

TEN YEAR PLAN

Long Term Council Community Plan (LTCCP)

2009-2019



TOWARDS *the future*



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

Preface

This Ten Year Plan 2009-2019 has been developed to describe the sort of district our communities have told us they'd like. This plan outlines the role the Council will play in working towards achieving that vision and identifies some of the key challenges facing the Council over the next ten years. The plan also provides an overview of each activity and the services Council will provide and determines how much it will cost and how it will be funded. The Ten Year Plan will form the basis of the rates collected.

The Council is required to develop this plan under the Local Government Act 2002 (adoption and consultation on a Long Term Council Community Plan). The Plan is in final form following submissions from the public. An overview of the submissions received and the changes made to the Plan are outlined in the 'Overview' section. If you require any further information on material in this Ten Year Plan, please contact Southland District Council on 0800 732 732 or email emailsdcsouthlanddc.govt.nz.

This plan has been authorised for issue by David Adamson (Chief Executive)

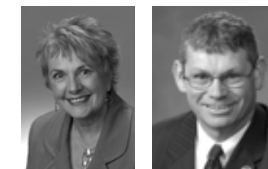
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Overview

The overview explains what the Ten Year Plan is, why it has been developed and provides an overview of the submissions received on the draft as well as the changes made as a result. It details the key issues which were considered as well as the overall financial effect of the plan.



From the Mayor and Chief Executive

Thank you for taking the time to read Council's Ten Year Plan. This is an important document and we hope it will provide our ratepayers and residents with an overview of what Council is going to do to shape our district during the next ten years. Thank you to all who made submissions highlighting the areas you support and those areas you feel Council could modify to better meet the needs of the district. A record 202 submissions were made and 46 of these were heard by Council. The submissions were considered and a number of changes were made to reflect those submissions.

This Plan has been the hardest to put together of any of our Ten Year Plans to date. The current economic uncertainty mixed with the ever increasing demand on infrastructure has meant that Council has really struggled to balance long term infrastructural needs to keep roads, water and sewerage systems in reasonable shape against what the community can afford.

The roading network has been subject to external factors which have increased costs and most of which are beyond our control. These include costs related to an increase in heavy traffic from dairy expansion in the District which occurred in the 2008 calendar year. Equally outside the control of Council is the additional costs related to construction and maintenance of the network caused by large fluctuations in the price of petroleum products. Council believes that it has struck an appropriate short term balance but will need to talk seriously to central government to ensure a greater amount of road user charges and petrol tax is returned to the province for its roading network.

Within this plan Council has incorporated a statement on its approach to sustainable development. Sustainable development is the cornerstone of the Local Government Act 2002. However, it is important also for the District that a balance is achieved between affordability, environmental protection, community and cultural values. Council has taken the approach of identifying what we currently do as well as what we hope to do as we move forward in developing a sustainable district.

There are a number of compliance issues facing Council including drinking water compliance, stormwater consent compliance and a number of issues around wastewater discharge consents. Council works with various regulatory bodies to ensure that any investment provides a positive benefit cost to the community and is not a cost for compliance sake. The issues are complex and, in some cases, have external funding attached. Therefore they need careful consideration before either proceeding or eliminating from the programme. This plan contains a number of these projects which may or may not proceed. Unfortunately, uncertainty around the regulatory framework has meant that Council has had to take a conservative approach and incorporate those considered probable.

Central government has recently announced major changes to the Resource Management Act, one of which will see the removal of the need to review District Plans on a ten year cycle. While this legislation is not expected to pass through Parliament until August or September 2009, Council did consider whether it should move towards a rolling review rather than a full review of its own plan in order to reduce the cost. As the savings would be minimal Council has decided to continue with the full review which will deliver consistency not only within the plan, but also with Environment Southland which is reviewing its own Regional Policy Statement at the same time. The need for the review was further reinforced by comments from 30 submitters who raised issues related to the District Plan and resource management generally, all of which will be considered as part of this process.

Council has also reconsidered its funding policies. There have been minor tweaks to the roading rate model which incorporates better information regarding the weight carried by each of the heavy traffic sectors on our roading network. This work has been carried out in conjunction with the various impacted sectors. Council believes it has struck a good balance between the various land uses in the District with its differential road rating model as it is easily updatable and reflects Council's roading reality.

Council has deferred its proposal to move towards a system where properties connected (or able to be connected) to water and sewerage schemes pay the same irrespective of which scheme they are connected to. This change, which aimed to even out the cost of water and sewerage across the District and improve the ability of all our communities to meet their requirements for water and sewerage quality and capacity, has been delayed to allow the impact of emerging national and regional issues surrounding water to be considered.

Every year Council receives applications for additional grants towards community facilities. In this plan Council has made provision for an annual contribution towards the maintenance of Stadium Southland, contributions to warmer housing initiatives, support to identify areas of ecological importance and a contribution to hosting games for the 2011 Rugby World Cup in Invercargill.

A lot of work has gone into this document from Councillors, community representatives, submitters and staff. We believe it is a robust document appropriate for the current economic times which ensures a sound future for the District. However, like any plan it will be under constant review as the economic situation and its impact on Southland unfolds as does the new direction that central government is taking in relationship to the local government environment. In conclusion we would like to reiterate our thanks to all who chose to submit to the plan. Your submissions significantly strengthened this document.

Frana Cardno, QSO JP
MAYOR

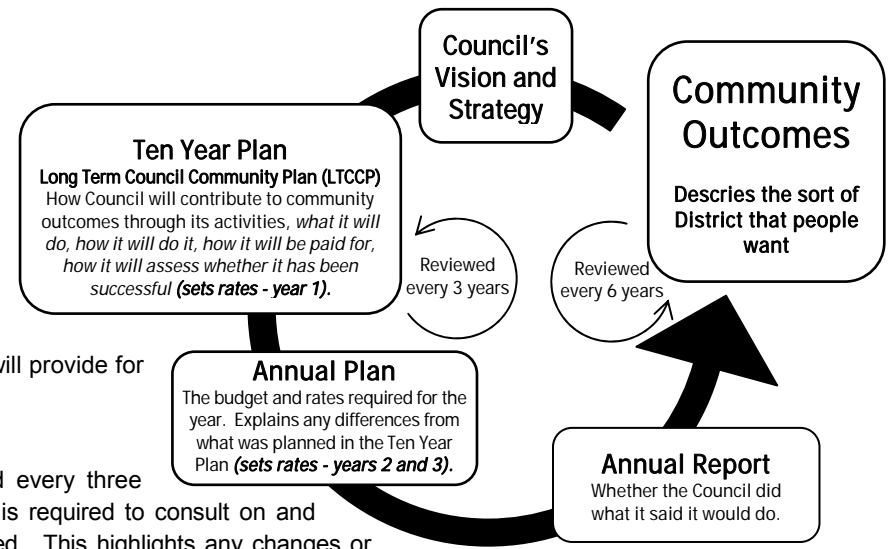
David Adamson
CHIEF EXECUTIVE

What is the ten year plan?

The Ten Year Plan (Long Term Council Community Plan) provides an opportunity for the Council to take a long term view of our activities and their impact on the District and on present and future communities. In particular the plan:

- Describes the type of District our communities have told us they'd like (community outcomes).
- Outlines the role the Council will play in working towards achieving that vision.
- Identifies some of the key challenges facing the Council over the next ten years.
- Provides an overview of each activity the Council will carry out and the services it will provide for the next ten years.
- Determines how much the business of the Council will cost, and how it will be funded.

