

About the Plan

As the name suggests, the Long Term Plan is a document put together by Council in consultation with the community, to guide our District towards 2022.

The Plan ties the threads of everything the Council does. It links into one overall guiding document the:

- ▶ Vision for the District
- ▶ Outcomes proposed on behalf of the community
- ▶ Services and activities the Council is planning to undertake to contribute to those outcomes
- ▶ Likely costs of the Council providing those services and activities over the next 10 years

The Plan gets reviewed every three years. In the years between the reviews, the Council produces Annual Plans.

When discussing rates revenue in the LTP (including rates increases), Council has not included projected water meter revenue amounting to \$277,000 in year 1 (increasing to \$419,000 in year 10) in the rates figure. Where the LTP discusses rates and the rates increases, an (*) has been included to refer readers to this treatment.

Community Outcomes

Community Outcomes are the goals of the Community. They reflect what the Community sees as important for its well-being and they help to build up a picture of the collective vision for the District's future. The outcomes guide decision-making by Council. The Council links its activities and services back to the outcomes.

Five community outcomes were developed following community involvement. The outcomes are:

- ▶ Well-being – a vibrant, healthy and safe community with access to quality facilities and services
- ▶ Learning – a district that values and supports learning with accessible relevant education and training opportunities
- ▶ Who we are – a happening district with a strong community spirit and distinctive lifestyle
- ▶ Sustainable environment – the distinctive character of the environment appreciated and retained
- ▶ Prosperity – a Thriving, resilient and innovative economy creating opportunities for growth and employment

For further details of the outcomes, please refer to [page 65](#).

Buller District Mission Statement

'To serve the residents of the Buller district, conscious of their needs, by providing facilities and services and creating an environment for progress and development while preserving the distinctive natural environment.'

Our Vision, Our Future

'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 environment is treasured.'

To achieve the vision Council considers that population growth and economic growth are vital to the Districts success. The number of people in the District, where they choose to live and the growth in economic activity directly affects the demand for land for development, infrastructure, and the other services that Council provides. They underpin land use planning, infrastructure developments, where and when new services or facilities are required and how much things will cost. The Council is planning to achieve a minimum increase in the normally resident population increasing from 10,400 to 11,229 in 2022. These are minimum figures. If the economic boom comes to fruition, actual growth could be more rapid.

In order to manage population and economic growth, we need to deal with some key priorities over the next 10 years. Council is facing some major capital works to address the infrastructure "deficits".

Assumptions

In preparing the financial information contained in the Long Term Plan, we have had to make a number of assumptions. The assumptions underpinning this Plan are outlined on [pages 231-237](#).

Changes to Policies

Volume 2 of this Plan contains a number of amendments to policies. Policies that have been amended are the Revenue and Financing Policy, Treasury Management Policy, Rates Remission and Significance Policies.

The Significance Policy was rewritten and the threshold for significant assets was amended from 10% of operating expenditure to 5% of Council's budgeted turnover.

Changes were made to various funding mechanisms in the Revenue and Financing Policy as specified on [page 297](#) of this Long Term Plan.

Changes were also made to the Treasury Management

Key Issues

1. Financial Strategy

As a result of recent changes in legislation councils now have to prepare a financial strategy to demonstrate how they will:

- ▶ Provide for growth and manage changes in land use; ensure that the level of rates and borrowing are financially sustainable;
- ▶ Be accountable for maintaining the assets;
- ▶ Fund network infrastructure and maintain levels of service.

The full Financial Strategy is set out on [pages 51-63](#) of this Plan. The Strategy is a key part of this Plan and we encourage you to read it. Overall Council considers that the Long Term Plan is sustainable and will provide the most important services to residents, businesses and visitors.

Over the period of the Long Term Plan Council is budgeting on total revenue increasing from \$23.7 million in the current year to \$28.0 million in Year Ten of the plan. This is an increase of 18% over the ten years.

During the same ten year period Council is expecting that gross rates collected will rise from the current year's total of \$12 million (*) to a new total of \$15.3 million (*) in Year Ten. This is an increase of 25% over the ten years.

However, these figures all included allowances for inflation. The economic research agency BERL has predicted that the local Government cost index (inflation for Council's) will move by 36% by Year Ten of the Plan.

This means that Council is expecting that rates and revenue will be increasing at a rate that is less than the predicted rate of cost increases.

Council is planning on increasing operating expenditure from the current level of approximately \$23 million to just over \$28.5 million in Year Ten. This is an increase of 24%, which is significantly below the BERL prediction of 36%. Council's focus is on balancing affordability and long term financial prudence.

Essentially Council is in a sound financial position, with short term deposits growing over the duration of the plan from \$12.8 million to \$25.8 million. External term debt is projected to rise from a forecast \$29.5 million in 2011/2012, peaking in 2018/2019 at \$34 million, and then reducing to \$32.8 million in 2021/2022. The increase in debt is related to capital projects and funding of capital expenditure for Buller Recreation Limited. Debt servicing costs remain well below the Treasury Management policy threshold of 15%. Council is in compliance with all other Treasury Management ratios.

(*) Rates exclude water meter rate.

2. District Plan Review, Buller 2050 and Westport Plan

The Buller 2050 Strategic Plan aims to develop a strategy for actions that will determine where the region will be in 2050. The Council is aware that relying on extractive industries alone will not provide long term security for the region. Mining will provide the springboard, but other economic growth opportunities must be pursued to diversify our economic base. After a good start in 2010, work on the Buller 2050 plan has drifted over the last twelve months. The project will be reactivated during 2012/2013 with a view to developing a widespread community consensus on the way forward for the whole district.

