	\$54,000	\$76,000	\$62,000	\$180,000	\$41,000	
General Rates	140.58	199.44	265.92	111.97	162.11	135.09	622.52	560.27	501.47	242.16	818.36	134.04	
UAGC	421.74	421.74	421.74	421.74	421.74	421.74	421.74	421.74	421.74	421.74	421.74	421.74	
Targeted Water Rate	0	185.22	234.78	0	300.00	340.00	680.00	680.00	680.00	0	750.43	0	
Targeted Sewer Disposal Rate	0	630.43	0	0	0	0	820.00	820.00	820.00	0	0	0	
Targeted Solid Waste Rate	70.43	70.43	121.74	121.74	121.74	121.74	121.74	121.74	121.74	121.74	121.74	121.74	
NET RATES	\$632.75	\$1,507.26	\$1,044.18	\$655.44	\$1,005.59	\$1,018.57	\$2,666.00	\$2,603.75	\$2,544.95	\$785.64	\$2,112.28	\$677.52	
GST	\$94.91	\$226.09	\$156.63	\$98.32	\$150.84	\$152.79	\$399.90	\$390.56	\$381.74	\$117.85	\$316.84	\$101.63	
TOTAL RATES	\$727.66	\$1,733.35	\$1,200.81	\$753.76	\$1,156.43	\$1,171.36	\$3,065.90	\$2,994.31	\$2,926.69	\$903.48	\$2,429.12	\$779.14	
Comparison to Previous Year	\$714.94	\$1,692.28	\$1,178.37	\$771.77	\$1,115.26	\$1,173.80	\$3,014.84	\$2,991.47	\$2,918.08	\$899.50	\$2,306.85	\$761.94	
% Change	1.78%	2.43%	1.90%	-2.33%	3.69%	-0.21%	1.69%	0.09%	0.30%	0.44%	5.30%	2.26%	

SECTOR	Res 115	Res 101	Com 131	Com 134	Com 140	Rur 141	Rur 143	Rur 141	RR 151	RR 152	RR 151	RR 152
Location	Reefton	Springs Junction	Karamea	Westport	Reefton	Karamea	Cape Foulwind	Grey Valley	Karamea	Granity	Fairdown	Alma Road
Land Value	\$29,000	\$35,000	\$90,000	\$180,000	\$78,000	\$810,000	\$1,750,000	\$1,870,000	\$118,000	\$106,000	\$136,000	\$155,000
General Rates	210.88	114.42	1,433.30	6,421.43	1,195.24	1,565.41	2,698.82	3,613.98	460.95	378.98	531.27	554.17
UAGC	421.74	421.74	421.74	421.74	421.74	421.74	421.74	421.74	421.74	421.74	421.74	421.74
Targeted Water Rate	630.43	0	0	680.00	530.43	0	0	0	0	0	0	0
Targeted Sewage Disposal Rate	550.43	0	0	820.00	550.43	0	0	0	0	0	0	0
Targeted Solid Waste Rate	121.74	100.00	70.43	121.74	121.74	121.74	121.74	121.74	70.43	121.74	121.74	121.74
NET RATES	\$1,835.23	\$636.16	\$1,925.47	\$8,464.91	\$2,819.58	\$2,057.59	\$3,242.30	\$4,157.46	\$953.13	\$922.46	\$1,074.75	\$1,097.65
GST	\$275.28	\$95.42	\$288.82	\$1,269.74	\$422.94	\$308.64	\$486.34	\$623.62	\$142.97	\$138.37	\$161.21	\$164.65
TOTAL RATES	\$2,110.51	\$731.59	\$2,214.29	\$9,734.65	\$3,242.52	\$2,366.23	\$3,728.64	\$4,744.97	\$1,091.49	\$1,057.04	\$1,230.65	\$1,256.78
Comparison to Previous Year	\$2,057.34	\$684.35	\$2,121.45	\$9,360.86	\$2,949.02	\$2,218.80	\$3,399.82	\$4,454.28	\$1,021.50	\$1,024.41	\$1,167.79	\$1,202.35
% Change	1.34%	5.82%	4.38%	2.54%	8.72%	5.93%	9.67%	7.34%	7.30%	3.55%	5.84%	4.99%