The plan is the Council's primary organisational planning document and is reviewed every three years. It also forms the Annual Plan for the 2009/2010 financial year. The Council is required to consult on and produce an Annual Plan in each of the two years when a Ten Year Plan is not produced. This highlights any changes or variances from the Ten Year Plan for the coming year. Then, to report on progress, an Annual Report is produced each year which details whether the Council did what it said it would and financial performance against its budget.



Why produce it?

In carrying out its business, councils are required to do a number of things. These include:

- Take a sustainable development approach and promote community wellbeing.
- Carry out their business in a clear, transparent and accountable manner.
- Operate in an efficient and effective manner using sound business practice.
- Consider community views and their range of preferences.
- Provide opportunities for Māori to contribute to decision-making.
- Collaborate and co-operate with other local councils to achieve desired outcomes.

To help do this, the Local Government Act 2002 requires the Council to prepare a Ten Year Plan (or Long Term Council Community Plan) every three years. It also makes good sense for the Council to ensure what it delivers actually helps achieve the outcomes it is seeking, particularly given that the plan represents significant investment in key infrastructural assets which will be around for many years. As such, the decisions in this plan will influence not only this community, but also the choices and options available to the communities of Southland in the future. The Ten Year Plan is made up of several sections as follows:

Overview (page 5)	Snapshot of Southland (page 25)	Activities – Council's Planned Actions (page 45)	Financial Forecasts (page 177)	Policies (page 253)	Other Information (page 309)
Explains what the plan is, why it has been developed and provides an overview of the submissions received on the draft as well as the changes made as a result. It also details the key issues and the overall financial effect of the plan.	Provides information about Southland District and describes the community's seven key outcomes and how Council will work with others to achieve them.	This section looks in more detail at what services the Council is providing and to what level and how performance will be measured. It comments on whether any additional assets will be needed and details how much it will cost and how it will be funded. It also provides an overview of Council Controlled Organisations.	Presents the financial implications of the entire plan over the full ten year period and details the assumptions made by Council in preparing the plan. Details the revised rates and fees and charges for 2009/2010 (including changes from the previous year) and whether the Council is balancing its budget over the ten years.	Details the policies which guide Council's activities, operations and decision-making, including policies on significance, funding, investments, borrowing, rates remittance and working with the private sector.	Provides information about the Council's elected members and management team and summarises the current Waste Management Plan and Water and Sanitary Services Assessment.

Overview of Submissions and Changes to the Draft Ten Year Plan

Consultation

The community must be consulted when developing and adopting a Ten Year Plan (Long Term Council Community Plan). Some consultation had been undertaken prior to the adoption of the draft plan including:

- Discussion with industry specific groups about information in the model used to determine each sectors share of costs for the roading rate.
- Consultation via past plans regarding the proposed three bin kerbside recycling service.
- Feedback from Te Anau Ward ratepayers regarding the consolidation of the Te Anau airport on to the Manapouri site and meetings regarding the construction of a new wastewater treatment facility.
- Consultation with the community over the construction of water and wastewater schemes in Wyndham and Edendale.
- Consultation with local Community Boards and Community Development Area Subcommittees about the proposal to remove local rating for water and sewerage and fund these as one scheme across all properties connected (or able to be connected). Of the 21 committees that provided feedback, 15 supported the proposal in principle, three opposed it and three requested more information.

A Statement of Proposal (incorporating Southland District Council's Draft LTCCP 2009-2019) was considered and adopted by Council at an extraordinary meeting on 16 April 2009. It was then made available for public consultation during the period 20 April to 21 May 2009. The draft document was advertised by newspaper and radio and a summary distributed to households in the District and posted to non-resident ratepayers. About 300 copies of the full Draft Ten Year Plan were also distributed to other local authorities, public libraries, and interested organisations and individuals. There were some issues with the timing of the distribution of the summary document to certain areas of Southland in addition to the omission of the freepost submission form (which was provided in the full draft document). As a result the Council carried out additional radio advertising and provided facilities for submitters to make their submissions over the telephone.

Responses to the Draft Ten Year Plan (LTCCP)

202 submissions were received to the draft plan in total. The majority of submissions received were on:

- Proposed changes to each sector's percentage share of costs for the roading rate and the model used to establish each sector's share of costs (44).
- Requests for Council to support and facilitate a project to construct a road connecting Haast and Hollyford (38).
- Various other roading issues including comments about the need for road maintenance and sealing as well as comments about the increasing costs, issues with the level of service and support for walkways/cycleways (31).
- Feedback about the proposed three bin kerbside recycling system (34) and other solid waste management issues (10).
- Feedback about the proposal to move to combined funding for water and sewerage (32).
- Issues related to the District Plan and resource management (30).
- Feedback about various water, sewerage and stormwater projects (40).
- Views regarding grants, particularly grants proposed for Stadium Southland and the Rugby World Cup (22).
- Various parks and reserves projects (20).
- Funding of the Te Anau Manapouri Airport development (18).
- Rates increases and affordability (13).
- Feedback about the level of the Uniform Annual Charge (12).

Hearings were held in Invercargill on 9 and 10 June 2009 with 46 submitters speaking to their submission and the submissions were considered at an extraordinary meeting on 11 June 2009. At this meeting Council indicated that eight key amendments would 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 Ten Year 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.

A number of submissions were received on the proposal to move from individual water and sewerage schemes paying for the operation and renewal of their own schemes, to combined uniform funding of these with one rate for urban water and one rate for sewerage across the District for those properties connected to (or able to be connected to) such services. Of the 32 submissions received on the topic, 19 were opposed or had concerns about the combined funding, 10 supported it and three were neither in support or against it. It appears that feedback from individuals seems to have been influenced by whether they would pay more or less than they currently do under the combined funding scenario. The main issues raised by those opposed were that each scheme should pay for its own costs and there should not be any cross subsidisation. Other comments were also made regarding specific schemes where management/past agreements meant that the schemes had lower costs than in other areas which would be lost under combined funding (Monowai, Wallacetown). The main comments from submitters supporting the proposal referred to the lower costs for some communities and ensuring fair and equal access to such services and ensuring a certain level of service. After considering the submissions, Council decided to delay the introduction of combined funding of water and sewerage for at least 12 months. In doing so the Council commented that while combined funding has a number of merits, given the current uncertainty surrounding requirements for sewerage and water in particular (with changes likely in government policy surrounding water access/use/management, metering, regulation and subsidies) more time is needed to better understand the wider picture surrounding water and sewerage before changing the way these schemes are funded. In addition the Council also indicated that it wanted to take into account the impact of the new maintenance contract due to be tendered shortly as well as looking further at maintenance costs and possible efficiencies in running these schemes.

Council also received 44 submissions about the way that it funds roads. Of these, the majority of submitters commented that they were unhappy with the approach to roading rates. While it is not clear in all cases the reason for this opposition, it appears that these submitters were concerned about the principles underlying the Morrison Low model used and the resulting share of costs assigned to the non-dairy and dairy farming sectors. In addition eight submitters also commented specifically on the share of costs assigned to lifestyle properties and suggested that this sectors share of costs should be lower as these properties have few heavy transport related traffic movements. Four submissions commented on the share of costs proposed to be paid for by the residential sector with submitters suggesting that more of the costs should be paid by dairy and forestry sectors due to their use of and damage to roads. In considering the approach to roading rates, Council was also provided with an independent opinion of the Morrison Low model (as distinct from the Council's share of costs as proposed in the draft plan) carried out by consultant Allan Kennaird on behalf of Federated Farmers. After considering the submissions and information provided by Mr Kennaird during the hearings, the Council decided to make no modifications to the percentage share of costs as outlined in the draft plan nor to move away from the Morrison Low model as the basis. In indicating this, the Council noted that no model is perfect and that the Morrison Low based model seems to better match roading network expenditure and was superior in reflecting the heavy vehicle use of the network. Council indicated that in the future it may further review the way that aggregates are allocated in the model and is committed to ensuring that the data in the model is reviewed annually and updated as required to reflect any actual changes in roading use.