This work must be complemented by an urgent review of the District Plan. The District Plan is the statutory document that sets out all the rules for land development in the entire district. The Plan enables some activities and restricts others. The original plan became operative in 2000, and is now due for a review to ensure that it is genuinely serving the districts current needs. Some changes will be needed to make sure that appropriate progress and development can occur without compromising the unique and special character and environment that is Buller.

Along side the District Plan review it is intended to create a "Westport Plan". This will not be a statutory document, but rather a concept plan for a new look Westport town. The expected increase in population will tend to be concentrated in Westport and there is a real risk that any benefit is only transitory. To avoid that Westport has to become attractive as a place where families invest their lifesavings in permanent homes. To achieve that goal we need to change the visual impression of a tired and uninspiring locality. The "Westport Plan" will address issues such as the roading hierarchy, streetscapes, tree planting, parking, land zoning, connections with the port and river, etc. This concept plan will be developed in conjunction with stakeholder groups and the Westport community during 2012/2013 with a view to implementing improvements from the following year. More details are contained on [page 86](#).

3. Changes in Solid Waste

From 1 July 2013, Council proposes changing from a Council delivered waste disposal system to an enhanced waste solution for the entire District where the refuse collection, recycling, landfills and transfer stations will be managed either by an "in house" Council contractor, or by an independent contractor. As the service will be provided across the District, this will result in an expansion of the current ratepayer base paying targeted rates. It is intended that from 1 July 2013 there will either be a two or three wheellie bin residential collection. One bin will be for rubbish and one for co-mingled recyclables. If it is viable a third bin will be provided for organics. The collection will be weekly with alternative separate collections for recycling and refuse a week apart. All fees for refuse and recycling collection and dumping fees will be paid directly to the contractor from 1 July 2013 onwards.

The cost to the resident will not necessarily be lower, however the resident will be given a choice as to how they wish to dispose of their waste

A two tiered rate will remain. All ratepayers throughout the District to whom the refuse and the recycling service is available will pay the higher tier rate. Part of this rate will be paid to the successful tenderer as a means of controlling prices and ensuring a comprehensive service. All ratepayers throughout the District to whom the service is not available and commercial ratepayers will pay the lower tier targeted rate. This targeted rate will be used to fund the District refuse costs associated with landfill monitoring, landfill development, waste minimisation, litter collection and asset management planning.

More details are contained on [pages 139-149](#).

With the move to a Contracted Managed Refuse and Recycling service it is envisaged that Council will be favourably impacted by \$134,000. These activities will no longer be funded from General Rates but by targeted rates.

If the cost efficiencies are not achieved then this could result in increases for Targeted Rates. We propose the Revenue and Financing Policy is amended so that from 2013 onwards no General Rate is applied to the Solid Waste activity.



4. Roading

Buller is a large district with numerous settlements and small towns along its coastline and in the hinterland. It is only able to function economically and socially because of a vital local roading network maintained by the Council. Just on 577 kms of Council roads link into the main State highways. Only half of those local roads are sealed with the other half unsealed. These local roads incorporate 153 bridges and large culverts.

As a result roading maintenance, renewals and improvements is probably the biggest single item of Council expense. About 25% of Council's operating costs go to roads etc. Fortunately some central government assistance is available when the New Zealand Transport Agency pays a percentage of the total cost of approved projects. Unfortunately the Agency plans to reduce this financial assistance rate (known as the "FAR").

Prior to 2006/2007 the assistance was 61% of the total cost. From 2006/2007 through to 2011/2012 the Agency paid 60% of the total cost. In 2012/2013 this subsidy drops to 59% and from the 2013/2014 year onwards we can only expect 58% of the total cost.

Each time the assistance rate drops the Council is left with a stark choice. Either make up the shortfall by increasing rates, or let the roads deteriorate. At present expenditure levels each 1% reduction will cost Buller ratepayers about \$35,000 extra each year just to maintain present levels of service.

New Zealand Transport Agency (NZTA) has indicated to Council that its base funding for the roading programme has been reduced for years 2012/2013 to 2014/2015 as well as having no inflation escalation for these three years. This has been applied for the full 10 years of the plan, resulting in a reduction in total funding from NZTA of \$4.4 million in subsidies. Ratepayers share of the total roading expenditure reduction of \$6.3 million in the plan has reduced by \$1.9 million.

This means Council has agreed to a lower level of service such as higher road roughness levels, less resealing and less roadside mowing. This service level decrease may be offset by potential efficiencies by working more closely with the roading contractor to identify service delivery savings.

More details are contained on [pages 97-107](#).

5. Rating Review

A review of the current Rating System is long overdue. The current system of rates, which has developed over time, is based on a complex system with over 40 differentials in place.

The complexity within our differential rates makes our rating system difficult for ratepayers to understand.

At the same time the large number of target rates has produced geographic distortions that raise questions of inequity and the role of district-wide responsibilities.

The rating review will address the rationale for how the rates burden has been allocated across the sectors and ratepayer classes. When calculating the rates for each sector and class of ratepayer, the rates review will consider how that sector and class of ratepayer receives benefits from and places demands on Council facilities and infrastructure. The intention will be to deliver a more transparent and equitable rating system. The review will take account of the *Report of the 2007 Independent Inquiry into Local Government Rating* (the Shand Report). This report advocated the removal of rating differentials and promotion of the capital value system as the basis for setting the general rate. Preliminary work to-date has suggested a rating model which is based on a mix of land and capital values. Once the review has been completed, there will be extensive consultation with the community, before any recommendations are adopted.