Operating Revenue and Expenditure

Key Highlights of the 2017-2018 Annual Plan

Financial Performance

Summary Statement	2016-2017 Annual Plan \$000	2017-2018 LTP \$000	2017/2018 Annual Plan \$000
Operating Revenue	22,805	24,013	23,384
Operating Expenses	22,383	23,908	22,828
Operating Surplus/ (Deficit)	422	105	556
Revaluations	10,068	11,530	0
Total Comprehensive Revenue & Expense	10,490	\$11,635	556

Operating Result

Council is budgeting for a surplus of \$556,000 in the 2017-2018 Annual Plan compared to a surplus of \$105,000 proposed for the same year in the 2015-2025 Long Term Plan (LTP). The differences between the Annual Plan and the LTP are discussed in more detail under the headings Operating Revenue and Operating Expense below, however the main drivers are higher subsidies and grants due to the re-budgeting of a subsidy for the Waimangaroa water scheme which was not in the LTP. Another contributor to the difference in surpluses is the 'no movement' anticipated in the Annual Plan for investment properties, whereas a gain was anticipated in the LTP. This is driven by the softening property market in the district.

There are also lower finance costs due to lower interest rates and savings in other expenses resulting from lower than anticipated inflation and cost savings in some activities in the Annual Plan.

Operating Revenue

Operating revenue has dropped significantly compared to the LTP (\$23.3m compared to \$24.0m) particularly in general and targeted rates (\$0.4m). The NZTA financial assistance for roading is slightly down compared to the LTP (\$202,000) due to minor variations in the roading programme. The NZTA programme is based on a 3 year budget whereas Councils budgeting is done on a yearly basis which can lead to minor differences. The NZTA financial assistance rate is expected to increase from 62% to the maximum of 63% in which occurs in 2017-2018.

Fees and charges are anticipated to be down (\$101,000) due to the continued lower economic activity predicted for the district. This is expected to impact mainly on building and planning areas within Council.

The revaluation gain for Investment Properties predicted in the LTP of \$244,000 is unlikely to eventuate. Council has anticipated that property values will remain at low levels but that no further downward trend is likely for 2017-2018.

Investment income is lower in this Annual Plan by a total of \$157,000. This is due to interest rates remaining at a lower level than what was predicted when the LTP was compiled.

Subsidies and grant income is expected to be higher than the LTP budget, this is due to Waimangaroa water scheme construction being rebudgeted and the subsidy associated with this will now be received in 2017-2018. \$0.2m is expected to be received as a subsidy for an expected public toilet project which was not included in the LTP.

Targeted Rates are forecasted to decrease by \$383,000 compared to the LTP, due to a combination of factors:

- A number of rural water projects that have not been completed in the proposed timeframe as planned including Waimangaroa which is budgeted to be completed in this plan, Karamea, Little Wanganui and South Granity which did not proceed because of the cost and Ngakawau-Hector due to lack of community support for the project.
- In the LTP for Westport Water it was proposed to replace the trunkmain. The repair option was chosen due to updated advice about the condition of the pipeline which has lowered the cost to the Westport targeted ratepayer considerably.
- In addition there have been some cost savings in other targeted rates due to operational savings in those areas.

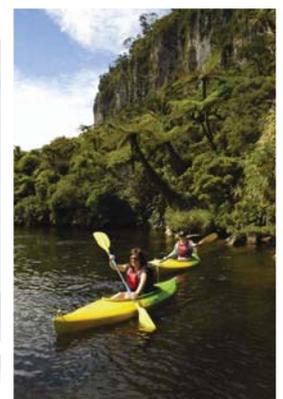
Operating Expenditure

Operating Expenditure is also lower in this Annual Plan (\$22.8m) compared to the LTP prediction of \$23.9m. Council has achieved lower operating expenditure in a number of areas.

Depreciation costs are proposed to be \$376,000 lower than the LTP due to the deferral or re-budgeting of some capital projects; particularly some water projects, urban development, as well as the effect of deferring the infrastructure revaluation cycle due to low inflation.

Finance costs have decreased by \$596,000 as a result of lower external interest costs predicted in the Annual Plan and also as a result of Council moving the majority of its debt to the Local Government Financing Authority in 2015 which has lowered Councils cost of funds.