Roading was also commented on by 69 submitters, with 38 requesting that Council support and facilitate a project to construct a road connecting Haast and Hollyford (mentioned in the Draft Regional Land Transport Programme). Council commented that the road was not actively being planned for and that if this was to be promoted as a priority by the Regional Transport Committee or other parties, then the Council will consider its opinion at that time. Other roading related submissions included comments regarding the need for better road maintenance and sealing of certain roads proposed by submitters (Roslyn Road, Young Road and Haldane-Curio Bay Road) in addition to concerns about the increasing cost of roading. As a result of submissions as well as updated price information received with recent tenders, the Council agreed to remove \$200,000 from roading expenditure (taking an equal share from sealed and unsealed maintenance) for each of the ten years (including inflation). While the Council left the remainder of the roading programme unchanged from the draft plan (including no seal extensions), Council has indicated that over the next 12 months it would like to examine levels of services, costs and maintenance delivery more closely in order to look at ways to reduce the overall cost of roading.

The proposed regional kerbside recycling system also received a number of submissions (34) as well as general feedback about solid waste management (10). Of the submissions received on kerbside recycling, 10 noted their support for the proposal and two thirds indicated that they were opposed to the proposal largely because of the increased cost and belief that the current system of recycling drop off centres was preferable. Council has not yet made a decision on the proposal. It will consider the submissions to the draft plan in addition to feedback from previous years submissions (2006, 2007, 2008) when making a decision on the service later this year.

At the current time, documentation is being prepared about the three Council's operational, contractual and financial requirements for a kerbside system for refuse, recyclables and organics. This documentation will be advertised in June to invite requests for proposals from appropriate contractors/organisations. These proposals will then be evaluated by WasteNet so that recommendations can be presented to the Councils in October with each possibly considering and making decisions on the systems for its area in November/December 2009.

Council received 12 submissions providing feedback about the level of the uniform annual charge. Opinion about whether the Council should increase the level of its uniform charges was split, with some submitters believing it should increase to 29% and others suggesting it should remain at 25.89%, noting concerns about the effect that the increase would have on properties with low land value. After considering these submissions, Council decided to also collect the Public Health Service rate as a uniform annual charge per dwelling (separately used or inhabited part of a rating unit) rather than as a rate based on the land value of a property. This has the effect of adding around \$12.66 on to each ratepayer across the District with a reduction in rates for properties with high land values. The Council chose to move the Public Health Service rate to a uniform charge as there is a general benefit to the public of controlling health nuisances, particularly as it is not always possible to identify the source of the nuisance and charge the exacerbator.

18 submissions were received about the funding of the Te Anau Manapouri airport with the majority of submitters opposed to the additional rates funding required for the airport and/or suggesting alternative ways to fund the development costs. A number of submitters also indicated that Council should look to exit the airport operation. Council has not made any changes to the plan regarding the airport but has asked that the submissions be passed on to the Te Anau Community Board for consideration.

Council received 16 submissions about the proposal to fund \$50,000 per year for Stadium Southland's ongoing maintenance and renewal costs. Of these eight were in support, with submitters commenting that the facility is used by people across Southland and that it is a key asset for the region. Seven were opposed, stating that the Stadium should be user pays and that they should not be rated for something that is not in the District. One submitter gave a general comment about the way it should be funded from rates. Council decided to support the grant because it believes that the Stadium is a regional facility that benefits the whole of Southland and has been a supporter of regional facilities in the past.

Council also received 11 submissions about the proposed one-off grant of \$29,000 for the Rugby World Cup games in Invercargill. Six were in support and five were opposed. Council decided to support the grant because it considers that there will be economic benefits for Southland as a whole with visitors coming to the region before and after games.

Council also approved a submission from the Southland Warm Homes Trust requesting a grant of \$35,000 per annum for 2009/2010 to 2012/2013 to continue home insulation initiatives throughout Southland. Several other submitters also commented on the need to support projects which reduce energy use and improve the health of homes and buildings in the District.

In the draft plan, two new swimming pool rates were proposed for Riverton and Fiordland to assist with pool operating costs. All four submissions on the Riverton pool rate were in support of the proposal. The two submissions received on the Fiordland pool rate were opposed to the proposal. These submitters commented that it is already expensive to hold a key for the pool and that the school should be contributing to the cost (the school does already contribute). Council has decided to implement both swimming pool rates beginning in 2009/2010 recognising that both facilities are important assets in their respective communities.

Council received a number of submissions on public toilets throughout the District. Several were concerned about the proposed location for the new Lions Park toilets (Te Anau) and how the user pays system would work. Others commented on the standard of various other toilets or asked questions on what will be involved in upgrades that are planned. Council has asked that the submitters' comments be passed on to the appropriate Community Board and Community Development Area Subcommittees for consideration.

Council received a number of submissions related to stormwater, wastewater and water issues, both in support and in opposition. When discussing these issues, Council noted that as it is bound to comply with requirements of consents, regulations and government standards (such as drinking water standards) there is little

discretion surrounding these activities. Regarding stormwater, Council received 10 submissions on various stormwater issues. Half of these were pleased that stormwater discharge permits were being introduced by Environment Southland and that stormwater will be monitored for contaminants. Some said that education also needs to be undertaken to make people aware of where stormwater goes. Several submitters disagreed with the need to have a consent to discharge stormwater. Council made no changes to the draft plan regarding stormwater but is proposing to carry out activities to increase public awareness about what happens to stormwater and any contaminants that it contains. Council also received 14 submissions on wastewater issues with the majority of these opposing the location of the new treatment and disposal system for Te Anau. The current consent for the discharge of wastewater into Lake Te Anau expires in 2014 and the new location adjacent to the airport has been found to be the most cost effective and most suitable soil conditions for land disposal in the Te Anau Basin after extensive investigations. Another 14 submissions were received on water related topics with a number of submitters suggesting that Council should encourage residents to install rainwater tanks and/or supporting the planned upgrades to comply with the new drinking water standards. While no changes were made regarding water and sewerage projects, Council did indicate that it will look at various ways of encouraging residents to use tanks for collection of water for gardening, vehicle cleaning, particularly given the increasing pressure on water resources throughout the District. A submission by Environment Southland specifically requested Council to increase its estimates to pay for a proposed water levy which Environment Southland was indicating that it will introduce on all significant water takes. Council resolved not to alter the plan for these proposed charges.

Council also received a number of submissions about Resource Management issues particularly related to the District Plan review and District Plan provisions. A number of these submissions will be considered as part of the District Plan review, which has a series of 9 initial public consultation meetings beginning in June 2009. The issues included the need to protect significant landscapes and areas of outstanding natural heritage/value; the need to better identify and preserve heritage features in the District; the need to protect waterways and eco-systems; the need to have rules around forestry plantings; the need to address visual and light pollution and to improve air quality and to monitor compliance with District Plan and consent rules.