More details are contained on [pages 211-212](#).

6. Increases in Average Rates (General and Targeted Rates)

The annual average rate has increased in 2012/2013 due to inflationary pressures, reduction in financial assistance and increased levels of service. The annual average general rate in 2011/2012 was \$1,565.00 (*) (excluding GST). This has now risen to \$1,657.00 (*) (excluding GST), representing a 5.9% increase. The reduction in financial assistance as a result of the decrease in NZTA subsidies from 60% to 59% in 2012/2013 and to 58% in 2013/2014, has resulted in increased costs to the general ratepayer for the same level of service. In the interests of affordability, Council has made the decision to smooth the increase General Rates across the two financial years, being 2012/2013 and 2013/2014. The effect of this smoothing will result in the rate increase in 2012/2013 reducing from 7.7% to 3.3%, and to 2.6% from -5.7% in 2013/2014.

More details are contained on [pages 47-48](#).

(*) Rates exclude water meter rate.

7. Targeted Rates Increases and Associated Capital Upgrades

Increases in water targeted rates and sewerage targeted rates have occurred due to the Drinking Water Standard upgrades that are planned. The costs of financing the upgrades and the depreciation have caused the targeted rates to increase. In addition, the upgraded plants have introduced increased operational costs such as power and chemical costs.

Westport Water Upgrade

The Westport water supply has a significant upgrade costing \$10.6 million phased in over the duration of the ten year plan. This upgrade covers upgrading the treatment plant to meet Drinking Water Standards as revised in 2008, extending the treatment plant to create additional storage for treated water, improving the condition of the tunnel to enhance the security of supply and replacement of the trunk main. All of these upgrades are designed to improve the quality of the treated water and improve the reliability of the water supply. The targeted rate will change from \$621.00 (including GST) in 2012/2013 to \$977.50 in 2020/2021 as a result of inflationary increases, increased financing and depreciation costs associated with the Westport Water Upgrade.

More details are contained on [pages 109-121](#).

Rural Drinking Water Upgrades

There are planned upgrades for the Water supplies in Punakaiki, Waimangaroa, Ngakawau/Hector, Little Wanganui in 2011/2012 Annual Plan, and in Inangahua Junction and South Granity in this Long Term Plan. Although these upgrades will result in the water supplies meeting the drinking water standards (as revised in 2008), the financing costs and the depreciation costs will result in the targeted rates increasing. With these smaller schemes, the main issue for the community to consider is whether the benefit of improved water quality is affordable. While the plan assumes that the upgrades will proceed, no final decision will be made without further consultation with the affected communities.

More details about targeted rates are contained on [page 48 and pages 109-121](#).

Westport Sewerage

Progressive upgrades over the next 4 years to underground services in Derby Street, pump replacements, sewer modelling and separation and upgrades to the Waste Water Treatment plant are planned. The financing costs and the depreciation costs associated with the upgrades have increased the targeted rate. In addition, running costs associated with operation of the Waste Water Treatment Plant have panned out higher than originally envisaged.

The targeted rate will change from \$862.50 (including GST) in 2012/2013 to \$1,012.00 (including GST) in 2021/2022.

More details about targeted rates are contained on [page 48 and pages 123-130](#).

8. Increases in fees and charges

The Council has agreed to move towards a full cost recovery on building, cemetery, environmental health and liquor licensing fees. These changes have been reflected in the Revenue and Financing Policy on [pages 297-308](#).

Dog licence fees for incompetent dog owners and pound fees have also been increased in order to meet the current Revenue and Financing policy.

9. Relocating the museum and the I-site into the Cultural Hub by 2012/2013

Council originally signalled in the 2006-2016 Long term Plan that the relocation of Coaltown Musuem and the i-site would cost \$1.5 million with Council's contribution capped at \$750,000. In 2009, Council agreed to increase the total budget to \$3 million and increase council's contribution to \$1.5 million. Final design has been completed and the costs have increased to \$4 million. The current position is that Council's contribution is to remain capped at \$1.5 million with fundraising for the shortfall. To-date external contributions totalling \$1.4 million has been raised and Council is optimistic that the funding shortfall of \$1.1 million will be achieved through fundraising.

More details are contained on [pages 157-167](#).

10. Building of additional pensioner housing units in Westport (2 units), Reefton (2 units) and Karamea (2 units)

Council currently provides 44 units for elderly pensioner housing, 2 units in Karamea; 16 units in Reefton and 26 units in Westport. After reviewing the demographic trend in the population, it is planned to construct two new units in Karamea in 2012/2013, two new units in Reefton on 2015/2016 and two new units in Westport in 2018/2019. The total cost of constructing these units is be \$1.5 million across the 10 year plan.

It is proposed that future rent rises for the unit will be linked to the percentage increase that National Superannuation beneficiaries receive.

More details are contained on [pages 187-194](#).

11. Vision 2010 projects

The plan includes ongoing capital funding totalling \$90,000 for the remaining Vision 2010 projects in Reefton and Karamea. The following projects are planned:

- ▶ Construction of a Karamea multi-purpose facility in 2014/2015 (\$240,000)
- ▶ Upgrading of the Reefton Community centre (\$197,000 in 2013/2014 and \$60,000 in 2015/2016)
- ▶ Ongoing funding for the Reefton Broadway project (\$40,000 in 2013/2014)
- ▶ Funding the Westport 'Streetscape' beautification project (\$250,000 in 2013/2014)

12. Punakaiki Camp

Council is currently considering the options available for the future operation of the Punakaiki Camping Ground.

