

Looking forward



SOUTHLAND DISTRICT COUNCIL
ANNUAL PLAN 2010

 *People First*
Southland District Council
Te Rohe Pōtae O Murihiku

About Southland

One of the essential characteristics of Southland is its strong community ethic. Each of Southland's communities has a special character, ranging from the popular coastal township of Riverton, the bustle of a busy tourist destination in Te Anau, to the quiet yet beautiful town of Riversdale and tranquillity of Oban, Stewart Island/Rakiura. In all these communities it is the norm to know your neighbours; people are open and friendly and can be relied upon. This sense of community has created a reputation of Southland being one of the safest family environments in the country.

The spirit of community is also seen in the way in which people work together for the development of their township and local area. Southlanders are generally very resourceful but conservative, preferring to learn from past experiences and be cautious and thoughtful in their approach rather than be impulsive and take risks.

One of the attractions of living in Southland is the lifestyle. Outdoor pursuits abound in Southland, from trout fishing in the Mataura River, water skiing at Lake Manapouri, a huge range of walks and tramps, and a large number of golf courses. Residents are generally active, typically involved in a range of sporting and recreational activities such as rugby, golf, netball and bowls. Southlanders also value arts and cultural activities and participation in community activities is high with interests ranging from the fellowship of service groups to the creativity of arts groups.

Agriculture remains the cornerstone of the Southland economy with agriculture, forestry and fishery workers being the most numerous occupational group in the District. The continued expansion and development of the dairying industry, in particular, looks likely to underpin future growth. At the same time, with exploration for lignite, gas, oil, coal and recent development of wind power and a well established hydroelectric power station, energy opportunities also look likely to play an increased role in the District economy in the future. With five iconic tourist destinations (Milford Sound, Doubtful Sound, Fiordland National Park, Southern Scenic Route, Stewart Island) located in Southland, the District continues to be well-known for its unique and diverse tourism attractions.

Key Statistics

Population	28,440 ¹
Māori	9% ²
European	79% ²
Other ethnic groups ³	19% ²
Median household income	\$48,700 ¹
Median house price	\$197,000 ⁶
Land area	30,753 km ²
Length of coastline	3,400 km
Average annual rainfall	1,112 mm
Average annual sunshine hours	1,614 hours
Average summer temperature high	19 °C ⁴
Average winter temperature high	10°C ⁴
Number of Councillors	12
Number of Community Boards and Community Development Area Subcommittees	12 (CBs) 16 (CDAs)
Rating Units - Total	20,672 ⁵
Rating Units - Subject to Uniform Targeted Rate	15,818 ⁵
Area of parks and reserves	1,249
Number of sports fields and playgrounds	70
Number of libraries	12
Length of sealed roads	1,951 km
Length of gravel roads	3,010k m
Length of footpaths	193 km
Number of bridges	974
Number of streetlights	2,416
Length of wastewater pipes	205 km
Length of stormwater pipes	107 km
Length of water pipes	632 km

¹ Census 2006

² More than 100% as respondents can choose more than one ethnic group

³ 'New Zealander' responses in the Census form part of the 'Other ethnicity' category.

⁴ www.nzs.com/new-zealand-weather/southland

⁵ June 2010 (based on properties subject to Waste Management Rate. Please note that 'Rating Units - Total' includes non-rateable units)

⁶ www.interest.co.nz home loan affordability series May 2010

OTHER
INFORMATION

FINANCIAL
INFORMATION

COUNCIL
CONTROLLED
ORGANISATIONS

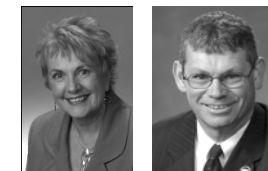
ACTIVITIES

OVERVIEW

Overview

The overview explains what the Annual Plan is and describes the key issues being considered by Council that the public may be interested in as well as information about the overall financial effect. It also highlights the key changes made to the plan as a result of submissions. The section also describes the communities' seven key outcomes as well as details of other related planning documents.

From the Mayor and Chief Executive



Thank you for taking the time to read Council's 2010/2011 Annual Plan. This is a key planning document for Council and we hope that you, our ratepayers and residents, get an overview of what Council is going to do over the next 12 months. Thank you also to those who made submissions on the Draft Plan. We received 81 submissions which contained very constructive comments that Council has taken on board and has resulted in some changes to the Plan.

This Plan should be read in conjunction with Council's Long Term Council Community Plan which was published last year as this Annual Plan covers a 12 month slice of this. Both documents have been difficult to put together due to the current economic uncertainty. The long term infrastructural needs of the District need to be balanced against community affordability and this is what Council has strived to achieve within this Annual Plan.

The rates increases within this Draft Plan are in line with that signalled in our Long Term Council Community Plan. There have been a number of significant savings in expenditure, but these, unfortunately, have been offset by reduced income from external sources such as forestry. Roading costs are the main reason rates continue to increase with the cost of bitumen and gravel being above the CPI and heavy traffic volumes continuing to increase.

Roading remains Council's most significant expenditure area and an increase in use from both dairying and forestry have put significant demands on Council's road reconstruction programme. Council has adopted an approach which will maximise the use of Central Government's financial assistance rate (currently sitting at 54%). Council has no unsubsidised roading programme planned within this Annual Plan. Council will continue to ensure that rural New Zealand's voice is heard by Central Government especially relating to issues around equitable roading funding.

Council has been looking at a long term sustainable solution for household waste collection for a number of years. This Annual Plan includes a change from the current one wheelie bin system to a two bin service, one for waste and the second for recyclables. Council will still provide recycling drop-off centres for those residents who are not on the collection. Council believes this is a positive step towards reducing the amount of waste to landfill.

In this plan, Council also decided to change the way that the cost of the water and wastewater operations and maintenance is paid for by communities. Instead of all communities paying a different amount based on the historical contract costs, they have signalled that over the next two years they will move towards a system where the operational and maintenance costs of our schemes are shared out amongst communities based on the number units. In this plan, Council has

moved part-way towards this with half of total contract costs allocated on a unit basis. Council will be looking at the pros and cons of setting a uniform cost across all schemes which incorporates all costs early in the new term.

The District has been revalued in the past year and these new valuations will be used by Council to strike the 2010/2011 rates. As Council uses a significant amount of targeted rates the swings and roundabouts that used to occur with the rates are not likely to be as prevalent this year as in previous revaluation years.

October 2010 sees the triennial local authority elections. These elections will cover both Council and Community Boards. Community Development Area Subcommittee elections will occur in March 2011. Council would like to encourage anyone with an interest in their community and its wellbeing to stand. Information on Council, Community Boards, Community Development Area Subcommittees and the eligibility criteria are available from Council. As some of the eligibility criteria cover not only the person standing but those that are nominating that person, we would encourage people to put their nominations in early so that any discrepancy can be appropriately rectified. We would welcome any approaches from residents or ratepayers for further information.

Over the 2010/2011 year we will no doubt see a number of policy and/or discussion documents from Central Government outlining proposed changes to legislation, structures and direction which could have significant impacts on Council, its ratepayers and its residents. Such things that are occurring at the moment include the Auckland governance reorganisation, spin-off reviews from that reorganisation, changes to the Building Act, building regulations, Resource Management Act and Local Government Act to name a few. All of these items take time and effort to ensure these changes reflect the needs of the whole country rather than those areas of high density population.

On a proactive note we are pleased to see the Stewart Island Visitor Levy legislation has received support from the National, Labour, Greens and Māori parties at its first reading and we look forward to it passing through the house this year. This project has been a long time coming.

In conclusion we would like again to thank all those who have taken the time to read this document as we believe it is important that residents and ratepayers are suitably informed regarding Council's intentions over the next 12 months.

Frana Cardno, QSO JP
MAYOR

David Adamson
CHIEF EXECUTIVE

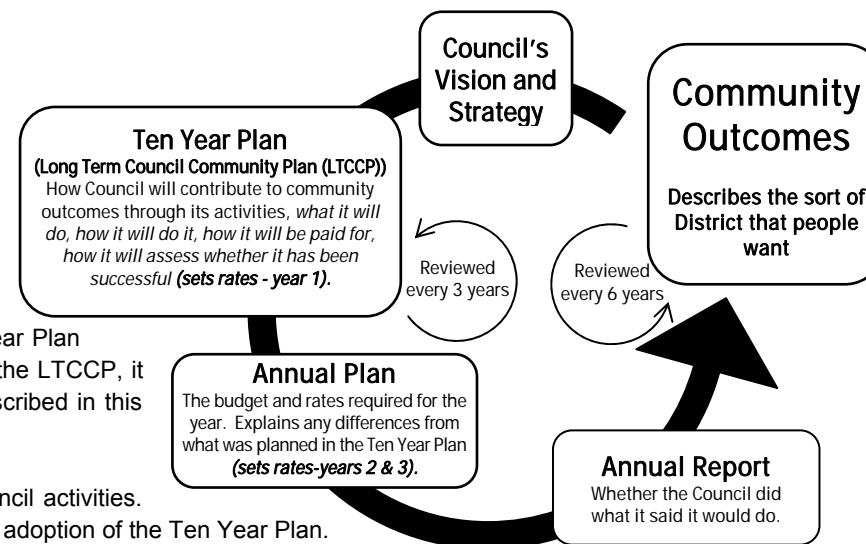
What is the Annual Plan?

The Annual Plan is produced every year that the Ten Year Plan is not. The Annual Plan provides an update of what the Council is proposing to do in the 2010/2011 year compared to what was proposed for that period in its Ten Year Plan 2009-2019. The Annual Plan includes the cost of delivering the Council's proposed activities, as well as outlining how the Council intends to fund these and how progress will be measured. Minor changes in the timing or cost of projects, as described in the Ten Year Plan 2009-2019 are also explained. If the Council is making any 'significant' changes from the LTCCP, it must also amend the relevant sections of the LTCCP. Please note that all figures described in this Plan do not include GST and as such, GST at the prevailing rate needs to be added.