In addition, Council approved a request for continued funding of the Southland Biodiversity Coordinator (\$10,000 per annum until 2012/2013). Council believes that the work of the coordinator helps to support a non-regulatory approach to matters under Section 6c of the Resource Management Act 2001 which covers the protection of areas of significant indigenous vegetation and significant habitats of indigenous fauna. Council also received a request from Biodiversity Southland for funding of \$15,000 per annum for five years (2009/2010 to 2013/2014) to assist with undertaking a biodiversity inventory. The Council approved the request which will see botanical assessments of 100 properties each year to identify areas of significance, threats and management needs and the information will provide baseline data on what is in the natural environment. Council felt that this information will be useful in relation to the District Plan as well as making decisions regarding resource consent applications.

In addition, the following changes were made / confirmed:

- Confirmation of standardisation of interment fees (two submissions received with one in support, one in opposition) – Revenue and Financing Policy.
- Additional \$20,000 included in the estimates of the Strategy and Communication activity each year for printing and posting of the draft Ten Year Plan and Annual Plan summary documents to ensure people receive the summary document and are encouraged to participate in the Council's planning process. Council received seven submissions commenting on problems with the delivery of the summary to households in the District.
- Inclusion of figures for Edendale ratepayers choosing to repay their contributions to the new Edendale water/sewerage scheme in their rates.
- \$1,000 added into rates for Otautau Hall over the ten years to repay the negative balance.
- Additional wording regarding Mayor's Taskforce for Job in Grants and Donations activity under Community Development.
- Additional wording regarding biodiversity in the resource management activity.
- Minor amendments to the Key Relationships section and Sustainable Development Framework Approach.
- Minor amendments to key issues wording in the Water Supply activity.
- Minor additions to the key issues section and potential negative effect table for the Roding and Transport activity.
- Development and Financial Contributions Policy, Investment and Liability Management Policies and Rates Relief/Remissions/Postponement Policy were unchanged from what was detailed in the Draft Plan.

The following changes will also be considered over the next 12 months or as part of the next Ten Year Plan:

- Reviewing roading costs taking into account contracts, pricing and required levels of service.
- Review of likely changes surrounding water and sewerage and in particular wider implications of possible changes in government policy surrounding water use, regulation and subsidies as well as the impact of the new maintenance contract and investigations into maintenance costs and possible efficiencies.
- Decision regarding regional kerbside recycling following on from WasteNet's tendering process.
- Amendments to levels of service statements relating to maintaining a state of readiness for Civil Defence Emergency Management following outcomes of discussions about possible shared services with other Councils for the Civil Defence Emergency Management activity.

Register and Acknowledgment of Submissions

A B Riddell	Chris Wills	H Darryl King
A Collett	Christine Henderson	Helen Wornall
A Greeson	Community Trust of Southland	Homelink Road Safety
A M Levy	Corey and Cherie Merrell	I Ward, M Bailey, H Naughton and R Butt
A W Thomson	Craig and Gaewyn Hodsell	Ian Munro
Abby Houk	D F Popham	Ian Woodward
Ailsa and John Broughton	D Noel Carran	I G and L F Thomson
Alex McKinnel	Dave Marshall	Ivan Smith
Alistair Chapman	Dawn McLellan	J and P Cleaver
Allan Youldon	Dawn Riddell	J B Mason
Allen Eastwood	Denise Leonard	J G Bell
Alliance Group Ltd	Department of Conservation	J M Galland, J J Galland and K R Galland
Amanda Banhidi	Destination Fiordland	J R and K E Murrell
Ann Pullen	Donn A Dickens	J R Pickles
Anne Dickens	Dorothy Bulling	J S Crawford
A P Musson	Dorothy Mollett	J Simpson
Aparima Pest busters	Doug Beck	Janet Thomas
B Cronin	Dr John Wallaart	Janice and Bob Anderson
B K Thomson	Dr Vivienne Shaw	Jason McCosh
Barry Drake	E A and M M Loose	Jay Berriman and Lyn Hamilton
Bert Wohlers	Environment Southland	Jenny Campbell
Bev Evans	Erin Farrant	Jesse Bythell
Bevan McKenzie	Erin Robertson	Jill Tauri
Bill Speight	Ernslaw One	Jim Andrew
Bruce Brown	F A Adcock	John and Sarah Grearey
Bruce Campbell and Alison Gibbs	Federated Farmers of New Zealand	John Donaldson
Bruce Riddler	G M Bell	John Molineaux
Central Southland Floral Art Club	Gary Lewis	John Wilson
Chris Rugeley	Graham Jones	Jon Spraggon
Chris Shaw	Graham Okey	Joy and Graeme Tait
Chris Visser	Greg Everest	Julian and Philippa Blair

Kathy Wilson
 Katie Corcoran
 Kay Lapham
 Keith and Susan Milne
 Ken Buckingham
 Kevin Jones
 Kim Basye-Dale
 Lesley Keach
 Liz Hodgson and Dave Burnett
 Lloyd Matheson
 Lloyd McCallum
 L N Connor
 Lyndon Moffit
 Lynette Lawrence
 Lynley Lamb
 M Heath
 Maggie Carter
 Malcolm MacKenzie
 Manapouri CDA
 Mark Deaker
 Martin Hall
 Mary Napper
 Mayor's Taskforce for Jobs
 Mereana Matuakore Loose
 Mervyn Halliday
 Mervyn McLean
 Michael Horgan
 Mike McDonald
 Ministry of Civil Defence and Emergency
 Management
 Monowai Village Services Society Inc
 Murray Flett
 Nathlie McLean
 Neil Blackmore
 Neville Bennett
 New Zealand Historic Places Trust
 Nick Smart

NZ Landcare Trust
 NZ Transport Agency
 Olive Muldrew
 P P and H J Huisman
 Pat Veltkamp Smith
 Paul Carran
 Paul Johnston
 Peter Nolan
 Peter Phiskie
 Peter Tait
 Peter Wilson
 Porpoise Bay Limited and Wayne Foley
 Public Health South
 Queen Elizabeth II National Trust
 Queen Elizabeth II National Trust, Southland
 R Hall-Jones
 R J and J M Gill
 Ray Lindsay
 Ray Willet
 Real Journeys Limited
 RLF and M H Snoep
 Robert Murrell
 Rod Pemberton
 Roslyn Road Residents
 Ruth Hayes
 Sally Bullen
 Sandra Allan
 Sandra King
 Sarah McCosh
 Scenic Circle Croyden Hotel
 Scenic Circle Hotels
 Shane Murphy
 Shirley and Lex Mouat
 Simon McCrae
 South Catlins Promotions Inc
 South Coast Environment Society
 Southern Fire Region

Southern Wood Council
 Southland Community Wastebusters Trust
 Southland Conservation Board
 Southland District Health Board (HEHA)
 Southland District
 New Zealand Automobile Association Incorporated
 Southland Farm Forestry Association
 Southland Warm Homes Trust
 Stephen Millard
 Stuart Thomas Laurie
 Susan and Peter Jones
 Susan Munro
 Susan Samson
 Sustainable Future Institute
 Sustainable Transport Charitable Trust
 T and W Holder
 T E King
 Te Anau Community Board
 Te Ao Mārama
 Ted McDowell
 The Roding Company Ltd
 T J and N H Dennis
 Tony and Maryanne Carey
 Tony Austin
 Trevor Halford
 Trevor Leonard
 Trevor Oliver
 Venture Southland
 Vern Thompson
 W G Todd
 WTF Moffatt
 Wallace Community Board
 Wallacetown Community Board
 Warren Keen
 WasteNet Southland
 Wayne Harpur
 Yvonne Dickson

Key issues highlighted

This plan forms part of the continuing conversation with the community about the long term and what Council believes is needed to keep the District's infrastructure in good shape and to deliver services at a level that the community expects.