At present the Camp is directly operated by Council. This may not be in the best long term interests of the ratepayers. However, the situation is complex. The land is classified as recreation reserve and belongs to the Crown. One proposal is to lease the reserve to an operator to develop, control and manage the camp ground rather than Council continuing to contract an operator. Other options could include allowing a Domain Board to manage the camp, or allowing the camp to revert back to a recreation reserve status. Council has established a working party to agree the viable options and there will be full consultation with the Punakaiki community before making any final decision. In the meantime, the camp will continue to operate under the present management.

More details are contained on [pages 187-194](#).

13. Area maintenance rate

Council proposes to only provide area maintenance activities in the Westport area.

This was a result of a submission from The Salvation Army. Council has funded a portion of a co-ordinator role in the Salvation Army in exchange for tidy-up activities (area maintenance) in Westport.

Area maintenance activities used to include a weekly tidyup of Karamea, Reefton, Waimangaroa, Hector/Ngakawau and the Granity areas. Now only Westport ratepayers will pay the targeted rate of \$5.00 (including GST) as the service is only proposed to be carried out in Westport. The service is only proposed to be carried out in Westport

14. Buller Recreation Limited

Council has agreed to fund the capital expenditure for Buller Recreation Limited for the next ten years. Council proposes to fund the capital expenditure in exchange for equity from Buller Holdings Limited.

15. Policy Changes

Changes have been made to the Significance Policy. The threshold for significant matters was changed to 5% of Council's budget. Changes were also made to various funding mechanisms as detailed in the Revenue and Financing Policy on [page 297](#) of this Long Term Plan.

Council has made the following changes in the Revenue and Financing Policy:

Activity	Current Funding Mechanism	Funding Mechanism Proposed Effective 01 July 2012
Theatre	Operating: 60% General Rates 40% Fees	Operating: 50% General Rates 50% Fees
Building Control	Operating: 10% General Rates 90% Fees	Operating: 100% Fees
Environmental Health - Food Premises	Operating: 80% General Rates 20% Fees	Operating: 100% Fees
Environmental Health -Liquor Licensing	Operating: 25% General Rates 75% Fees	Operating: 100% Fees
Emergency Services -Civil Defence	Operating: 95% General Rates 5% Fees	Operating: 100% General Rates

Activity	Current Funding Mechanism	Funding Mechanism Proposed Effective 01 July 2012
Reserves	Operating: 95% General Rates 5% Fees	Operating: 100% General Rates
Solid Waste	Capital: Loans Special Funds	Capital: Reserve Contributions Loans Special Funds
	01 July 2012: Council Managed Transfer and Landfill operations: 25% General Rates 75% Targeted Rates	Capital Loans Special Funds
	Refuse: Targeted Rates Bagsales	
	Recycling: Targeted Rates	
	01 July 2013: Council managed Refuse, Recycling and Management of Transfer Stations/Landfill: Targeted Rates only	Capital Loans Special Funds

The main driver of these changes was for Council to move to a user pays approach for Building, Environmental Health, Liquor Licensing, Libraries and Theatre.

The Treasury Management Policy was reviewed and the limits on external borrowings were amended.

10 year financial performance summary

We have considered the key issues and what Council could do about them. We have looked at what we may need to do to:

- ▶ Meet expected population growth
- ▶ Ensure core infrastructure is adequate for the expected population and household growth
- ▶ Meet legislative requirements

We have then prioritised the potential activities and projects.

The financial information in this Plan reflects the activities and projects the Council has identified as priorities and is planning to deliver over the coming 10 years.

	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Rates Revenue (*)	12,040	13,046	13,077	13,573	13,816	14,233	14,583	14,785	15,246	15,334
Finance Costs	1,339	1,544	1,613	1,736	1,787	1,839	2,036	2,162	2,139	2,129
Term Deposits	12,764	14,764	16,764	18,764	19,764	20,764	21,764	23,764	24,764	25,764
Gross Borrowings	27,544	28,045	28,453	28,676	30,655	30,442	34,042	33,629	33,218	32,845
Net Borrowings (after deducting term deposits)	14,780	13,281	11,689	9,912	10,891	9,678	12,278	9,865	8,454	7,081
Capital Expenditure	9,535	6,925	6,029	4,578	5,623	4,097	6,766	4,294	8,095	4,521
Depreciation	5,559	5,763	6,156	6,085	6,265	6,226	6,576	6,462	6,736	6,719

(All figures include inflation)

(*) Rates exclude water meter rate.

Net borrowings are calculated by reducing the gross external borrowings by the term deposits.

Over the period of the Long Term Plan Council is budgeting on total revenue increasing from \$23.7 million in the current year to \$28.0 million in Year 10 of the Plan. This is an increase of 18% over the ten years.

During the same ten year period Council is expecting that gross rates collected will rise from the current year's total of \$12.0 million (*) to a new total of \$15.3 million (*) in Year 10. This is an increase of 27% over the ten years.

However, these figures all included allowances for inflation. The economic research agency BERL has predicted that the local government cost index (inflation for Council's) will move from 1,269 points in the current year to 1,729 points by the end of Year 10 of the plan. This is an increase of 36% over the ten years.

This means that Council is expecting that rates and revenue will be increasing at a rate that is less than the predicted rate of cost increases.

Council is planning on increasing operating expenditure from the current level of \$22.9 million to just over \$28.5 million in Year 10. This is an increase of 24.5% which is significantly below the BERL prediction of 36%.