The Annual Plan does not focus on the role, scope, service levels and priority of Council activities. These wider 'strategic' matters are intended to be dealt with through the preparation and adoption of the Ten Year Plan.

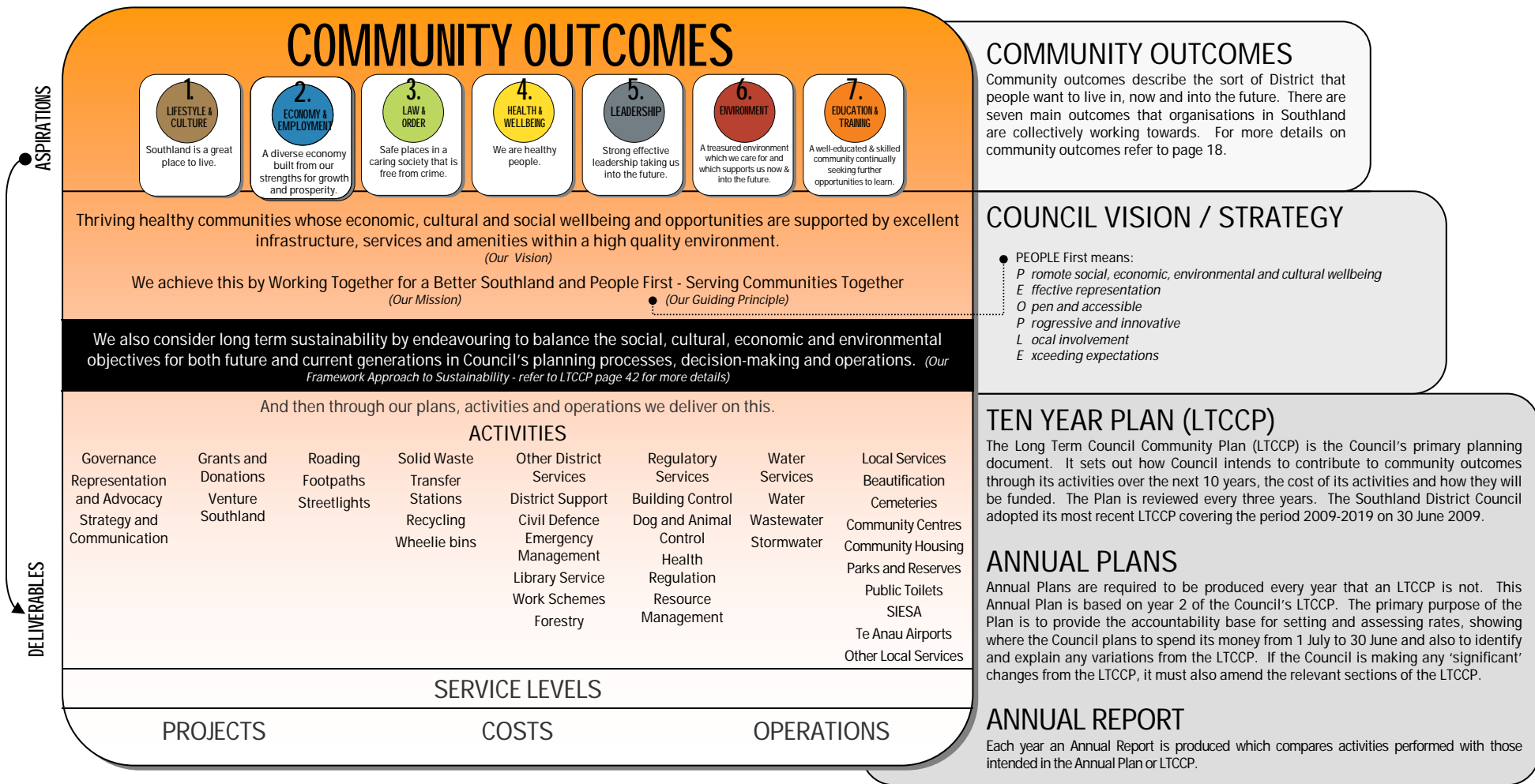
The Annual Plan is made up of several sections as follows:

Overview (page 5)	Activities - Council's Planned Actions (page 27)	Council Controlled Organisations (page 111)	Financial Forecasts (page 120)	Other Information (page 169)
Explains what the Annual Plan is and the key issues being considered by Council that the public may be interested in as well information about the overall financial effect. It highlights the key changes made to the Plan as a result of submissions. The section also describes the communities' seven key outcomes as well as details of other related planning documents.	This section looks in more detail at what services the Council provides and why. It details what level of service will be provided and how this will be measured as well as some of the key issues related to the activity. It also includes details of projects (operational or capital) which are planned and explains any variations from what was planned for the 2010/2011 year against what had been included in the LTCCP. Lastly it details how much it will cost and how it will be funded.	Provides an overview of Council Controlled Organisations and their activities.	Presents the financial implications of the Plan. It looks at the net worth, cashflows, performance and the overall position for the 2010/2011 year compared to what was forecast in the LTCCP. This section also details any changes to the assumptions made by Council in preparing the plan as well as information about the revised rates for 2010/2011 in the funding impact statement and whether the Council is balancing its budget. The section also includes variations to fees and charges as well as the Accounting Policies used to prepare the financial information.	Provides information about the Mayor and Councillors, the structure of Council, Community Boards and other Subcommittees and Management.



Our Council

Council works towards its vision in its plans, strategies, and policies and also through the activities outlined in this Ten Year Plan. The seven community outcomes support the vision, mission and guiding principle for the Southland District Council (see below). The Council has a Mayor and 12 Councillors representing 12 Wards. Due to the diversity of the needs and priorities of our local communities, we also have 12 Community Boards and 16 Community Development Area Subcommittees. Council also directly supports a number of representative groups, including the Southland District Youth Council, Milford Community Trust and Te Ao Mārama, and engages with a wide range of stakeholder groups on a regular basis. More information about the Council can be found on page 170.



Overview of submissions and changes

The community must be consulted when developing and adopting an Annual Plan. A Statement of Proposal (incorporating Southland District Council's Draft Annual Plan 2010/2011) was considered and approved by Council at an extraordinary meeting on 8 April 2010. It was then made available for public consultation during the period from 10 April to 19 May 2010. The Draft Plan was advertised by newspaper and radio, posters were put up in all the Council Area Offices/libraries and a summary of the Draft Plan was distributed to all households in the District and posted to non-residential ratepayers. In addition, just over 200 copies of the full Draft Annual Plan were distributed to other local authorities, public libraries, and interested organisations and individuals who requested these. Both the summary and full draft document contained a freepost submission form.

Some consultation was undertaken prior and after the adoption of the Draft Plan including:

- Consultation with local Community Boards, Community Development Area Subcommittees and Water Supply Committees about the options for distributing the costs of the new water and wastewater operations and maintenance contract.
- Consultation via past plans regarding the proposed kerbside recycling service.

Responses to the Draft Annual Plan

81 submissions were received to the Draft Plan. The majority of submissions received were on:

- The two bin kerbside recycling proposal (34).
- Water and wastewater funding including the impact of the new operations and maintenance contract (24).
- Various roading issues including comments about road maintenance and sealing, proposed cycleways/walkways and local projects (20).
- Rates increases and affordability (13).
- Water related issues including changes to projects, conservation, monitoring charges and water quality (12).
- The Council's road funding model, tonnage information used and the resulting calculation about the amount which various sectors should pay towards the roading rate (10).
- Issues related to the District Plan and resource management issues (8), including concerns about development and financial contributions.
- Views relating to Representation and Advocacy (8) including overseas travel arrangements.
- The level of the uniform targeted rate (7).
- Proposed toilet upgrades and other issues related to managing human waste throughout the District (7).
- Views on various grants and donations (6).
- Views on various local projects including beautification (6) and stormwater projects/consents (5).
- Solid waste management issues (5).

A hearing was held in Invercargill on 15 June 2010 with 21 submitters speaking to their submission. All submissions were considered at an extraordinary meeting on 16 June 2010. At this meeting Council indicated five key amendments should be made to the Plan as a direct result of the submissions in addition to minor wording changes in the document. These were confirmed at a meeting of Council on 30 June, where the Annual Plan was adopted. In addition to the description of key changes made below, each submitter receives a letter outlining any changes made to the plan as a result of their submission. The Council also indicated a number of issues to be considered in a workshop after the Council elections.

Council received 34 submissions on the proposal to introduce a two bin kerbside system for managing waste and recycling. Of these 14 were in support, 16 against and 4 made other comments. Those in support mainly said it will help to protect the environment and reduce waste to landfill, cost less than the three bin system and that the third bin is not needed because they compost their greenwaste. Some also said that if the two bins system is introduced there needs to be education around what to do with greenwaste and for it to be free to take to transfer stations. Those against the proposal mainly said that it would cost too much, that they do not fill their current wheelie bin so do not need another one, or that they have no room to store more bins. Some suggested that instead of introducing kerbside recycling Council could make more recycling drop-off centres available, do more education, provide recycling bins that people empty themselves, subsidise compost bins and worm farms, or make kerbside recycling optional and charge ratepayers by the weight of their wheelie bin. After considering the submissions Council decided to continue with plans to introduce the two bin system as outlined in the draft Plan including an increase in rates for wheelie bins for 2010/2011. Council believes that reducing the amount of waste to landfill is important and that they need to show leadership in this area. In addition, Council commented that the cost of the two bin system would be similar to a one bin as the bins will only be picked up fortnightly (one each week) and that if they were to stay with a one bin service the current 12 year old contract would have to be renewed as it is expiring in November and costs would still increase. Council acknowledged that education will need to be undertaken in conjunction with the introduction of kerbside recycling to ensure people know what to put in the bins and which weeks to put them out and believes that the contract period will not restrict them to investigate newer technologies as they arise in the future. They also commented that the number of recycling depots throughout the District would remain the same to cater for those in rural areas that will not receive the wheelie bin service.