On our part, we've looked in more detail at our key assets like roads, water and sewerage, to determine what condition they are in at the moment, how long they will last and what we need to do over the long term to maintain them. We've been out and talked to many representatives of your community and heard from you about these issues, particularly for local services such as water, sewerage, stormwater, footpaths and toilets and this feedback has helped shape the projects and directions in this plan. During this process Council, community representatives and submitters have raised some concerns about whether the community is able to afford the ongoing costs associated with this infrastructure, particularly in the current uncertain economic climate. This is a difficult issue for Council, because while there are concerns that the current situation may impact on households, Council has to look after its infrastructure in a long term sustainable manner and decisions to reduce rates in the short term as a reaction to this uncertainty, could possibly increase costs in the long term.

We are also conscious of the increasing community expectations about protecting the environment and the higher standards required in this area, particularly relating to waterways and use of water resources. This plan makes a significant investment in this area with projects to improve sewage treatment, obtaining consents for stormwater and improving the quality of drinking water as well as more efficiently dealing with waste. These capital projects are costly and create some conflict between maintaining and improving services to provide for healthy communities, what we would like to do to minimise impacts on the environment and what ratepayers can afford. However much of this is non-negotiable either because of increasing high environmental standards we must meet (through consents) or changes to legislation and regulations. This has meant that Council is placing a priority on pursuing funding assistance for major capital works (such as subsidies for drinking water projects) to help communities pay for the costly improvements.

As a result, in order to reduce costs and consider affordability, the only option really lies in the activities where there is still some choice about the level of service provided or in the way Council funds its activities. While Council has made some savings and changes to how it funds certain activities, overall at this stage it has maintained the existing levels of service, not only because that is what we believe the community expects, but also because we are conscious that we don't want to create a long term problem for future communities by cutting spending now on things which will still need to be done in the future. In fact, this process has led Council to ask itself whether previous decisions to cut spending in certain areas to keep rates low has compounded the problem and whether rating has ever been at the right level to keep services and assets maintained. In saying this Council has also signalled that it intends to take time to look at certain activities in more detail over the next year to identify whether there are any areas where levels of service can be lowered and efficiencies or savings can be made.

Overall this plan aims to gradually increase the level of rates over time rather than imposing a big jump in one year. This will be achieved effectively by operating in overdraft for the first half of the plan and then paying this back over the latter years. In addition, Council's debt levels will increase to fund many of the projects identified in the plan.

This not a flashy expensive plan; it is an honest reflection of what we do and where we are heading and mostly it is business as usual. The issues and the associated costs are detailed throughout this plan and aim to get residents thinking about the long term. It is also important to remember that we don't provide activities because we like to spend rates, we provide them because they provide benefits to the community and any reductions in the expenditure are likely to have an effect on these benefits. Council believes that this plan is in the best interests of the whole community, taking into account what is sustainable over the long term. The following pages highlight a number of the key issues facing the Council over the coming years. With over 200 submissions received on the draft plan, many of you in the community took the opportunity to participate in the process and let the Council know what you think. A summary of these submissions is included in the 'Overview of Submissions and Changes to the Draft Ten Year Plan' on page 8.

Wastewater schemes update and decision on funding deferred

In the past few years, Council (with help from Ministry of Health subsidies) has made a significant investment in its wastewater systems with the construction/extension of schemes in Stewart Island, Gorge Road, Tuatapere and Wallacetown and works currently underway in Edendale and Wyndham. These schemes benefit the community by providing an environmentally safe and more sustainable way of treating and disposing of wastewater. The schemes have long term health benefits to the community by ensuring that waterways are protected which helps to ensure that clean and safe drinking water is available for future generations. This plan also provides ongoing funding for renewals and replacements to keep all schemes throughout the District operating properly.

However the cost of constructing and operating these schemes is significant. Without further subsidies, a number of communities have told us that they are not likely to be able to afford to put in new schemes even though they would like to. This means that prior plans for new schemes have been put on hold unless subsidies become available again.

Council is also concerned about the ongoing affordability of some of the schemes which are ageing and require replacement work to be carried out over the coming ten years and beyond. As a result, in the draft plan Council had considered joining the costs of all the wastewater schemes together so that everyone pays the same, rather than each scheme paying for its own costs. While the Council continues to see some merit in this going forward, as a result of the submissions received, Council has decided to delay this move to combined funding. The delay will allow more time for Council to review the situation including the impact of the new maintenance contract for water and sewerage as well as possible changes to government regulations, standards and subsidies.

Update on Te Anau Airport - Manapouri

With the new Te Anau airport operational, the Te Anau Community Board is working towards establishing commercial passenger and airfreight services and selling the old Waiau site to offset the cost of the new site. Until the Waiau site is sold, bridging finance has had to be used to fund the new development which has resulted in interest repayments not previously allowed for. This, combined with the fact that there are fewer properties paying the rate than expected (due to fewer subdivisions than projected), higher operational and maintenance costs and reduced revenue, the rate for the airport has increased from \$61 to \$176.60 (paid by ratepayers in the Te Anau Ward). This situation and level of rate required will be reviewed as circumstances change.

Drinking water focus and decision on funding deferred

Whilst funding is no longer available for improvements to wastewater schemes, the government is continuing with a similar funding scheme for water supplies. The scheme provides subsidies to help communities carry out works to meet the requirements of the drinking water standards which aim to ensure that drinking water supplies are safe and of good quality. The revised standards will require significant capital improvements to most of the Southland community supplies, and all of these must be completed by 2013. The funding programme has specific criteria that must be met and Council is placing a priority on making applications for all communities which may be eligible in the hope of reducing the costs which otherwise will have to met through rates. As with wastewater, there is a significant cost involved in operating these schemes and again, whilst the Council had considered joining the costs of all the water schemes together so that everyone pays the same – this decision has been deferred for a year to allow time for information to be gathered on possible changes to government regulations, standards and subsidies affecting the water activity.

Stormwater consents now needed

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, it is unclear what conditions/requirements will need to be met and this is expected to be better understood once resource consents are granted.

Move to Uniform Annual Charge for Health Rate

Under the Rating Act, Council is limited to collecting 30% of its total rates using certain Uniform Annual Charges (UAC - a flat charge so that everyone pays the same fixed amount). While Council has had an informal policy of setting the level of UAC's at 29%, based on the total rates to be collected for 2009/2010 in the draft plan, the UAC would have made up 25.89% of total rates. After considering submissions on the issue, Council has decided to also collect the Public Health Services rate by UAC rather than as land value rate to a uniform annual charge. This has the effect of adding around \$12.66 on to each ratepayer across the district with a reduction in rates for properties with high land values and generally will shift rates from rural to urban properties and from businesses to households. After taking into account additional rates income received from Edendale residents for connection to the new water/sewerage scheme, the proportion of rates collected using UAC's for 2009/2010 will be 26.23%.

Long term needs identified for roads

Looking after the District's roads continues to be a significant commitment, particularly given it is the largest network in New Zealand at around 5,000¹ km sustains high levels of use by heavy traffic and is subject to very high expectations from the community in terms of its maintenance.