Over the same ten year period Council is committed to maintaining a major capital expenditure programme.

Currently Council has term loans from the banks totalling \$23 million. At the same time Council has money sitting on deposit at the banks totalling a forecasted \$10 million. One offsets the other to leave Council with net debt of \$13 million at the present time.

Over the ten year period of the plan Council will take out more term loans from time to time, as well as repaying some principal as debt matures. However, as depreciation reserves build up, internal loans are repaid and investment properties are sold, more money will accumulate as deposits at the bank. As indicated above, one offsets the other, and at all times the net debt of Council is small, trending down from the current \$13 million to about \$7 million by the end of Year 10. At all times Council's Treasury Management Policy ensures that Council operates significantly inside the covenants which we have with the bank.

The proper use of debt is an important tool for Council. In setting rates at the appropriate level Council must balance what is affordable for both Council and the community. This is a balancing act which needs to take into account the services that Council delivers and whether the current or future ratepayers should pay for them. This is sometimes referred to as intergenerational equity.

Many Council assets have long service lives, and the benefits that these assets provide are available over a long period of time. It would be unfair to expect the current generation to pay the full cost of such assets 'up front' when the benefits will accrue to subsequent generations. To achieve equity, debt is used to spread the costs over many years, with every beneficiary taking their turn servicing the interest costs and repaying the principal.

Please refer to [pages 208-227](#) for Council's full statement of comprehensive income, balance sheet, cash flow statement, changes in equity and summary Funding Impact Statement.

(*) Rates exclude water meter rate.



examples of total rating changes for properties

To further clarify the rates changes between the 2011/ 2012 year to those for in 2012/2013, a selection of properties from throughout the District have been summarised to provide a guide. It is important to note that these properties are a sample of the total properties and do not cover all situations for the 7,240 rateable properties in the District.

Below are examples of the rates assessments for a sample of residential, commercial, rural residential and rural properties across the district. Please note these figures are indicative only and are included to give ratepayers an estimate of what their level of rates is likely to be in the coming financial year.

	<i>RES ~ Residential</i>				<i>COM ~ Commercial</i>			<i>RR ~ Rural Residential</i>			<i>RUR ~ Rural</i>		
Sector	RES 101	RES 103	RES 103	RES 103	RES 104	RES 104	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	\$53,000	\$63,000	\$76,000	\$44,000	\$49,000	\$55,000	\$65,000	\$72,000	\$90,000	\$90,000	\$210,000	\$49,000	
General Rates	\$129.69	\$182.53	\$220.19	\$127.48	\$132.05	\$148.21	\$485.64	\$537.94	\$473.12	\$218.66	\$793.25	\$119.90	
UAGC	\$495.00	\$495.00	\$495.00	\$495.00	\$495.00	\$495.00	\$495.00	\$495.00	\$495.00	\$495.00	\$495.00	\$495.00	
EP Targeted Rate							\$5.00	\$5.00					
Targeted Water Rate		\$173.00	\$259.00		\$322.00	\$311.00	\$621.00	\$621.00	\$621.00		\$679.00		
Targeted Sewerage Disposal Rate		\$644.00					\$863.00	\$863.00	\$863.00				
Targeted Refuse Collection Rate			\$63.00	\$63.00	\$63.00	\$63.00	\$63.00	\$63.00	\$63.00	\$63.00	\$63.00	\$63.00	
Targeted Recycling Rate			\$121.00	\$121.00	\$121.00	\$121.00	\$121.00	\$121.00	\$121.00	\$121.00	\$121.00	\$121.00	
TOTAL Rates:	\$624.69	\$1,494.53	\$1,158.19	\$806.48	\$1,133.05	\$1,138.21	\$2,653.64	\$2,705.94	\$2636.12	\$897.66	\$2,151.25	\$798.90	
Comparison to Previous Year	\$612.40	\$1,481.78	\$1,162.13	\$811.20	\$1,097.73	\$1,038.76	\$2,419.33	\$2,471.19	\$2,406.91	\$902.80	\$2,155.63	\$803.69	
% change	2.01%	0.86%	(0.34%)	(0.58%)	3.22%	9.57%	9.68%	9.50%	9.52%	(0.57%)	(0.20%)	(0.60%)	