Council also received a number of submissions on how the new water and wastewater operations and maintenance contract costs should be distributed amongst the schemes, and last year's proposal to fund all water and sewerage costs by a uniform targeted rate (water clubbing). Of the 24 submissions, 13 favoured moving to a standard cost per unit for all schemes (Option 2) for the new contract costs, six favoured an increase to existing operations and maintenance budgets for individual schemes (Option 1), one favoured Option 1 for wastewater and Option 2 for water and one submission made a general comment on the increase in contract costs. The submitters choice in option largely related to which option provided either the lowest cost increase, or delivered savings for their particular scheme. Three submissions related to last year's "water clubbing" proposal saying that Council should reconsider this so that rates can be more affordable for some townships in the District. After considering the submissions Council initially indicated that it wanted to implement a standard cost per unit for all schemes (Option 2) for the operations and maintenance costs. However in considering the Final Plan and additional information about the impact on scheme rates, the Council decided instead to move to Option 2 over two years. As a result, in this plan half of the cost of the contract has been shared out amongst communities based on historical costs and the other half shared out amongst schemes based on the number of units they have. The Council has also signalled that full implementation of Option 2 will be included in next year's Draft Annual Plan 2011/2012. They also indicated that they wish to discuss water funding issues including clubbing, metering and pro-rata charging based on size of block and water use at a workshop after the Council elections in 2010/2011. The direction which comes out of this will be incorporated into the Council's next Ten Year Plan 2012-2022.

Rates increases and affordability was also commented on by 13 submissions with nine of these commenting that the rates are too high. One submitter said that they were reasonable considering the need for spending on key infrastructure, one questioned the rating system, one commented on the use of loans and one wanted itemisation of rates and benchmarking of rates. A staff submission also requested that figures in the Final Plan be GST exclusive given the change of GST from 12.5% to 15% was coming in part way through the 2010/2011 year. Council said they are always concerned about the level of rates required to run the District and try to keep them as low as possible, noting that some costs they incur are above the level of inflation. Council asked for a clear explanation to be put in the Plan about why the District rate has increased. In addition, Council agreed that figures in the Plan should be stated as GST exclusive.

Council received 12 submissions on various matters relating to water including projects, conservation, monitoring charges and water quality. Three of these supported Council putting various water projects on hold and one staff submission requested various changes to costs and timing of projects which had been discussed with local committees after the release of the Draft Plan. Two submitters asked when their town was getting a reticulated water supply; two believed that those that take water for private gain should pay a higher rate and that Council should develop a rainwater harvesting policy or encourage installation of rainwater tanks.

Comments were also received on the quality of township water, Environment Southland's water monitoring charges, and the need to promote water conservation. As mentioned above Council has indicated that it wishes to discuss water issues at a workshop after the Council elections in 2010/2011 with the direction that comes out of this being incorporated in to the Council's next Ten Year Plan 2012-2022. Council approved the deferral of projects that were unable to be completed in 2009/2010 to this year or next year and also commented that policy on rainwater tanks in townships will be looked at in the review of the District Plan which is currently being undertaken. In addition Council confirmed that Environment Southland's water monitoring charges (which the Council understands have changed slightly from earlier proposals) will not be incorporated into the Council's budget until 2011/2012.

Ten submissions were received on road funding with all wanting various changes to different sectors' share of costs either this year or the year after. Four submitters believed that dairy tankers are damaging the roads and therefore the dairy sector should pay more, one said that the model was fair but the period of easement for dairy should end next year, one said that the share of costs should reduce for not-for-profit sectors like lifestyle and residential not just dairy, one believed forestry is paying too much, two believed that dairying was paying too much (with one wanting the GHD model brought back in) and one said that residential should be paying more. After considering the submissions Council decided to retain the percentage share of costs that were proposed in the Draft Annual Plan as they believe it is a fair reflection of each sectors use of and impact on the District's roading network.

Council also received a number of submissions on resource management issues largely supporting the District Plan review or offering to assist in some way. In addition, a couple of submitters requested Council to work on a landscape study and one requested that Council review its resource management related fees so that development is not discouraged in the District. Council said that they are keen to work with Environment Southland on the landscape study and will assess the costs of doing this work for the 2011/2012 Annual Plan. Council has also indicated that a review of its development and financial contribution fees is part of a larger Council funding review which Council plans to discuss at a workshop after the Council elections in 2010/2011.

Seven submissions were received on the proposed level of the Uniform Targeted rate (UTR) with four supporting it remaining at the level indicated in the Draft Plan and three opposing it. Those in support mainly said that if the level was raised it would impact on lower socio-economic areas while those in opposition believed it should be raised to decrease farmers and other businesses' overall rates. After considering these submissions Council decided not to increase the level of UTR because although the percentage was lower than previous years the dollar amount is more because the total rates collected has increased. The finalised level of UTR is 25.07%.

A number of submissions were received on planned upgrades/new toilets, the issue of human waste contaminating public places and dump stations. Council decided that a review of the location and funding of dump stations should be undertaken and as part of this the issue of human waste contaminating public places will be looked at.

Council received a request to increase the amount of money it provides for the Enviroschools programme from \$5,000 to \$10,000. Council agreed to this request on the condition that it was taken from existing budgets and had no impact on rates.

In addition to the above changes Council has added to the 2010/2011 roading programme to include work that was unable to be completed in 2009/2010. This has had no impact on the roading rate as the associated funds from 2009/2010 have been transferred.

In addition the following changes were made / confirmed:

- The table showing Council's contribution to Community Outcomes was printed in colour to ensure readability.
- A statement of the aim for each activity under each of the activity headings was added.
- The size of wheelie bins was corrected.
- A comment on preventing human waste contamination of roadsides and recreational areas was added in the public conveniences section of the plan.

Register and Acknowledgement of Submissions

Absolute Land Solutions Limited	Jenny Campbell	Riversdale Community Board
Al Weir	J L and K A Reynolds	Riverton Community Board
Alistair Aitken	Jo Flaws	Riverton Heritage and Tourist Centre
Alliance Group Limited	Joe's Refuse Service	Robert Kempthorne
Annette Horrell	K G Davidson	Ron Baxter
Brian Thomson	Lex and Shirley Mouat	Russell Rawlings
Christine Henderson	Lumsden Community Board	S and L George
Christopher T Shaw	Lumsden/Balfour Water Supply Committee	Shelley Neal
Community Trust of Southland	M B Barrie	South Catlins Development & Environmental
Daphne Burns	Manapouri Community Development Area Subcommittee	Charitable Trust
David Prendergast	Marilyn Ward	Stephen Hoskin
Department of Conservation	Mossburn Community Development Area Subcommittee	Stephen Keach
Don Egerton	Muriel Brown	Stuart Hill
E A and M M Loose	New Zealand Farm Forestry Association	Tanea Hawkins
Eastern Bush Water Supply Committee	New Zealand Historic Places Trust	Te Anau Basin Water Supply Committee
E B and IE Goldsmith	New Zealand Motor Caravan Association	Te Anau Community Board
Environment Southland	Nightcaps Community Development Area Subcommittee	Te Anau Golden Age Club
Enviroschools Foundation	Noel Carran	Te Ao Mārama Incorporated
Erin Farrant	Ohai Community Development Area Subcommittee	The Roding Company Ltd
Federated Farmers of New Zealand	Ohai Nightcaps Wairio Water Supply Committee	Tuatapere Community Board
Fiona Black	Orawia Water Supply Committee	Wallace Community Board
Gavin Hall	Otahu Flat Water Supply Committee	Wayne Muntz
Glass Packaging Forum Incorporated	Owen Butcher	Winton Community Board
Graham Johnston	Patrick O'Sullivan	Staff Submissions - Finance
Ian Beker	Patsy Gordon (and residents of Roslyn Road)	- Roding
Ian Remnant	Public Health South	- Water and Wastewater
Ivan Sunde	Real Journeys	
Jack and Lesley Smith	Rex Hibbs	

Key Issues and Projects

Council Prefers Two bin System for Managing Waste -

After considering submissions made about kerbside recycling to the Draft Plan, the Council decided to continue with plans to replace the existing single wheelie bin service with a two bin service - with one bin for recycling and one for refuse. The decision follows several years of joint investigations with other Southland Councils about the options for recycling and looking at ways to reduce the amount of waste going to landfill from the District. In 2008 a report on the various options was prepared which indicated that if the District was going to make a significant reduction in waste going to landfill, then kerbside recycling would be the best option, mainly because it is convenient and is easy for people to use.

While the original proposal was for a regional service to be introduced, Council has decided to proceed irrespective of what other authorities in the region decide to do because the existing contract expires in November 2010 and the Council understands that the cost of the two bin service will not be much more than a single bin. This Plan includes \$1.66 million (plus GST) of funding for the collection costs in 2010/2011 which equates to \$182 (plus GST) for properties in urban areas and \$224 (plus GST) for properties on rural collection routes.

As part of the 2011/2012 Draft Annual Plan the Council is also proposing to standardise the charge for the new service so that urban and rural properties using the service would pay the same amount rather than differing amounts. Based on the full year estimated cost of the service \$2.1 million (plus GST), the standard rate for all properties will be \$236 (plus GST). Over the coming months the Council will continue to finalise details for the new contract for the two bin service including the start date, areas to be serviced and ownership of the new bins. In addition Council will also be negotiating the new contract for operating existing transfer stations, greenwaste sites and drop-off centres.