While important, this network also comes at a significant cost because, compared to other parts of New Zealand, Southland with its relatively small spread-out population, has fewer people to share the cost. Despite this, with residents continually identifying roading as the main priority issue², Council has reviewed what is required to maintain roads to a reasonable level with a review of its Land Transport Activity Management Plan. This plan takes into account the age of roads, their current condition and how long they should last to determine the amount of work (and funding) required to maintain roads over the long term.

With the majority of the existing sealed network built during a peak period in the 1960's and 1970's and given that on average sealed roads last around 48 years (with resealing needed on average every 13 years), many of the District's sealed roads are due to be rebuilt over the next ten years with a continuing cycle of this work needed in the long term.

In addition, this plan has shown that Council needs to rebuild an extra kilometre of road per year on top of the current level of 25 km being rebuilt in order to reach a level of 35 km per year at the end of the plan period.

The plan also suggests that around 150 km of resealing is needed each year to ensure that sufficient work is being done annually to keep the 2,000 km of sealed roads from deteriorating. The plan does not allow for any new seal extensions to be carried out.

Whilst this aims to keep sealed roads from deteriorating badly, it is also important to note that Southland, compared to the rest of New Zealand has relatively smooth roads. Whilst ideally the Council would like this to continue, given the increase in heavy traffic expected over the period, it is likely that the smoothness of sealed roads will gradually reduce.

The change in land use throughout the District is also putting pressure on the gravel road network, which has resulted in the need for an increase in the amount of gravel applied to roads and grading frequency – both of which are affecting the total cost.

¹ The roading network is made up of around 2,000 km of sealed roads (40%) and 3,000 km of gravel roads (60%).

² Resident Satisfaction and Opinion Surveys.

Level of road funding to increase

Roading is our main area of spending and the plan shows we need to spend more to maintain what we have, unless the community is willing to reduce the level of service being provided.

Altogether we need \$3.4 million more in the first year for roading - with around one third of this caused by increases in the costs of doing the work (much of this related to changes in the price of fuel and bitumen), another third paying for the increase in sealed and gravel road maintenance to improve the level of service and the remainder needed to make repairs to storm damage on Stewart Island roads.

Over half of this is paid by the New Zealand Transport Agency (from petrol tax and road user charges).

Rates for roading and local streetworks will gradually increase over the ten years from the current level of \$9.3 million to \$19.4 million in 2018/2019. For the first few years of the plan the Council will essentially go into an overdraft to fund the extra work needed and then, by gradually increasing rates, over latter years, the overdraft will be repaid.

Not everyone will pay the same for roads. The following page contains information about the Council's road funding model.

Funding review proposes to standardise interment fees

The Council resolved to standardised interment fees across the District at \$1,175 (including GST) rather than \$600-\$900 to ensure that the full cost of burials are recovered. This removes the need for rate input to pay for associated administration costs for burials.

Information in roading rate model updated

As well as changes to the total roading budget, Council reviewed the way the roading rate model allocates those costs in the draft plan. This was, in part, in response to submissions received regarding the funding model adopted as part of the 2008/2009 Annual Plan. While the Council would still prefer that roading was fully paid for through petrol levy and road user charges, as a second best option, Council considers that the funding model is fair and reasonable. Again, this issue was the subject of a number of submissions to the 2009 -2019 draft Ten Year Plan. An overview of these submissions and the reasons for the Council's decision to retain the percentage share of costs as detailed in the draft plan (and below) is included in the 'Overview of Submissions and Changes to the Draft Ten Year Plan' section on page 8.

The changes that have been made to the model from the 2008/2009 Annual Plan include:

1. Movement of livestock (between farms etc) and feed and grain tonnage have been included as the New Zealand Transport Agency has recently released a National Freight Demand Study which provides some tonnage data not previously available.
2. After discussion with the mining and quarrying sector, the tonnage for aggregates has been based on consents information, rather than just Crown Minerals, due to problems with under-reporting.
3. Tonnage associated with fertiliser movements is now allocated to the industrial sector, as it is transport/distribution centres that are associated with the production of fertiliser, not the farmers.

In addition, the variables in the model have been updated for changes over the last year, including the number of properties in each sector, the volumes (tonnes) produced by each sector, the total roading budget, and where that budget is spent. The table shows the effect of the changes on the model's Share of Costs (B) as well as the adopted Share of Costs (C) which Council resolved to use for the 2009/2010 year.

The Council's modifications (shown in the table under Adopted 2009/2010 Share of Costs (C)) are based on the following principles, a number of which were established in past years:

- The 'other' sector continues to pay a 1% cost share because it includes a number of not for profit organisations.
- The 'residential' sector 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, dairy and forestry sectors to pay cost shares as derived from the model.
- The commercial, industrial, and lifestyle sectors to pay the model's share of costs adjusted for unquantified freight movements and shortfalls which result from the changes to the other sectors detailed above.
- Cost shares should be rounded to half percents rather than whole percents (as done in 2008/2009) because some cost shares are quite small and this would result in significant changes in individual rates from one year to the next.

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

Comparing the current share of costs with the revised model and Council's adopted split (excluding GST)

Sector	Rating Units (UAC)	Previous 2008/2009 Share of Costs (A)		Updated Model Share of Costs (B)		Adopted 2009/2010 Share of Costs (C)		% Change (A to-C)	Effective Rate Increase ¹
		%	Dollars	%	Dollars	%	Dollars		
Mining	27	2%	\$174,451	2.64%	\$248,888	1.0%	\$94,271	-45.96%	-44.62%
Non-Dairy	3,367	44%	\$3,837,918	42.36%	\$3,993,319	42.5%	\$4,006,506	4.39%	8.21%
Dairy	673	25%	\$2,180,635	27.79%	\$2,619,842	27.5%	\$2,592,445	18.88%	3.08%
Forestry	174	7%	\$610,578	5.63%	\$530,422	5.5%	\$518,489	-15.08%	-15.54%
Industrial	320	4%	\$348,902	2.81%	\$264,449	3.5%	\$329,948	-5.43%	-6.29%
Commercial	465	3%	\$261,676	2.98%	\$281,256	3.5%	\$329,948	26.09%	27.19%
Lifestyle	2,254	4%	\$348,902	4.42%	\$416,711	5.5%	\$518,489	48.61%	57.85%
Residential	7,730	10%	\$872,254	7.70%	\$725,447	10.0%	\$942,707	8.08%	4.63%
Other	305	1%	\$87,225	3.68%	\$346,738	1.0%	\$94,271	8.08%	8.58%
	15,314	100%	\$8,722,541	100.00%	\$9,427,072	100%	\$9,427,072	8.08%	

1. The effective rate increase takes into account changes in the number of properties as well as changes in the value of land/capital/improvements. More information about this is included in the Funding Impact Statement from page 215.

Reducing household waste a national priority

Recycling has been consistently identified as a top priority by Southland residents¹ and with the Waste Minimisation Act 2008 passed into law last year, nationally a priority is being placed on reducing the amount of waste generated and disposed of, either through more rules and regulation or charging for waste. One of the key price mechanisms is a levy on waste going to landfill which is being introduced by government to influence the amount of waste people generate by shifting the cost away from those who take action to reduce waste, and on to those who do not. The levy has been set at \$11.25 (including GST) for every tonne of rubbish going to landfill. Around half of the money that is generated by the levy nationally will go back to local authorities, on a population basis, so that they can improve waste minimisation in their area. The remaining funds are put into a contestable fund to which councils, communities, businesses and other organisations can apply for funding to set up new waste minimisation activities. Over the next three years, Council, in conjunction with Invercargill City and Gore District Councils (through WasteNet), intends to develop a new Southland Waste Management and Minimisation Plan to comply with the requirements of the new Act which, when done, will also enable the Council to apply to the government for funding to carry out various waste minimisation initiatives.