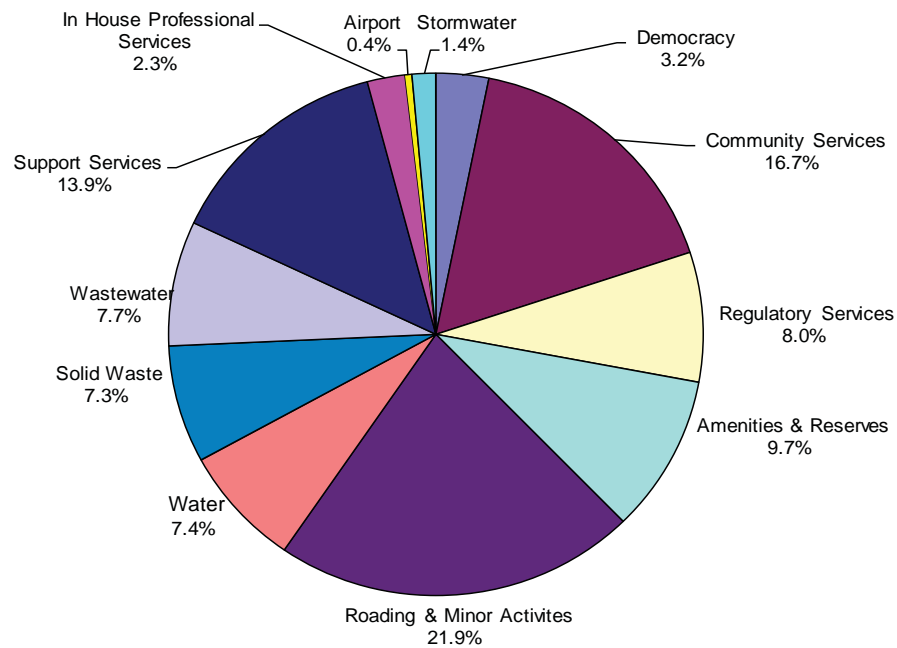
<i>RES ~ Residential</i>	<i>COM ~ Commercial</i>			<i>RR ~ Rural Residential</i>			<i>RUR ~ Rural</i>					
Sector	RES 115	RES 101	COM 131	COM 134	COM 140	RUR 141	RUR 143	RUR 141	RR 151	RR 152	RR 151	RR 152
Location	Reefton	Springs Junction	Karamea	Westport	Reefton	Karamea	Cape Foulwind	Grey Valley	Karamea	Granity	Fairdown	Alma Road
Land Value	\$43,000	\$38,000	\$105,000	\$195,000	\$90,000	\$850,000	\$1,550,000	\$1,865,000	\$131,000	\$125,000	\$145,000	\$165,000
Capital Value (for P&T rate)			\$1,100,000	\$540,000	\$150,000							
General Rates	\$198.85	\$92.99	\$1,324.85	\$5,855.16	\$993.17	\$1,415.44	\$2,084.30	\$3,105.63	\$397.68	\$353.66	\$440.17	\$466.83
UAGC	\$495.00	\$495.00	\$495.00	\$495.00	\$495.00	\$495.00	\$495.00	\$495.00	\$495.00	\$495.00	\$495.00	\$495.00
EP Targeted Rate				\$5.00								
Targeted Water Rate	\$506.00			\$621.00	\$506.00							
Targeted Sewerage Disposal Rate	\$552.00			\$863.00	\$552.00							
Targeted Refuse Collection Rate	\$63.00			\$63.00	\$63.00					\$63.00		\$63.00
Targeted Recycling Rate	\$121.00			\$121.00	\$121.00					\$121.00		\$121.00
Targeted Promotion & Development Rate			\$1,468.20	\$1,041.48	\$244.30							
TOTAL Rates:	\$1,935.85	\$587.99	\$3,323.25	\$9,081.92	\$2,979.27	\$1,910.44	\$2,579.30	\$3,600.63	\$892.68	\$1,032.66	\$935.17	\$1,145.83
Comparison to Previous Year	\$1,820.89	\$576.00	\$3,259.60	\$8,810.10	\$2,854.40	\$1,894.93	\$2,561.75	\$3,579.98	\$880.26	\$1,037.39	\$922.63	\$1,150.21
% change	6.36%	2.08%	1.95%	3.09%	4.37%	0.82%	0.68%	0.58%	1.41%	(0.46%)	1.36%	(0.38%)

where do your rates go?

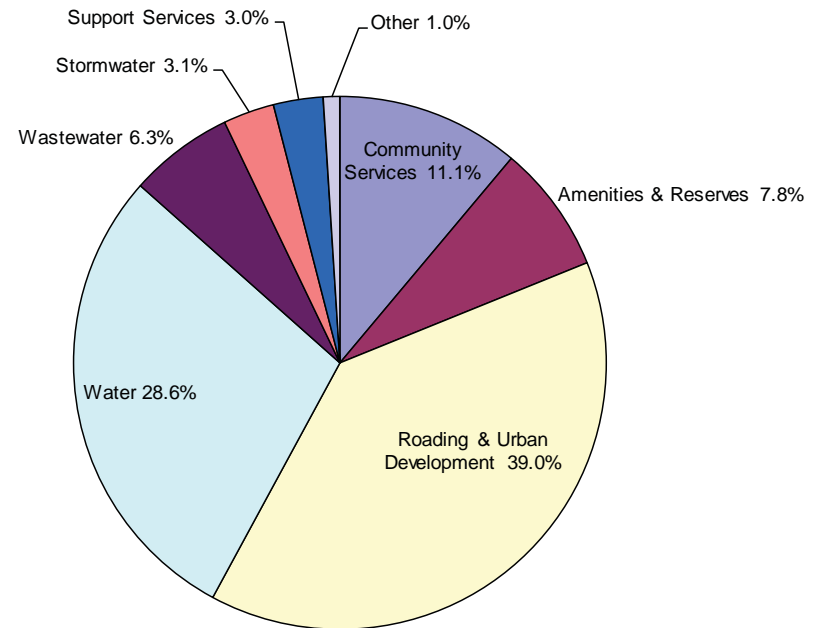
Council provides a wide range of services to the District's residents, business and visitors to Buller.

The following graphs show the services that Council provides and the proportion of rates proposed for these services in 2012/2013:

How Council Spends Its Money - Operating Costs (2012/13)



How Council Spends Its Money - Capital Projects (10 Years)



where your rates go?



major capital projects

We have some large capital projects planned over the next 10 years to address the infrastructure deficits.

The replacement costs of assets signalled through the asset management plans aggregate to a total capital works programme of \$57.7 million over the 10 years. \$22.9 million (40%) of the capital expenditure will be used to either improve existing levels of service or to provide new or additional services. \$34.8 million (60%) will be used to renew existing but worn out infrastructure.