Managing Funds for Roads -

Managing Southland's roads continues to be a balancing act with a limit on the amount of money which can be spent but increasing expectations about what roads should be like and how well these should be maintained. Last year, the New Zealand Transport Agency (who provides financial assistance for roading from petrol tax and road user charges) announced that the Government was limiting the amount of funding provided to Council for roading over the period.

Council is keeping the programme for 2010/2011 (and 2011/2012) at the levels signalled in the Ten Year Plan in the hope that additional funding from New Zealand Transport Agency will be made available. In order to keep the programme at the higher level in the short term and not further increase rates, the Council is also proposing to reassess the roading programme needs for future years. In addition, the Council has also carried over funding for roading from the 2009/2010 year as not all work scheduled to be done that year is expected to be completed by 30 June 2010.

Council continues to be concerned about the long term future for rural roading and in particular the amount of national funding assistance which will be available to help fund rural roads in the future. If the trend continues to move away from investing in rural roads, the Council believes that this will create a significant amount of deferred maintenance which is likely to result in a reduction in the quality of Southland roads. Over time this is likely to have a significant impact on the level of service provided. This is particularly important given that a large amount of the District's sealed roads which were built in the 1960's and 1970's are coming to the end of their life cycle and are due to be rebuilt over the next decade. This, combined with the ongoing maintenance of gravel roads and the growing pressure on the network from

Why change the service?

Around half the waste dumped at the landfill is organic and around a third is made up of paper, glass and plastics. If this waste was taken out of wheelie bins and recycled /composted it would significantly reduce the amount of rubbish filling up the landfill. This would also save money as at the moment Southlanders pays an extra levy of \$10.00 (plus GST) per tonne of waste going to the landfill to the government.

What will change?

The two bin service will see properties supplied with two 240 litre wheelie bins - one bin for waste going to the landfill and the other bin for recyclable materials to go to a recycling facility. The waste bin would have a red lid and the recycling bin would have yellow lid and each bin would be collected on alternate weeks. At this stage there are no changes proposed to collection days for Te Anau or any other areas of the District.

changes in land use, means that there may be a growing gap between community expectations from the roading network and affordability. In the meantime the Council is working closely with the New Zealand Transport Agency to review the current long term forecasts for roading in the existing Roothing Activity Management Plan in order to make the best use of available funds and identify areas where savings can be made without a significant impact on the level of service.

Roothing Model Data Updated -

For a number of years Council has used a model to share out the cost of roading amongst all properties in the District. The formula provides a way to allocate the costs of roading to those sectors that create the costs through their use of the network. The model allocates the roading rate using a three step process that determines the percentage share of roading costs to be collected from the various land use sectors (known as a differential).

In the Plan, the variables in the formula have been updated including the number of properties in each sector, the volumes (tonnes) produced by each sector (Table 1), the total roading budget and where that budget is spent. Table 2 shows the effect of the changes on the Model's Share of Costs (C) as well as the Share of Costs (D) that Council has decided to use for the 2010/2011 year. In developing the 2010/2011 share of costs Council considered the following:

- The 'other' sector continues to pay a 1% cost share because it includes a number of not for profit organisations.
- The 'residential' share continues to pay a 10% cost share allowing for unquantified heavy vehicle movement.
- The 'mining' sector continues to pay around half of the model's cost share due to there being a small number of properties in this sector.
- The 'non-dairy sector' to pay cost shares as derived from the model.
- The 'forestry' sector cost share to remain at 5.5% the same as the sectors share in 2009/2010.
- The 'dairy' sector share is adjusted to 31% so the change in sector costs share does not occur in one year only.
- The 'commercial' and 'industrial' sectors to pay the model's share of costs.
- The 'lifestyle' sectors to pay the models share of costs adjusted for unquantified freight movements which results from changes to other sectors.
- Costs shares should be rounded to half percents rather than whole percents because some cost share changes are quite small and could result in significant changes in individual rates from one year to the next.

Table 1: Tonnage Data Updated

Sector	2009	2010
Mining	251,686	386,164
Non-dairy farming	425,045	422,800
Aggregates	461,471	433,952
Dairy	1,490,448	1,874,026
Forestry	488,902	520,984
Industrial	53,244	222,099
	3,170,795	3,860,025

The land use sectors with increases in tonnage were Dairy, Mining and Industrial caused mainly by growth in the dairy sector and improvements to the data. The dairy sector has increased significantly in number of farms, cows and hectares which supports increases in mining and industrial tonnage. Mining is largely the extraction of lime for use on farms, with industrial being heavy truck movements. In addition parts of the original model assumptions have been updated to reflect 2008/2009 information. Tonnage from the industrial sector has also been influenced by growth in the dairy sector with fertiliser truck movements.

Table 2: Comparison of Share of Costs for Each Sector (Model versus Adopted)

Comparing the current share of costs with the revised model and Council's proposed split (plus GST at the prevailing rate)

Sector	Rating Units (UTR)	2009/2010 Model Share of Costs (A)		Current 2009/2010 Share of Costs (B)		Updated Model Share of Costs (C)		2010/2011 Adopted Share of Costs (D)		% Change (B to D)
		%	Dollars	%	Dollars	%	Dollars	%	Dollars	
Mining	25	2.64%	\$248,888	1.00%	\$94,271	3.33%	\$336,285	1.50%	\$151,414	60.62%
Non-Dairy	3,244	42.36%	\$3,993,319	42.50%	\$4,006,505	39.40%	\$3,977,509	39.00%	\$3,936,775	-1.74%
Dairy	735	27.79%	\$2,619,842	27.50%	\$2,592,445	32.88%	\$3,318,995	31.00%	\$3,129,231	20.71%
Forestry	175	5.63%	\$530,422	5.50%	\$518,489	4.88%	\$492,447	5.50%	\$555,186	7.08%
Industrial	326	2.81%	\$564,449	3.50%	\$329,948	4.06%	\$410,056	4.00%	\$403,772	22.37%
Commercial	458	2.98%	\$281,256	3.50%	\$329,948	2.71%	\$273,533	3.00%	\$302,829	-8.22%
Lifestyle	2,252	4.42%	\$416,711	5.50%	\$518,489	3.72%	\$375,566	5.00%	\$504,715	-2.66%
Residential	7,851	7.70%	\$725,447	10.00%	\$942,706	6.19%	\$624,930	10.00%	\$1,009,429	7.08%
Other	302	3.68%	\$346,738	1.00%	\$94,271	2.82%	\$284,972	1.00%	\$100,943	7.08%
	15,367		\$9,727,072		\$9,427,072		\$10,094,294		\$10,094,294	7.08%

Water and Wastewater Contract Decision Affects Scheme Costs -

Following the release of the Draft Annual Plan, the Council completed negotiations for a new water and wastewater contract which covers the operation and maintenance of most of the community water and wastewater schemes throughout the District. The new contract, which replaces the previous 12 year old version, has resulted in an 18.08% increase in contract costs.

Council has decided that the increase in costs should be included in the budgets for the Final Annual Plan so that schemes do not fall into deficit for the 2010/2011 year. In addition, the Council also decided to change the way that the cost of the contract is shared out amongst schemes over the next two years where they will be charged according to the number of units across the District with every unit paying the same amount rather than paying different amounts based on historical costs for each scheme. In this plan Council has moved some way towards this with half of the cost of the contract being shared out amongst communities based on historical costs and the other half shared out amongst schemes based on the number of units they have. The Council has signalled its intention to move fully to the unit method of funding contract costs next year. In making this decision, the Council considered feedback from a number of committees that oversee the operation of these schemes in their communities and the impact of changes on the rates that these schemes pay.

Both the increase in the contract costs and how these are shared out amongst communities has had an effect on the amount of rates needed for each scheme for the 2010/2011 year as shown in the table opposite. Council has also signalled its intention in the future to look at setting a uniform rate across all schemes for all costs, not just contract costs (but excluding capital cost of new schemes), as well as exploring a range of other options based around metering, demand management and user pays principles.

Level of Uniform Targeted Rates -

Under the Rating Act, Council is limited to collecting 30% of its total rates using certain Uniform Targeted Rates (UTR - a flat charge so that everyone pays the same fixed amount). While Council has had an informal policy of setting the level of UTR's at 29%, based on the total rates to be collected for 2010/2011 in the draft plan, the UTR would have made up 25.47% of total rates. After considering submissions on the issue, Council decided not to increase the level of UTR's further mainly because every property in the District will already be paying an extra \$20.83 (plus GST) because the total amount of rates has increased from last year. Generally, any move to increase the amount of rates collected on a uniform basis will shift rates from properties with high capital and land values to lower valued properties, generally meaning moving rating from rural to urban properties and from businesses to households. After taking into account additional rates income now being received from Wyndham residents for connection to the new water/sewerage scheme, the proportion of rates collected using UTR's for 2010/2011 will be 25.07%.