In the mean time, Council is still looking at providing an integrated regional kerbside recycling, organics and refuse collection service in conjunction with the Invercargill City Council and Gore District Council. At this stage the Council has included funding in the plan to begin a three bin kerbside collection service in 2010/2011. This is estimated to cost around \$310 (including GST) for those receiving the service and includes the current refuse collection costs (urban - \$167.40; rural - \$238) as well as additional costs for the new landfill levy². While the Council has not yet made a final decision on the proposal it will consider the submissions that have been made to the Draft Plan (see page 8) in addition to feedback from previous years consultation (2006, 2007, 2008) when making a decision on the service later this year. At the current time, documentation is being prepared about the three Council's operational, contractual and financial requirements for a kerbside system for refuse, recyclables and organics. This documentation will be advertised in June to invite requests for proposals from appropriate contractors/organisations. These proposals will then be evaluated by WasteNet so that recommendations can be presented to each of the Council's in October with each Council possibly considering and making decisions on the systems for its area in November/December 2009.

¹ Southland District Council Residents' Satisfaction and Opinion Survey (2005, 2006, 2007, 2008).

² For more detail on the service see the Solid Waste Management section on page 122 and the 2008/2009 Annual Plan.

Funding requests confirmed

Rugby World Cup Assistance –

Council has included a one-off grant of \$29,000 towards the estimated \$350,000 total cost needed to assist with holding games in Invercargill as part of the 2011 Rugby World Cup. It is expected that this event will provide spin-off benefits to the Southland economy through the visitors coming to the region before or after the world cup as well as their attendance at pool games held in Invercargill.

Stadium Southland –

Council has included \$50,000 in the plan annually to assist with ongoing maintenance and renewal costs of Stadium Southland to ensure that it continues to be a well maintained international standard facility. Contributions are also being provided by other organisations because the required level of funding cannot be met from income alone. Council believes that, as a regional facility, it benefits the whole of Southland.

Southland Warm Homes Trust –

Council also approved a grant of \$35,000 per annum for 2009/2010 to 2012/2013 for the Southland Warm Homes Trust to continue home insulation initiatives throughout Southland.

Biodiversity Southland –

Council approved a request for continued funding of the Southland Biodiversity Coordinator (\$10,000 per annum until 2012/2013) and \$15,000 per annum (using existing funds) for five years to assist with undertaking a biodiversity inventory of 100 properties to produce baseline data on what is in the natural environment.

Key funding policies changed and changes to rating areas

Council has a number of policies which guide its funding and rating. These policies were reviewed for the Draft Plan. Key changes confirmed by Council included funding noxious plant control under the district-wide roading budget rather than from each ward as well as introducing a set fee for interments (described above) as part of the Revenue and Financing Policy. The term of recovery for Te Anau capital project costs was extended from 10 years to the life of the asset in the Development and Financial Contributions Policy. The Liability Management Policy was amended to change the sources of debt funding available to Council as well as increases to borrowing limits. Minor changes were also made to the Council's Investment and Rate Relief/Remission Policies. In addition, the Council has established a number of new rates for Riverton and Fiordland Pools, Lumsden/Balfour Residential Water Loan rate and amended rating areas for the combined Edendale/Wyndham sewerage/water schemes.

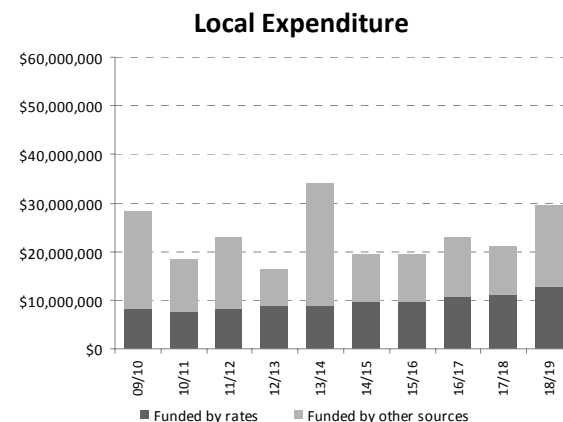
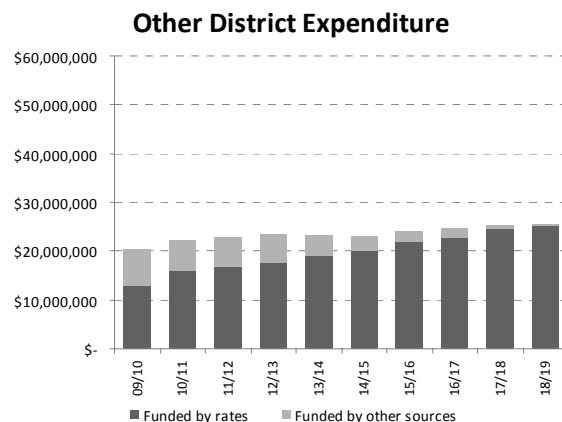
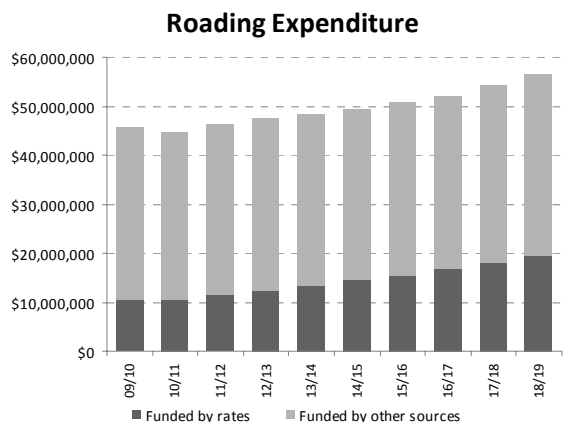
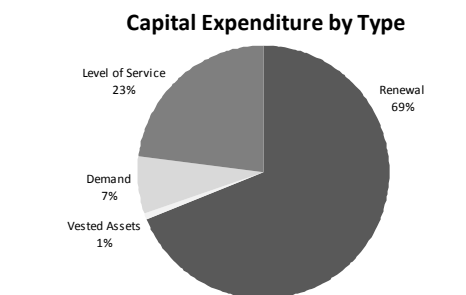
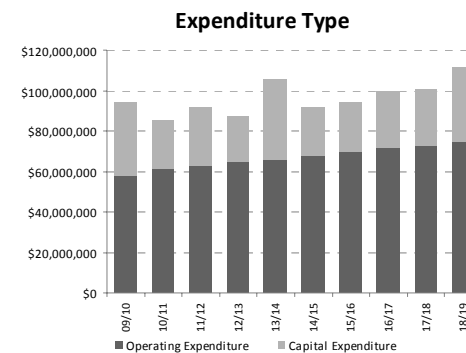
Finance overview / strategy

This plan and these budgets are based on the levels of service we believe that the community want to be provided with as well as a number of assumptions about the future. The result is a forecast which takes Council from where it is today and projects where it will be in ten years, taking into account external influences such as population growth and estimated inflation.