Capital Projects include:

Community Services:

- ▶ Relocation of the Coaltown Museum and Westport i-site into the Cultural Hub (\$4 million)
- ▶ Capital funding for Vision 2010 projects in Inangahua, Karamea and Westport (\$0.75 million)

Water Supplies:

- ▶ Upgrade to the Westport Water Supply (\$10.6 million)
- ▶ Rural Water Upgrades (Little Wanganui, Inangahua Junction and South Granity Water Supply) (\$0.8 million)
- ▶ The Westport water supply upgrade is funded from a government subsidy totalling \$901,000, and the remainder by external loan.
- ▶ Interest costs on the loan are a large cost item and impact the targeted rate significantly.
- ▶ Increases in depreciation and interest rates are the main drivers of the increase in the Westport water targeted rate.
- ▶ Drinking water upgrades are largely funded by Government subsidy with the remainder being loan funded. Interest cost and depreciation are the largest drivers of the increases in targeted rates.

Amenities and Reserves:

- ▶ Construction of Pensioner Housing (totalling \$1.5 million) in Karamea (2 units) in 2012/2013, Reefton (2 units) in 2015/2016, Westport (2 units) in 2018/2019.

Roading:

- ▶ Road Upgrades (\$2 million), including the construction of the Rough River Bridge
- ▶ There is continuation of the ten year upgrade of Derby Street in Westport, where all underground services will be replaced.

Airport

- ▶ Mitigate erosion at the airport (\$0.350 million)

A full table of capital expenditure is shown on [page 229](#).

How we plan to pay for it all?

New borrowings will be used to fund the new assets, while existing depreciation reserves, and subsidies or grants from the Government and other parties will fund the balance. The aim is to spread responsibility for the costs over the life of the assets to ensure each generation pays its fair share. Council does this by using a mix of general and targeted rates as a means of funding both operating and capital expenditure.

The application of targeted rates is dependent on whether a particular activity can be clearly identified from other functions. Targeted rates are applied to a sub-set of the community which benefits from a particular service of function. Where services apply to the entire District and cannot be reasonably ring-fenced they are generally funded from General Rates.

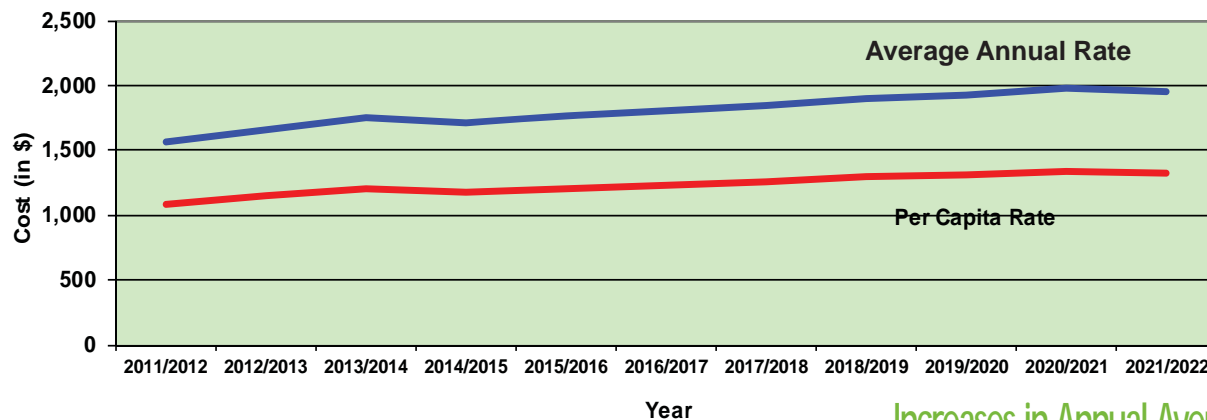
increases in rates

Just how much individual rates go up by is dependent on many factors. However an indicative 'average rate' can be calculated by dividing the expected gross rates by revenue in each year, by the number of rateable properties in each year.

Over the ten years of the plan, the average annual rate (exclusive of GST), after allowing for inflation and growth, will increase to \$2,010 (*) (2021/2022) from \$1,565 (*) (2011/2012). The Annual Average rate for 2012/2013 will be \$1,657 (*) (GST exclusive).

	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Annual Average Rate (Low Growth) (*)	1,565	1,657	1,765	1,740	1,800	1,826	1,875	1,919	1,943	2,001	2,010
Per capita Rates (*)	1,089	1,152	1,213	1,189	1,228	1,245	1,277	1,306	1,321	1,360	1,366

Average and Per Capita Rate (*)



NOTE:

- ▶ The average annual rate is the sum of the General and Targeted rates, divided by the number of ratepayers.
- ▶ Per capita rate is the sum of the General and Targeted Rate, divided by the resident projected population.
- ▶ There will be properties that will pay less and others that pay more, depending on the services they receive.

Increases in Annual Average Rates (General Rates and Targeted Rates Combined)

The annual average rate has increased in 2012/2013 due to inflationary pressures, reductions in central Government financial assistance and increased levels of service. The annual average rates (general and targeted rates combined) in 2011/2012 were \$1,565 (*). The amount required has now risen to \$1,657 (*) representing a 5.9% increase. However, we do not have to absorb all this increase in one year. In the interests of affordability, Council will smooth the increase in General Rates across two financial years being 2012/2013 and 2013/2014. The increase in General Rates will only be 3.3% in 2012/2013 from 7.7% and 2.6% in 2013/2014 from -5.7%.