Effect of change to contract costs funding by scheme

	2010/2011 Rate (Plus GST)		Variance
	Even % Increase (Option 1)	Adopted Rate ¹ Mix per unit and even % Increase (Part Option 2)	
Water Connections (Treated)			
Eastern Bush	\$332.58	\$319.61	(\$12.97)
Lumsden	\$338.81	\$335.81	(\$3.00)
Lumsden/Balfour	\$219.12	\$236.20	\$17.08
Manapouri	\$255.32	\$267.48	\$12.16
Mossburn	\$213.12	\$183.16	(\$29.96)
Ohai/Nightcaps/Wairio	\$410.01	\$347.38	(\$62.63)
Orawia	\$246.92	\$217.38	(\$29.54)
Otahu Flat	\$396.38	\$349.97	(\$46.41)
Otautau	\$232.58	\$229.26	(\$3.32)
Riverton	\$256.03	\$257.16	\$1.13
Te Anau	\$116.73	\$145.08	\$28.35
Tuatapere	\$348.46	\$316.39	(\$32.07)
Winton	\$309.03	\$326.26	\$17.23
Rural Water Connections (Untreated)			
Matuku	\$84.24	\$121.34	\$37.10
Te Anau Rural	\$272.48	\$289.90	\$17.42
Wastewater Connections			
Balfour	\$340.44	\$327.37	(\$13.07)
Browns	\$395.42	\$373.73	(\$21.69)
Gorge Rd	\$339.92	\$304.79	(\$35.13)
Lumsden	\$131.71	\$163.88	\$32.17
Manapouri	\$213.09	\$242.55	\$29.46
Nightcaps	\$137.29	\$168.59	\$31.30
Ohai	\$397.15	\$392.90	(\$4.25)
Otautau	\$256.99	\$264.98	\$7.99
Riversdale	\$140.14	\$173.21	\$33.07
Riverton	\$133.77	\$174.66	\$40.89
Stewart Island	\$568.31	\$525.86	(\$42.45)
Te Anau	\$246.82	\$288.59	\$41.77
Tokenui	\$329.81	\$325.52	(\$4.29)
Tuatapere	\$246.65	\$240.87	(\$5.78)
Wallacetown	\$183.00	\$182.08	(\$0.92)
Winton	\$121.22	\$158.66	\$37.44

¹ Adopted Rate figures for 10/11 include 18.08% increase in contract related costs as well as the effect of the partial change of allocation from historical costs per scheme to equal share per unit.

Property Revaluation Will Impact on Rates -

Every property in New Zealand must be revalued for rating purposes at least once every three years according to the Rating Valuations Act 1998. Valuations are used as the basis for setting the Southland District Council rates. Quotable Value NZ is contracted by Southland District Council to carry out the revaluation which is largely based on recent market sales information. The September 2009 revaluation resulted in the Southland District total value being \$18.56 billion, up from \$13.05 billion in 2006. The revaluation saw a 48% rise in overall land value and 37% rise in overall capital value.

Although the revaluation of properties does not affect the total rates collected it will have an effect on the distribution of rates (i.e. who pays what). Generally the distribution for rates remains the same if valuation increases/decreases are around the same across the District. However the collection of rates this year will be affected because the percentage change in the values are not all the same across the District.

It important to note that this will only affect the rates which are collected in some way using the value of a property and will not affect rates which are set uniformly across the District (UTR's). Rates collected using land, capital or improvement value are re-distributed in line with the trends of the valuation. Rates collected through the use of differentials will be affected because the percentage changes in valuations are different, between townships and wards and between types of properties e.g. farming, residential, commercials. **Only properties with value increases more than the average are likely to pay more in rates. Properties with value increases lower than the average are likely to pay less in rates.**

With every valuation, market conditions over the previous three years can cause trends in valuation changes. These trends are usually related to what the use of the land is and/or where the land is located.

The graphs on the following page give an indication of which areas have increased more/less than the average for land value, capital value by area and by land use sector.

When looking at where the land is located (Figure 1), with the latest valuation, the most significant increases in land value were within Ohai township (640%), Wyndham township (512%), Tuatapere township (225%), Nightcaps township (153%), Wallacetown township (152%), Edendale township (127%) and Otautau township (116%). The most significant increases in capital value by area (figure 2) were within the Te Tipua Ward, (55%), Waikaia Ward (52%), Five Rivers Ward (51%), Wallace Ward (50%), and Winton Ward (48%) and Waihopai Ward (48%). Some of these increases are significant but the way that Council rates i.e. a mixture of uniform targeted rates, local rates, land value and capital value means that any projected rates increases as part of this draft Plan will not be overly affected by the revaluation.

When looking at what the use of the land is (figure 3), the most significant increases in land value were within the dairy farming sector (70.6%), industrial sector (58.7%), non-dairy farming sector (55.2%), mining sector (39.5%) and lifestyle sector (25.2%). The most significant increases in capital value by land use (figure 4) were also within the dairy farming sector (57.7%), non-dairy farming sector (47.8%), mining sector (21.2%) and lifestyle sector (18.7%).

Revaluation effect on rates

The revaluation which takes effect from 1 July 2010 saw a 48% average rise in overall land value and a 38% rise in overall capital value.

Properties with value increases more than the **average** are likely to pay more in rates whereas properties with value increases lower than the **average** are likely to pay less in rates.

Rates Affected

The "District" rates (that all properties pay), that will be affected are those which are either entirely or partly collecting using rateable value. These include the Strategy, Policy and Planning Rate, Roading Rate, Waste Management Rate, Council Offices and District Support Rate, Building Regulation Rate and Civil Defence and Rural Fire Rate. The revaluation will not have the same effect as it did in 2007/2008 on the distribution of the Roading Rate. This is because the rate now just uses the capital value of property to share the out cost amongst properties in the same land use sector, rather than between sectors. As such, the revaluation will only result in variations based on where the land is located.

"Local" rates (that only certain properties pay depending on where they are or what service they receive), will be affected if they use land value. While most communities set their local rate at the same level using a uniform targeted rate, a number use land value - Balfour, Edendale, Fiver Rivers, Lumsden, Manapouri, Mossburn, Riversdale, Riverton, Stewart Island, Te Anau, Waikaia as well as a number of Wards (Riverton, Te Anau, Te Tipua, Toetoes, Tuatapere, Waihopai and Waikaia).

If you are interested in more information about the effect of the revaluation on your individual property, please contact Council's rating staff on 0800 732 732.