Other expenses predicted in the Annual Plan are \$91,000 less than the LTP this is mainly due to some minor cost savings and less inflation than anticipated in the LTP.



Capital Expenditure Projects

Capital Expenditure

Total Capital expenditure is proposed to be \$5.5m in this Annual Plan, with \$1.1m targeted level of service improvements and \$4.4m replacing existing assets.

Capital expenditure was predicted to be \$4.4m in the LTP a variance of \$1.1m. The difference is made up of \$0.7m expenditure on Westport water to complete upgrade of the number 1 water tunnel, \$0.5m for rebudgeting of the Waimangaroa drinking water upgrade and \$0.4m for a number of required additional property upgrades including \$0.2m for a toilet upgrade which is expected to be funded by central government. This is offset by a reduction in the district roading spend of \$134,000 compared to the LTP due to minor differences proposed in the roading programme which is subsidised by LTNZ.

The urban development waterfront project anticipated \$0.4m to be spent in 2017-2018 in the LTP. However Council proposes to spend \$100,000 in 2017-2018 with the remainder of the project budgeted to be completed in the following year. The rest of Councils planned capital expenditure programme for 2017-2018 will continue as proposed in the LTP.

Most of the capital associated with replacement of assets is infrastructure related and is intended to maintain Councils assets in an acceptable condition to provide the agreed service levels to its communities.

Department	Project	Annual Plan 2016-2017 \$000	Long Term Plan 2017-2018 \$000	Annual Plan 2017-2018 \$000
Support Services	Information Technology	164	139	168
Regulatory Services	Vehicle upgrades	0	54	39
Community Services	Urban Streetscape Vision 2010 Projects	389	421	100
	Theatres, recreation facilities and libraries	662	166	157
	Promotion and development	25	0	0
Property Management, Amenities & Reserves	Reserves, Playgrounds and Camping Grounds	167	63	133
	Cemeteries	20	8	8
	Council properties and buildings, public toilets	85	81	450
	Housing for the elderly	76	94	3
Roading & Urban Development	Roading	1,578	1,750	1,616
	Footpaths, security cameras, street banners	216	221	221
Solid Waste	Contracted refuse (litter bins and transfer station)	22	8	138
Sewerage	Westport sewer	484	445	407
	Reefton sewer	152	169	161
	Little Wanganui sewer	1	38	39
Water	Westport water	1,196	398	1,061
	Reefton water	110	132	143
	District water supplies	54	8	488
Stormwater	Stormwater upgrades and replacements	258	211	205
In-house Professional Services	Vehicle radios	5	0	0
Airport	Security cameras, lighting and gate	10	0	5
Total Capital Projects		\$5,674	\$4,406	\$5,541



Statement of Position

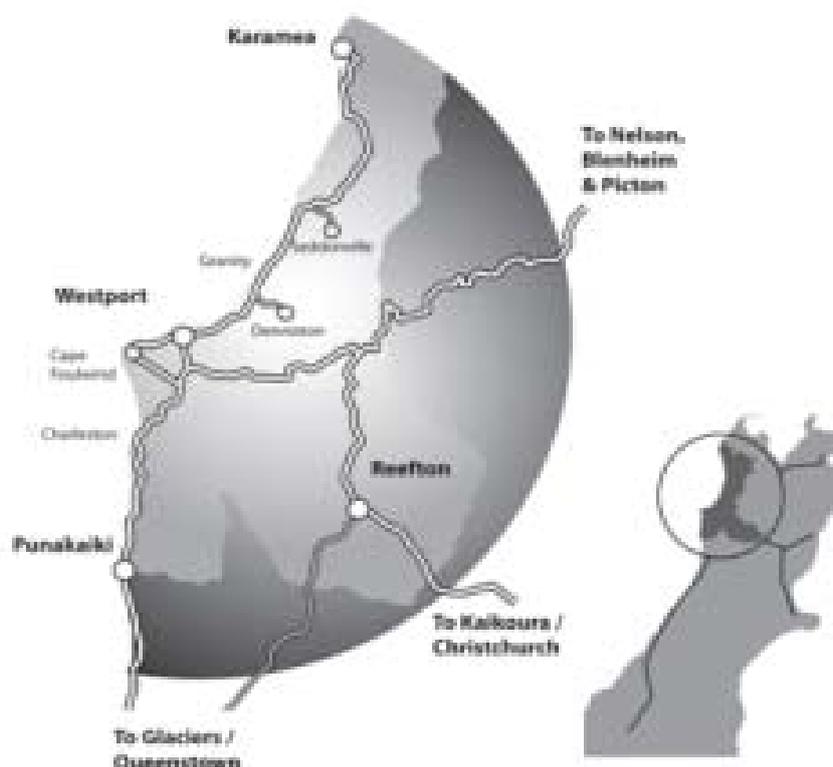
As a result of the modified capital expenditure program proposed in the Annual Plan this results in \$1.1m less borrowings than predicted in the LTP (\$26.5m versus \$27.5m).