Rates examples by location and sector category are included on [page 42-43](#).

targeted rates

Targeted Rates are scheduled to increase over the next 10 years of the plan. Council considers that where direct beneficiaries of Council services are identified, a targeted rate provides more transparency and reduces cross subsidisation of those not directly benefiting from the service.

If you want to know what will be happening with your rates, please give us a call or go to our website for further information.

► **Don't forget the Rates Rebate Scheme is there to help people on lower incomes.**

Including GST	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Water:	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Westport	500.00	621.00	667.00	713.00	747.50	793.50	828.00	897.00	920.00	920.00	977.50
Westport - metred water (*)	1.29	1.55	1.65	1.75	1.85	1.96	1.96	2.05	2.10	2.41	2.45
Reefton	414.00	506.00	506.00	529.00	540.50	552.00	563.50	586.50	609.50	667.00	667.00
Little Wanganui	173.00	173.00	184.00	299.00	322.00	345.00	356.50	379.50	391.00	414.00	431.25
Mokihinui	259.00	259.00	258.75	258.75	258.75	258.75	258.75	258.75	258.75	258.75	258.75
Ngakawau-Hector	282.00	322.00	345.00	345.00	356.50	368.00	379.50	391.00	408.25	419.75	431.25
Waimangaroa	207.00	311.00	322.00	333.50	339.25	345.00	356.50	373.75	385.25	396.75	414.00
Cape Foulwind (**)	0.58	0.63	0.63	0.66	0.66	0.69	0.69	0.75	0.75	0.81	0.81
Punakaiki Water	679.65	679.00	678.50	678.50	690.00	713.00	736.00	764.75	787.75	816.50	856.75
Inangahua Junction	299.00	265.00	264.50	264.50	471.50	506.00	517.50	540.50	552.00	575.00	598.00
South Granity	230.00	265.00	264.50	598.00	632.50	632.50	667.00	678.50	713.00	747.50	770.50
Solid Waste:											
Refuse	63.25	63.00									
Bag Costs	3.50	3.65									
Recycling:	138.00	121.00									
Contracted Rate	0.00	0.00									
Base Rate	0.00	0.00	232.30	232.30	232.30	232.30	232.30	232.30	232.30	232.30	232.30
Lower Rate	0.00	0.00	148.35	148.35	148.35	148.35	148.35	148.35	148.35	148.35	148.35
Sewerage:											
Westport	753.00	863.00	862.50	885.50	897.00	908.50	920.00	943.00	943.00	1,000.50	1,012.00
Reefton	523.00	552.00	575.00	598.00	609.50	621.00	644.00	661.25	678.50	701.50	713.00
Little Wanganui	644.00	644.00	862.50	862.50	862.50	862.50	862.50	862.50	862.50	862.50	1,092.50
Area Maintenance:											
Westport		5.00	5.00	5.00	6.00	6.00	6.00	6.00	6.00	7.00	7.00
Promotion & Development Rate											
Rate/Capital Value	0.00075	0.000794	0.000800	(Rate dependent on movement in (capital value) revaluations)							
Industrial/Commercial - Tier 1	130.00	130.00	130.00	140.00	140.00	140.00	150.00	150.00	150.00	160.00	160.00
Commercial - Tier 2	330.00	330.00	330.00	340.00	340.00	340.00	350.00	350.00	350.00	350.00	350.00
Commercial - Tier 3	630.00	630.00	630.00	640.00	640.00	640.00	650.00	650.00	650.00	650.00	650.00
Home-based	180.00	180.00	180.00	190.00	190.00	190.00	200.00	200.00	200.00	210.00	210.00

(*) This charge is per m³ above the threshold of 550m³

(**) This charge is per m³ of water supplied

Targeted Rate Increases and Associated Capital Upgrades

Increases in water targeted rates and sewerage targeted rates have occurred due to the upgrades. The costs of financing the upgrades and the depreciation have caused the targeted rates to increase. In addition, the upgraded plants have introduced increased operational costs such as power and chemical costs.

Westport Water Upgrade

Westport water has a significant upgrade (totalling \$ 10.6 million) planned over the duration of the ten year plan. This upgrade upgrades the treatment plant to meet Drinking Water Standards as revised in 2008, extends the treatment plant to create additional storage for treated water, improving the condition of the tunnel to enhance the security of supply and replacement of the trunk main. All of these upgrades are designed to improve the quality of the treated water and improve the reliability of the water supply.

Further Drinking Water Upgrades

There are planned upgrades for the Water supplies in Punakaiki, Waimangaroa, Ngakawau/Hector (in the 2011/2012 Annual Plan). Little Wanganui, Inangahua Junction and South Grantly in the Long Term Plan. Although these upgrades will result in the water supplies meeting the drinking water standards (as revised in 2008), the financing costs and the depreciation costs will result in the targeted rates increasing. With these smaller schemes, the main issue for the community to consider is whether the benefit of improved water quality is affordable. While the plan assumes that the upgrade will proceed, no final decision will be made without further consultation with the affected communities.

In addition, Council is assuming that subsidies will be received from the Ministry of Health. If these subsidies are not received then the planned upgrades will be impacted.

Westport Sewerage

Progressive upgrades are planned over the next 4 years to underground services in Derby Street, pump replacements, sewer modelling and separation and upgrades to the Waste Water Treatment plant. The financing costs and the depreciation costs associated with the upgrades have increased the targeted rate. In addition, running costs associated with operation of the Waste Water Treatment Plant have panned out higher than originally envisaged.



targeted rates