Figure 1: Change in Land Value by Area

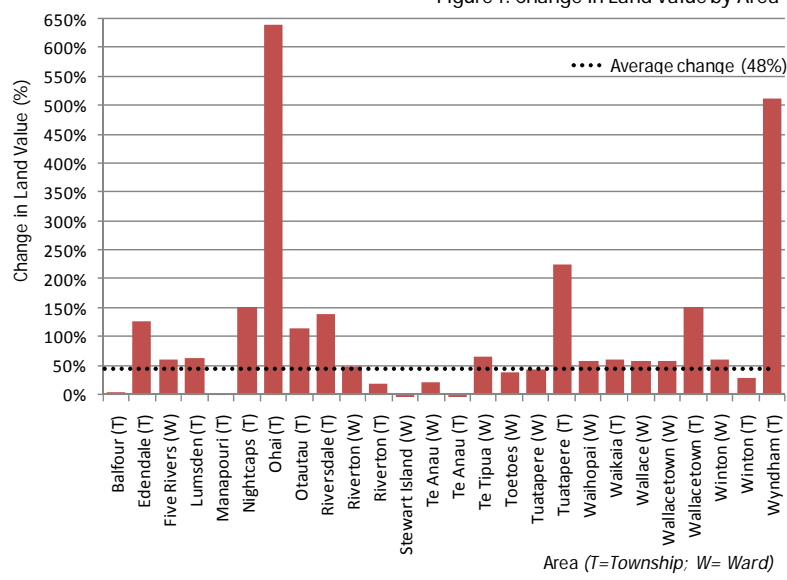


Figure 2: Change in Capital Value by Area

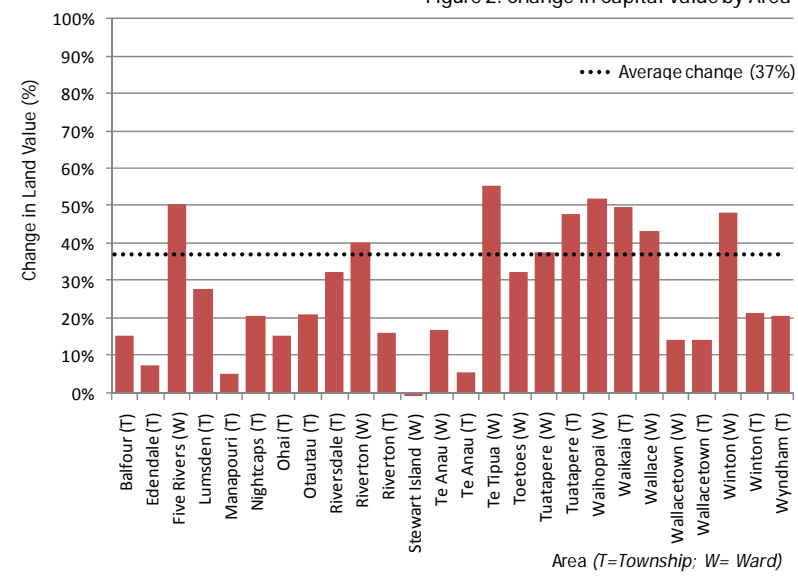


Figure 3: Change in Land Value by Land Use Sector

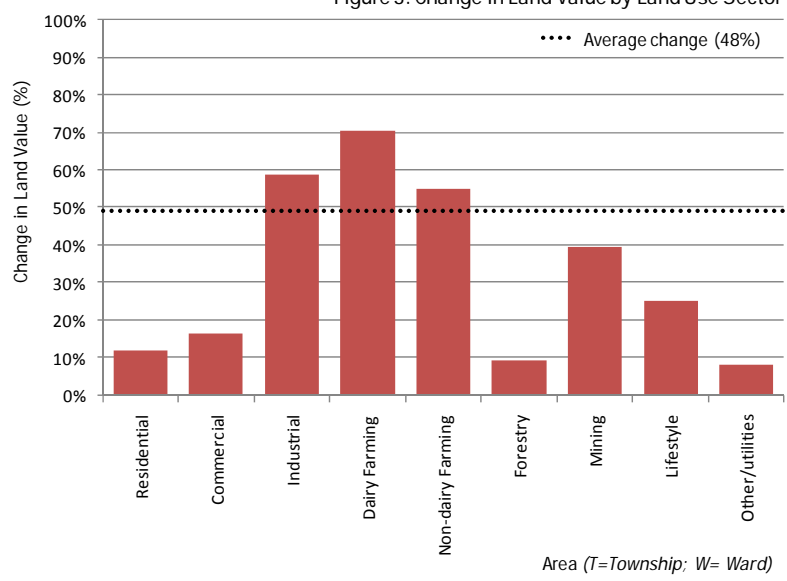
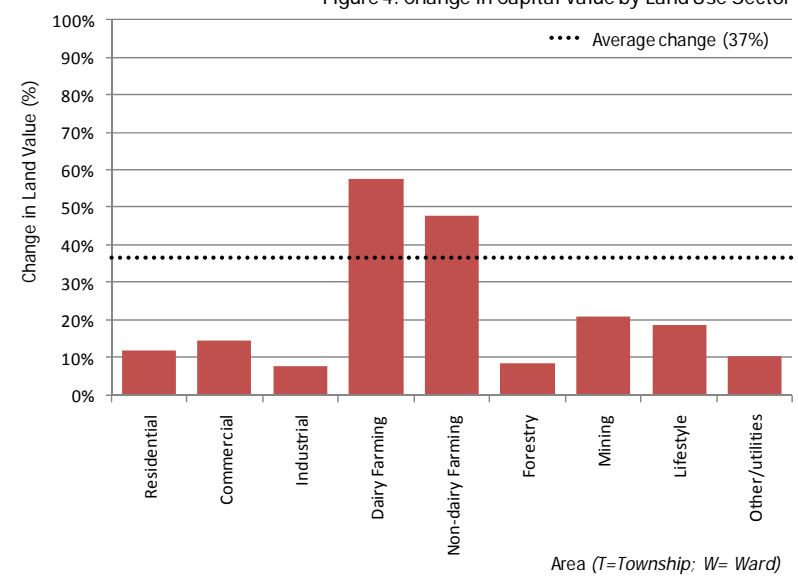


Figure 4: Change in Capital Value by Land Use Sector



Water Monitoring Charge Will Affect Community Schemes -

Environment Southland has confirmed that it will be establishing a Research and Monitoring Charge on consented water takes that will apply to all Council water consents from 1 July 2010. The charge, based on the amount of water that the consent holder is authorised to take (not actual usage), will be used to help pay the cost scientific investigations and monitoring of the use of the region's aquifers and waterways. The Council understands that the charge to be applied will be \$0.50 per cubic metre for ground water consents (up to a maximum of \$1000, with a minimum charge of \$100) and \$1.25 per cubic metre for surface water consent (up to a maximum of \$5000, with a minimum charge of \$100). A 50% discount is intended to be applied to municipal water consents to recognise that part of the take is for normally permitted activities. The Council has not included the additional costs for its schemes in the final Annual Plan and is hoping to further clarify and discuss the issue with Environment Southland.

Stormwater Consents -

Environment Southland's Regional Water Plan (which became fully operative in November 2008) requires Council to more actively manage stormwater discharges. As a result Council is now required to obtain resource consents for stormwater in many townships. The consents are likely to require monitoring to determine the quality of the stormwater which is released into waterways. At this stage, many of the consents for different townships have been lodged but are still being processed. The exact conditions/requirements that will need to be met is expected to be better understood once resource consents are granted.

Ministry of Health Water Subsidy Review -

The Ministry of Health is currently reviewing its funding criteria for water schemes. As such, a number of township water projects are currently on hold until it is known if they are still eligible for subsidy. The outcome of the review is expected by the middle of the year.

Civil Defence Delivered Regionally -

During 2009/2010 the four Southland Councils (Invercargill City Council, Southland District Council, Gore District Council and Environment Southland) reviewed the way Civil Defence Emergency Management was delivered in Southland and agreed to joint region-wide delivery of the activity. Provision of this service is a key Council function which had previously been managed by each Council separately. The review concluded that a shared service would provide the most efficient, comprehensive and effective service for Southland. From 1 July 2010 each Council's Civil Defence Emergency Management obligations will be provided under the shared service. Under this arrangement the Civil Defence Emergency Management activity will be located at Environment Southland, staff will be employed by Invercargill City Council and the Southland Coordinating Executive Group will be chaired by Southland District Council.

District Plan Review -

The Council is continuing to review its District Plan 2001, a document that manages land use and development in Southland. A number of discussion papers which outlined a range of resource management issues and options were released in the middle of 2009 and nine public meetings around the District were held on these. Following on from this a summary of the feedback was released and now staff are writing draft issues, objectives and policies for the new plan.

Changes to Rates and Areas

Winton Pool Rate -

The Winton Community Board has established a new rate to assist with the maintenance costs of the Winton swimming pool after a request from the pool committee. The Community Board has made grants for the pool in the past and believes ongoing funding should be given to such an important asset in community. The rate (which will be \$8.89 per dwelling (plus GST at the prevailing rate) will be paid by ratepayers in and around Winton excluding areas that already have pools e.g. Limehills, Browns and Hedgehope. A map of the Winton pool rating boundary is shown on page 155.

Sandy Brown Road Utility Loan Rate -

The Te Anau water and sewerage network was extended about five years ago to service proposed new subdivisions in Sandy Brown Road after property owners requested it. A new rate on these properties was set up to repay the loan raised to fund the project. Recently there has been further development in the area and Council has expanded the rating boundary to include those properties that are connected or able to be connected to water or sewerage through this extension which up to this point have not been paying this rate. The revised rating boundary can be seen on page 155.

Southland District Council is working collaboratively with Environment Southland on this project as Environment Southland is also reviewing its Regional Policy Statement. The District Plan must give effect to the Regional Policy Statement and a collaborative approach in the policy drafting stage should ensure the two documents are consistent. It is anticipated that the first draft of the second generation Southland District Plan will be completed by March 2011 with formal public consultation then being undertaken which would include the opportunity for submissions from anyone who wishes to submit on the content of the draft Second Generation District Plan.

Projected Forestry Returns Lower -

The Council manages around 1,800 hectares of Forestry which provides alternative income to offset rates. However the recent economic downturn has had a significant impact on the prices that Council receives for the sale of its timber and it is expected no surplus will be available to offset rates for the two years (09/10 and 10/11). Council's Forestry Committee is planning to look at various options for improving returns, including the way that timber is sold to the market later in 2010.

Lions Park Toilet -

Plans remain in place to upgrade of the Lions Park toilets to cater for the large number of visitors to Te Anau and improve the standard of the facility. It was originally proposed to locate the new toilets on Mokonui Street however there were concerns from various parties about the possible impact of bus movements and visitor numbers in that area. As a result, the new toilet location has moved to Te Anau Terrace immediately adjacent to the existing toilets with a resource consent for the project issued in November 2009. Work has recently begun on the detailed design of the project with construction expected to commence in June. It is expected to be completed and open in November.

Manapouri View Street Upgrade -

A project to upgrade View Street in Manapouri has been planned for a number of years. The idea of the upgrade was to develop a wide road suitable for parking boat trailers particularly during the summer and to improve the street appearance. While the Draft Annual Plan included a budget of \$500,000 for the project, following further consultation with residents through a postal survey (April) and public meeting (15 May), the scope of the project has been changed. The project will now see much of the road lowered and widened with concrete kerbs and a piped stormwater system to be installed. The preliminary estimate for the revised project is \$900,000 with funding to be provided from reserves and a loan taken out (to be repaid from the Manapouri local rate, which, if confirmed will start repayments from rates in 2011/2012). At this stage, the project is still subject to final costings as well firm decisions on how the project will be funded with the Manapouri Community Development Area Subcommittee and Council looking at various options to obtain additional funding.

Browns Sewerage Scheme -

The Browns sewerage scheme has struggled to comply with resource consent conditions for several years. Council is continuing to look at different options for the scheme in 2010/2011 to find the most efficient and cost effective solution for the small community and is looking at how this will be funded.

Changes to Fees and Charges

A number of fees and charges have been revised for 2010/2011. Some of these changes are outlined below:

Building control fees are calculated on recovering costs associated with its activities. Next year fees have increased to retain sufficient income to cover overheads whilst allowing for a decline in building activity. Despite the increase in fees these are still much lower than a lot of other lower South Island Building Consent Authorities.

Cemetery Interment Fees have increased from \$1,045 to \$1,191 (plus GST) to reflect an increase in contract rates for burials.

Dog Registration Fees have been at the same rate since 2007 and this year the fee has increased from \$14.93 to \$17.78 (plus GST) to better reflect the costs associated with the registration process.

SIESA unit and distribution and development charges have increased by 4% to cover the increased costs of electricity generation.

Transfer station charges for refuse and recycling have increased slightly for utes and trailers.

Headworks Contributions for some water supplies and financial contributions for water and sewerage schemes have changed.

Various fees relating to **road reserve and services** have also slightly increased.

In addition, the Environment Minister is currently preparing a default discount policy for resource consents which are not processed within statutory timeframes. The policy (which sets out the level of discounts, how the fault is determined, and what will happen in the event of a dispute) is expected to be made a regulation which will come into force at the end of July 2010. Once the regulation comes in, the policy will apply against all resource consent applications made after that date and any discounting costs will have to be met through rates.

All variations to fees and charges are on page 162.

Finance Overview

Funding

Rates -

Council is proposing a District rate increase of 6.45% in 2010/2011 compared to a 6.89% increase in 2009/2010. The proposed increase is slightly lower than the 6.50% forecast in the Long Term Council Community Plan (LTCCP). All ratepayers in the Southland District pay District rates for services such as roads, libraries, regulatory activities and representation.