	2016-2017 Annual Plan \$'000	2017-2018 LTP \$'000	2017-2018 Annual Plan \$'000
Gross Borrowings	26,278	27,713	26,471
Term Deposits	12,284	12,000	13,784
Net Borrowings	12,245	15,713	12,687

Investments are predicted to be \$1.8m higher in the Annual Plan (\$13.8m) as opposed to the LTP (\$12m). This results in a net debt position which is considerably less than was predicted in the LTP. Net debt is expected to be \$12.7m in the Annual Plan compared to \$15.7m in the LTP a difference of \$3.0m. The difference is mainly as a result of decisions made regarding deferring Westport water trunk main and some rural water projects offset by the additional capital expenditure predicted to complete the Westport water tunnel refurbishment.

- Cashflow is predicted to be positive at \$5.2m.
- Ratepayers equity is \$327m.

Forecast Statement of Financial Position	2016-2017 Annual Plan \$'000	2017-2018 LTP \$'000	2017-2018 Annual Plan \$'000
Total Current Assets	18,369	18,043	19,857
Total Non Current Assets	342,000	357,349	340,396
Total Assets	360,369	375,392	360,252
Total Current Liabilities	4,397	4,781	4,546
Total Non Current Liabilities	28,726	29,549	29,170
Total Equity	327,246	341,062	326,537
Total Liabilities and Equity	360,369	375,392	360,252



Financial Prudence Measures

Annual Plan disclosure statement for the year ending 30 June 2018

What is the purpose of this statement?

The purpose of this statement is to disclose the Council's planned financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

The Council is required to include this statement in its Annual 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.

Financial Prudence Benchmarks			Planned	Achieved
Rates Affordability Benchmarks	- Income	Planned rates income is no more than 65% of total income from rates.	58.9%	●
	- Increases	Planned rates increases are no more than the long run cost local government cost index increase (3%).	1.8%	●
Debt affordability benchmarks		Planned net debt (debt less term deposits) is less than \$20m.	\$12,687,000	●
Balanced budget benchmark		Planned total revenue less excluded items is equal to or greater than operating expenditure less excluded items.	101.5%	●
Essential services benchmark		Planned capital expenditure on network services is equal to or greater than depreciation on network services.	103.8%	●
Debt servicing benchmark		Planned borrowing costs are equal or less than 10% of planned revenue.	4.8%	●

What does all this mean?

Council has met all of its financial prudence benchmarks in its 2017-2018 Annual Plan.

Financial Strategy

Council's Financial Strategy is carried over to this Annual Plan and is summarised as follows:

- Tight cost control.
- Maintain existing service levels.
- Work with other West Coast Councils wherever this can bring about enhancement and/or savings.
- Maintain existing quality of assets and avoid deterioration.
- Re-position or introduce new services only where these provide springboard for growth.
- Maintain capital investment programme to complete transformation to a competitive modern district.
- Borrow for capital works or new developments where these provide a strategic advantage and Council stays within its financial prudence guidelines.
- Produce a balanced budget with small surpluses.

Council has carefully integrated the essence of this financial strategy into the 2017-2018 Annual Plan. All of the key aspects of the strategy have been considered when developing this Annual Plan.

How can you have your say?

We would like to hear what you think of the key issues and risks highlighted in our Consultation Document.

Please tell us what you agree with and what you do not agree with?