The above percentage is an average of the District rate types. The individual rate increase for each property will depend on the value of the property and the type of services it receives. The rates change for each local area will also vary depending on the township, the services provided in that township and the local projects and priorities that have been identified by local community representatives.

At least once every three years, every property within the Southland District area must be revalued for rating purposes. The most recent revaluation was undertaken in September 2009 by Quotable Value New Zealand. The revaluation has no impact on the total amount of rates to be collected but does affect the distribution of rates amongst the ratepayers of a community.

Rates Examples

The table below shows examples of the changes in rates for a median capital value property in the residential, lifestyle, dairy and farming sectors. The rate types applicable to each example vary depending on the services received and the property location.

Sector	Land value	Capital Value	Rates 2009/2010	Rates 2010/2011 (per year)	Rates 2010/2011 (per week)
Residential	\$10,000	\$155,000	\$1,675	\$1,508	\$29
Lifestyle	\$125,000	\$251,000	\$1,145	\$957	\$18
Dairy	\$2,150,000	\$2,450,000	\$3,205	\$3,297	\$63
Pastoral Farming	\$1,100,000	\$1,300,000	\$1,676	\$1,602	\$31

The table below shows where rates will be spent in 2010/2011 and compares this to what was indicated in the LTCCP.

Where rates are spent

Activity/Service	LTCCP 2010/2011	Annual Plan 2010/2011
Roading and Transport	10,226,744	10,133,943
Solid Waste Management	4,136,611	3,155,757
Regulatory Services	1,332,431	1,256,053
Representation and Strategy	3,185,250	3,241,706
Grants and Donations	2,848,499	2,864,871
Other Local Services	214,096	217,287
Other District Services	3,831,793	3,919,515
TOTAL DISTRICT RATES	25,775,424	24,789,132
Local Rates	8,776,093	9,493,993
TOTAL ALL	34,551,517	34,283,125

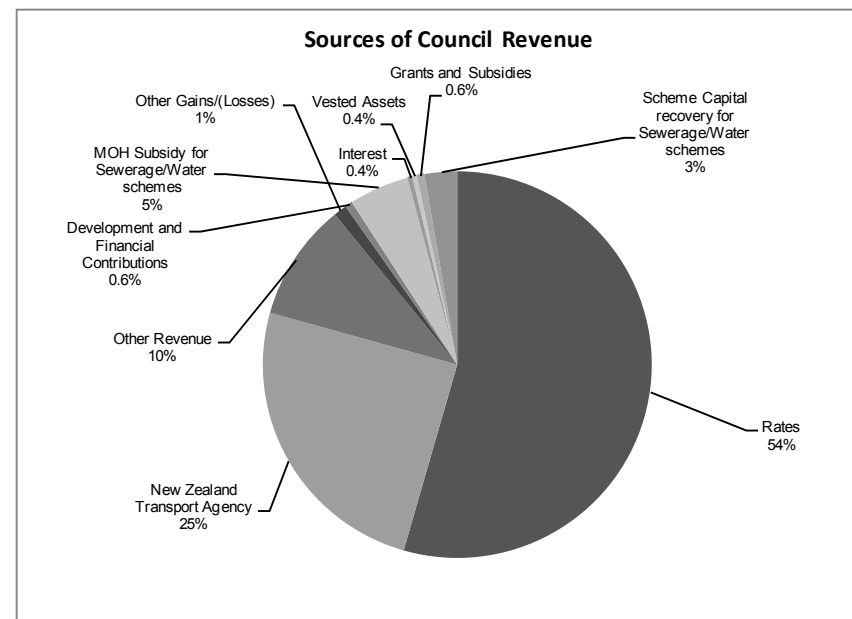
Other Sources of Funding -

In 2010/2011 rating will provide 54% of the Council's total revenue. The remaining 46% is received from other sources as outlined in the table and graph below.

REVENUE	LTCCP	Annual Plan
	2010/2011	2010/2011
Rates	34,551,517	34,283,124
New Zealand Transport Agency financial assistance	14,840,615	15,626,301
Other revenue ¹	6,190,349	6,183,958
Other gains/(losses) ²	752,510	686,072
Development and financial contributions	341,946	399,175
MOH subsidy for sewerage/water schemes	2,015,019	3,150,597
Interest	764,376	262,693
Vested assets	-	231,360
Grants and subsidies	381,549	400,998
Scheme capital recovery for sewerage/water schemes	-	1,715,377
TOTAL PROJECTED REVENUE	59,837,879	62,939,655

¹ Other revenue includes things such as fees and charges

² Other gains/(Losses) includes things such as selling property and Forestry



Of the 46% funding from other sources, the majority is received from the New Zealand Transport Agency towards the Council's roading programme (25%) as well as subsidies from Central Government (Ministry of Health) (5%) and capital contributions from rate payers for water and sewerage projects (3%). The variation between the Annual Plan and LTCCP figures above for the MOH subsidy and scheme capital recovery is the result of revised timelines for capital projects such as the Edendale/Wyndham sewerage scheme. The New Zealand Transport Agency financial assistance has increased due to the timing of roading programme spend carried over from 2009/2010 into 2010/2011.

Reserves -

The Council has a number of reserve funds which are used to fund particular projects or set aside for future use. As at 30 June 2009 Council had total financial reserves of \$16.8 million. It is projected that these will decrease to \$13.7 million by 30 June 2011. The projected decrease is mainly due to money being drawn down for rates smoothing. It is anticipated that these reserves will be repaid in the next 10 years. For further information on Council's rates smoothing approach please refer to page 168.

Loans -

Council is indicating a number of external loans to fund capital projects, primarily arising from stormwater, wastewater and water activities. The level of these loans is forecast to be \$13.0 million in 2010/2011. Council also currently has a number of internal loans (drawn down from investments) in place to fund various local projects. The level of these loans are projected to be \$17.8 million in this Annual Plan and most of this has been loaned to local communities to pay for water and sewerage upgrades, which over time they will repay through their rates.

Expenditure

Operating Expenditure -

Council's operating expenditure totals \$59.9 million in 2010/2011. This includes items like repairs and maintenance costs, salaries and electricity costs. The major activities of operational expenditure are roading and transport at \$26.6 million and water, stormwater, wastewater at \$7.8 million. The \$59.9 million is lower than the \$61.1 million forecast for 2010/2011 in the LTCCP primarily due to lower finance costs (by \$1.1 million) and lower kerbside recycling costs (by \$0.8 million) due to the inclusion of a two bin system rather than the three bin option. A revised timeline for delivery of capital projects and changes between internal and external funding of these projects has resulted in a reduction of the amount of external loans required, contributing to lower external interest costs budgeted. The kerbside recycling system proposed by Council in the LTCCP has changed in scope and timing from a three bin option fully operational in 2010/2011 to a two bin option which is now expected to commence in the last quarter of the Annual Plan year. The estimated cost of this additional service has accordingly been revised down from what was included in the LTCCP.

Capital Expenditure -

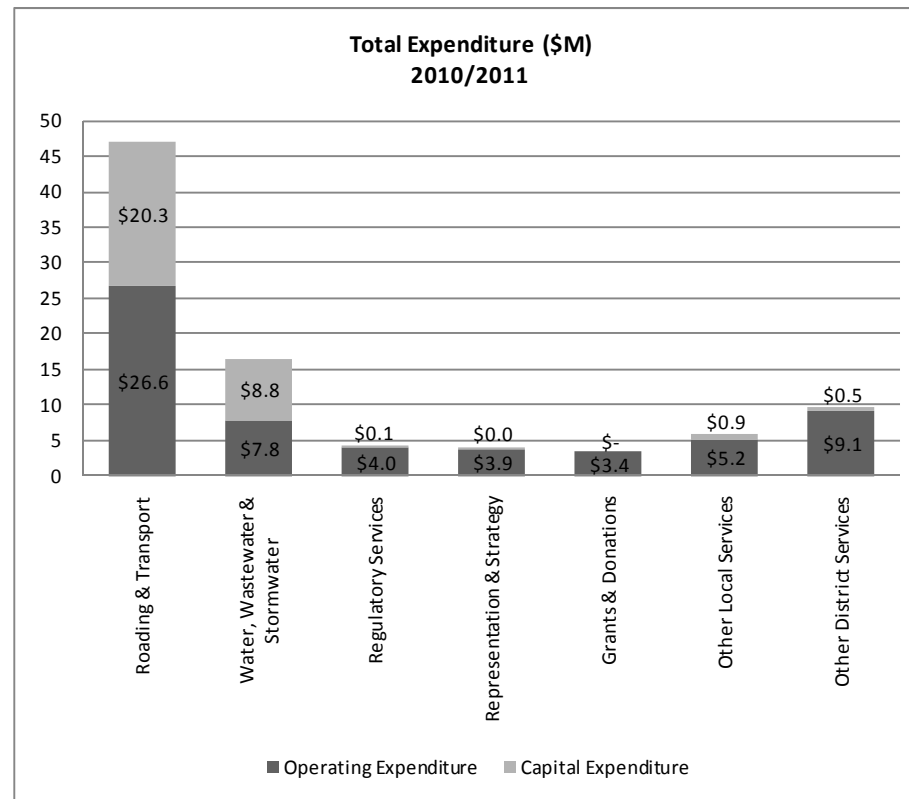
Capital expenditure includes the costs of renewing, purchasing or improving infrastructure. Council's capital expenditure (including vested assets) totals \$30.6 million in 2010/2011. This includes renewing the District's roading network and major water and sewerage projects. Overall, the capital expenditure is \$6.2 million higher than the projected in the LTCCP. This is primarily due to changes in scope and anticipated completion date for a number of projects (including the Edendale/Wyndham sewerage scheme). Major project variations can be found under each activity section of the Plan.

The bar graph (right) shows the operating and capital expenditure by activity. The Council's 26 activities have been grouped into seven main activity types to enable the graph to be easily read.

Surplus/(Deficit) -

The projected surplus for 2010/2011 after accounting for depreciation is \$3.0 million compared to the estimated deficit of \$ 1.3 million in the LTCCP for 2010/2011. The variance of \$4.3 million is a reflection of the additional revenue expected from the NZ Transport Agency due to a movement of uncommitted 2009/2010 roading programme being moved into 2010/2011 and the changed timing in delivery of capital projects and the related asset funding from Ministry of Health grants and scheme capital contributions compared to what was anticipated in the LTCCP for 2010/2011.

For further information on Council's finances, please refer to the full financial statements (from page 120) and each of the statement for each activity which are included in the Plan from pages 29 to 109.



Activity Grouping

Other District Services includes Civil Defence, Community Housing, District Support, Forestry, Libraries and Work Schemes.

Other Local Services includes Beautification, Cemeteries, Community Centres, Airports, Parks and Reserves, Public Conveniences, SIESA and Council Buildings and Property.

Regulatory Services includes Building Control, Dog Control, Health Regulation and Resource Management.

Our Way Southland Community Outcomes

“The Community’s Blueprint For The Future”

The first Community Outcomes Monitoring Report, covering regional and national trends from 2005-2008, was released by Our Way Southland in August 2009. Copies of the report can be downloaded from the Our Way Southland website: www.ourwaysouthland.org.nz. Printed copies are available Our Way Southland, Private Bag 90116, Invercargill 9840.

Following on from the release of the monitoring report, a Southland Leaders’ Forum was held on 29 September 2009. Participants at the forum agreed on the following short-list of key regional issues:

- *Engage parents - parenting strategy*
- *Develop a leadership academy*
- *Ensure growth is managed so that things we like are not lost*
- *Youth (early intervention/prevention; get them involved in activities such as sport; mentoring)*

During 2010/2011, Our Way Southland will coordinate focus groups which will develop collaborative regional parenting and leadership strategies. A Youth Forum will also be held to identify key issues of concern for Southland’s youth.

The monitoring of community outcomes will be further developed and refined in order to make the information in future Our Way Southland Monitoring Report more Southland specific. The results of the first Southland Region Quality of Life survey will provide baseline regional data for the parenting and leadership strategies and outcomes monitoring.

Southland’s Community Outcomes are:



Council's contribution (Performance Management Framework)

It is up to a wide range of organisations, groups and people to work towards community outcomes. As one of the key players, Council identifies the role that it will play and how it will allocate resources to contribute towards achieving community outcomes in its own plans. The table below shows that most of Council's activities contribute to more than one outcome to varying degrees. The primary outcome (●) is where Council believes that activity has the most impact. The shading shows the level of contribution to community outcomes. (○) indicates where the activity contribution has an associated level of service and key performance indicator link. More information about the contributions can be found under 'Why we do it' in each Activity Statement.

COMMUNITY OUTCOME	1. LIFESTYLE & CULTURE Southland is a great place to live.					2. ECONOMY & EMPLOYMENT A diverse economy built from our strengths for growth and prosperity.							3. LAW & ORDER Safe places in a caring society that is free from crime.					4. HEALTH & WELLBEING We are healthy people.				5. LEADERSHIP Strong effective leadership taking us into the future.			6. ENVIRONMENT A treasured environment which we care for and which supports us now & into the future.			7. EDUCATION & TRAINING A well-educated & skilled community continually seeking further opportunities to learn.				
	1.1	1.2	1.3	1.4	1.5	2.1	2.2	2.3	2.4	2.5	2.6	2.7	3.1	3.2	3.3	3.4	3.5	4.1	4.2	4.3	4.4	5.1	5.2	5.3	6.1	6.2	6.3	7.1	7.2	7.3	7.4	
INTERMEDIATE OUTCOME																																
Beautification				●○											○																	
Building Control																																
Cemeteries	○	○		○											○																	
Civil Defence Emergency Management															○																	
Community Centres		●○													○																	
Community Housing															○																	
District Support															○																	
Dog and Animal Control															○	○	○															
Forestry															○	○	○															
Grants	●○																															
Grants (Venture Southland)	○	●○	○	○			●○		○	○	○																					
Health Regulation																																
Library Service		●○																														
Parks and Reserves		●○													○																	
Public Conveniences																																
Representation and Advocacy				○																												
Resource Management	○		○																													
Roading and Transport		○					●○																									
SIESA							●○																									
Solid Waste Management							○																									
Stormwater							○																									
Strategy and Communication				○																												
Te Anau Airports							●○																									
Wastewater							○																									
Water Supply							○																									
Work Schemes		●○		○																												
Other Local Services							●○																									
WELLBEING INFLUENCE																																
Social																																
Environmental																																
Cultural																																
Economic																																
KEY TO SHADING - OUTCOMES	Outcome Contribution		KEY TO SHADING WELLBEING INFLUENCE										Wellbeing Influence																			
	○	Negligible (1) - Negligible/very limited contribution to community outcomes.	■										■ Shows where community outcomes influences wellbeing.																			
	○	Minor (2) - Minor contribution to community outcomes.	■										■ Shows where wellbeing influences community outcomes.																			
	○	Moderate (3) - Moderate contribution to community outcomes.	■																													
	○	Major (4) - Major contribution to achieving the community outcomes.	■																													
○	Extreme (5) - Widespread contribution / effect on community outcomes.	■																														

Māori Contribution to Decision-Making

Introduction

Nine percent of the Southland District's population is Māori, with Ohai, Nightcaps and Riverton having a higher proportion of Māori than other areas of Southland at 42%, 19% and 18% respectively. The Southland District Council acknowledges the importance of tikanga Māori and values its relationship with both Ngāi Tahu (through the four Southland papatipu rūnanga) and ngā matawaka (other Māori who are not Ngāi Tahu) living within Murihiku/Southland. The Council has a Māori name 'Te Rohe Pōtae o Murihiku' and a charter of understanding with Te Ao Mārama Incorporated.

Māori Name - 'Te Rohe Pōtae o Murihiku'

The Council was officially gifted its Māori name 'Te Rohe Pōtae o Murihiku' at a naming ceremony at Takutai o te Titi marae at Colac Bay/Ōraka in November 2005, strengthening links between Council and the tāngata whenua and emphasising the importance of Council's partnership with Ngāi Tahu. The Māori name acknowledges the Council's role as an all-embracing shelter ("umbrella/lid") for the District. The four Ngāi Tahu Papatipu Rūnanga of Murihiku deliberated over several years before authorising the phrase Te Rohe Pōtae o Murihiku, which give it special significance. The Council's logo has been updated to include the Māori name and official signage will be updated progressively, along with Council's stationery.

Charter of Understanding

To help promote and develop its relationship with Māori, the Southland District Council (together with four other local authorities in Southland/Otago, namely Environment Southland, Invercargill City Council, Gore District Council and Queenstown Lakes District Council) is an active participant and signatory to the charter of understanding 'He Huarahi mō Ngā Uri Whakatapu (A Pathway for the Generations Coming Through)' between the five councils and Te Ao Mārama Incorporated. The charter was revised in 2003 to incorporate the wider responsibilities under the Local Government Act 2002; and underpins all dealings between the Council and Te Ao Mārama. The charter of understanding provides:

- The basis for an ongoing relationship between the five councils and the tāngata whenua of Murihiku to assist in developing the capacity of Māori to contribute to the decision-making processes.
- A foundation for consultation on a wide range of local government issues.
- For the recognition and willingness of Te Ao Mārama to assist all councils in consultation with all ngā matawaka living in Murihiku.

Te Roopū Taiao is the collaborative structure put in place for the purposes of giving effect to the charter of understanding and the obligations of the parties to the charter. Senior Councillors and Council staff involved in natural resource management regularly attend Te Roopū Taiao meetings. Te Roopū Taiao has recently been extended to include ngā matawaka (other Māori who are not Ngāi Tahu) representatives.

Fostering Māori Capacity

To further foster Māori capacity to contribute to decision-making processes of the Southland District Council, the Council proposes to:

- Continue to hold regular liaison meetings between Te Ao Mārama and Southland District Council Executive and Senior Managers (at least once per annum).
- Provide an interpreter on request should Māori wish to present submissions to Council in Te Reo Māori.
- Invite Māori to attend Council meetings and hearings to become familiar with Council protocol.
- Give consideration to appointment of iwi representatives to act as hearing commissioners on key issues, such as major resource consent applications that have issues of iwi significance. In this regard, an approach has been made to Te Ao Mārama to identify parties who may be suitable from an iwi perspective to act in this role.
- Maintain existing protocols with Māori in relation to the ways in which Council undertakes its statutory duties, and continue with the integration of protocols into the Southland District Council organisation (e.g. information in HR manual, GIS, Ngāi Tahu Claims Settlement Act 1998, training and displays).
- Regularly refer to and report against Te Tangi a Tauira, the new Ngāi Tahu Murihiku Resource Management Plan when assessing resource consent applications.
- Maintain its commitment to ongoing funding of Te Ao Mārama Incorporated, the Ngāi Tahu (Murihiku) Resource Management Agency.
- Provide training to all new staff and councillors on marae protocol, local history and related legislation.
- Display Ngāi Tahu taonga items, following agreement with Murihiku Ngāi Tahu Papatipu Rūnanga at its Invercargill office and all area offices, to acknowledge the strength and importance of its relationship with Ngāi Tahu.

OTHER
INFORMATION

FINANCIAL
INFORMATION

COUNCIL
CONTROLLED
ORGANISATIONS

ACTIVITIES

OVERVIEW