This **Consultation Document** is released for public consideration on **Friday 7 April 2017** and is open for written submissions until **Tuesday 9 May 2017**.

During this time there are a number of ways you can find out more information about any aspect of this document or the wider Annual Plan process:

- ▶ Roadshows will be held throughout the District. This will give everyone the opportunity to attend one in their local area and to come along and discuss the Draft Annual Plan and Consultation Document with Council. Dates and locations are shown below.
- ▶ The Consultation Document can be found on Council's website www.bullerdc.govt.nz along with the full Draft Annual Plan and Submission Form.
 - Consultation Documents and Submission Forms are available from our Council offices and libraries in Westport and Reefton, or by emailing submissions@bdc.govt.nz.
 - Consultation Document and Submission Forms will also be available from i-Site and Resource Centres in Karamea, Ngakawau and Punakaiki.
- ▶ Councillors and staff are available during the consultation period to discuss the Draft Annual Plan and Consultation Document, or to clarify any issues.
 - To make an appointment phone (03) 788-9618 or email submissions@bdc.govt.nz.
 - Councillor's contact details are available on our website www.bullerdc.govt.nz.
- ▶ You have the opportunity to present your submission directly to the Councillors on **Tuesday 30 May 2017**. **Please indicate on your submission form if this is what you would like to do.** If you do not indicate whether you wish to speak we will assume you only intend to put in the written submission.

So.....what happens next?

The consultation period will close at 4:30pm on Tuesday 9 May 2017. Written submissions must be received by Council by that date.

Council will meet on Monday 30 May 2017 to hear and consider submissions. If you have chosen to speak in support of your submission, you will be contacted with a time to come along and address Council.

After hearing and considering all submissions, Council will make any necessary changes to the Draft Annual Plan and adopt the final 2017-2018 Annual Plan on 30 June 2017. It will come into effect from 1 July 2017.

Further details are contained in the full Draft Annual Plan which is available on Council's website, www.bullerdc.govt.nz.

Do you need to know more?

This Consultation Document has been put together to give our community an overview of the challenges and issues Council foresees over the next year. This information has been taken from the Draft Annual Plan. It is important to realise that the summarised Consultation Document cannot be expected to provide all the information and people are encouraged to read the full Draft Annual Plan for further information.

Roadshows

Tuesday 11 April

7:00pm @ **Punakaiki**
(Pancake Rocks Cafe)

Thursday 13 April

7:00pm @ **Reefton**
(St John Hall)

Tuesday 18 April

7:00pm @ **Westport**
(Bridge Clubrooms)

Wednesday 19 April

7:00pm @ **Karamea**
(Bowling Club)

Thursday 20 April

7:00pm @ **Granity/Ngakawau**
(Ngakawau Hall)

www.bullerdc.govt.nz

What are the Key Issues to consider?

Key Issue

1

Westport Water

Council has proposed to address the collapse within Tunnel One by replacing the damaged section instead of a total replacement option.

Are you happy with these solutions? Full details are on page 4.

Key Issue

2

Rural Water Supplies

Council is proceeding with completion of upgrades to rural water treatment facilities where Ministry of Health subsidies have been approved.

Are you happy with these upgrades? Full details are on page 4.

Key Issue

3

Rates Overhaul

Council is planning to complete the rates review, including public consultation, during the 2017-2018 year - with a new system to take effect for the 2018-2019 rating year.

Do you agree with this approach? Full details are on page 4.

Key Issue

4

Property and Investing in our Towns

In the 2015-2025 Long Term Plan Council proposed to make our district a better place to live and visit, in conjunction with its promotion and development strategies. There was a focus on making our "district shop front" as attractive and practical as possible. This plan continues to provide resources to upgrade Council property stock including investigating options for developing the Clocktower chambers to relocate Council offices, continue upgrading the Westport waterfront and upgrading public toilet facilities in high demand areas.

Do you agree with this approach? Full details are on page 5.

Key Issue

5

Proposed Rates

We have proposed a small increase in rates for 2017-2018. We believe that we can deliver all the services promised in the plan but there will not be room for anything additional.

If you think that we have got the balance right please tell us. If you disagree we would like to hear your suggestions. Full details are on page 6.