Financially, this plan continues the theme of investment in infrastructure with capital expenditure over the period ranging from a low of \$23 million in 2012/2013 to \$40 million in 2013/2014. This programme will see the renewal of key infrastructure assets, many of which are ageing as well as improvements to infrastructure to provide a better level of service. A portion is also related to putting in additional infrastructure because of increased demand projected as well as assets which will be given (vested) to Council primarily from subdivisions.

Although Council has been mindful that capital works and the borrowing required as a result will increase costs, this infrastructure is important for the continued operation of the District. Given that these assets last for a long time and require ongoing maintenance and renewal, Council needs to ensure that it is managing this appropriately now so that these do not end up costing more in the future because of any deferred maintenance. After considering the health and wellbeing of the community as well as its legislative responsibilities, Council has reviewed the capital works programme with some costs originally planned being either deleted or deferred to a time when more information on the asset or possible legislative requirements are known.

Council has also continued to “smooth” rates over the period of the plan. This was also done in the previous Ten Year Plan as an alternative to having rates going up and down year by year because of the programmes/projects in any given year. In order to minimise the effect on ratepayers and give them more certainty, Council introduced a process of “rate smoothing” which through the use of an “overdraft facility” (rate reserve accounts) tries to manage the annual unders and overs by advancing or repaying back funds drawn down. More details can be found in the “balancing the budget” section on page 247. The impact of this process can be seen in a number of graphs below that show varying levels of expenditure but a steady increase in the rates collected.



In the last Ten Year Plan, the Council indicated that the total rate smoothing percentage for the term of the plan would be in the range of mid to late 6%. This plan proposes a total district rate increase of 6.89%, with the changes for each of the three main rate types shown in the table. When analysed, just over half of the district rate increase is caused by roading (3.47%) with other district rates making up the other half (3.42%). Rates on your own property will vary depending on where you live, the local projects being funded and the services you receive. Further details on the annual rates increase can be seen in Balancing the Budget - Approach to Rates' on page 247. The 'Funding Impact Statement' on page 215 also shows the "effective rates increase" for the 2009/2010 year which takes into account increases in the number of properties or property values at any individual rate level.

What we need to operate

Roading and Transport (including footpaths, streetlighting and streetworks) –

Roading and Transport is the activity which takes up the majority of Council's spending - 54% of overall capital expenditure and 45% of operating expenditure in 2009/2010. By 2018/2019, this changes to 63% of capital expenditure and 44% of operating expenditure. The Roading and Transport activity statement (page 107) sets out the programme of maintenance and renewal of the existing infrastructure. Increases in the price of petroleum products and contracted labour has had an impact on the cost of the roading programme and while Council has reduced the original programme estimates by \$8.2 million over the 10 years, the overall financial requirement is still more than what has been budgeted in the past.

In funding roading, Council is still optimistic that it can seek additional funding from Government however at this time it has had to assume that over the ten years central government subsidies will remain at 54%. The roading expenditure graph on the previous page shows the total amount of roading expenditure for each of the ten years and the rates component over the same period. In this plan Council has made full use of the rate smoothing process to manage the annual rating requirement. As a result, the Council will be borrowing from internal reserves to fund the required programme over the ten years.

Local Expenditure –

Local expenditure represents costs associated with running local communities, ranging from beautification, halls, toilets, parks and reserves to key infrastructure such as water, wastewater (sewerage) and stormwater.

The programme of operating and capital expenditure for local communities reflects not only the projects to ensure a healthy community (water and wastewater) but also each area's local priority whether it be playgrounds, cemetery maintenance and upgrades, or beautification projects. Each activity section contains details of the projects planned for the various areas in the next ten years.

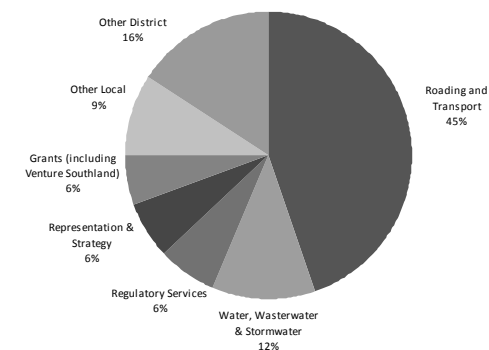
The graph on the previous page shows the cumulative amount of operational and capital expenditure over the ten years and the rates requirement. These local costs are generally funded from rates paid by ratepayers within the community rating boundary. Within this plan, the Council has also included a number of local water projects for which it is also hoping to get funding assistance from central government. These generally relate to improvements to drinking water supplies.

Rate Change	District Rates			Local Rates	Total Rates (District and Local) ²
	Roading District Rate	Other District Rates ¹	Total District Rates ¹		
09/10	8.08%	4.46%	6.89%	13.87%	8.47%
10/11	8.08%	6.00%	6.50%	3.93%	9.57%
11/12	8.08%	5.29%	7.13%	4.04%	5.95%
12/13	8.08%	6.38%	7.12%	6.01%	6.46%
13/14	8.08%	6.35%	6.97%	5.20%	6.17%
14/15	8.08%	6.06%	7.00%	6.76%	6.59%
15/16	8.08%	6.10%	7.03%	7.02%	6.70%
16/17	8.08%	6.15%	7.06%	6.87%	6.70%
17/18	8.08%	6.19%	7.09%	8.03%	7.02%
18/19	8.08%	6.23%	7.12%	7.90%	7.03%

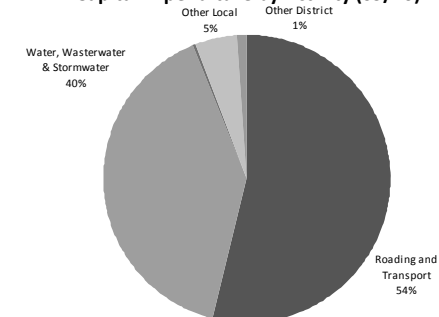
¹Excludes wheellie bins

²Includes wheellie bins after smoothing

Operational Expenditure by Activity (09/10)



Capital Expenditure by Activity (09/10)



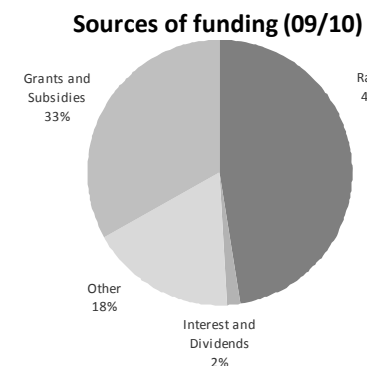
Other District Expenditure –

Other district expenditure includes activities associated with the district rates such as regulation and representation. Generally, expenditure in these areas remain relatively constant with inflation allowances causing a change over the ten year period. The proposed three bin kerbside collection which aims to reduce the amount of waste going into the landfill and improve services to residents is included in this cost. In addition, this also includes funding for the review of the District Plan as well as the 1/6 district contribution towards proposed water projects which are also expected to receive central government funding. Funding for these activities have been affected by reduced forestry income and Council’s decision to apply interest received to its reserves balances rather than offsetting district rates. Although the spread of this income will not be as even as it has been in the past, the interest income will still offset rates when projects funded by reserves are undertaken. This results in additional funding needed from rates, which due to the rate smoothing process, results in a greater draw on the rate reserve account and the repayment of this in the later years (as shown in the graph on page 19).

How is it funded?

Sources of Funding –

Not all of Council’s funding comes from rates. Of the total revenue of \$67 million, 47% comes from rates (\$31.5 million). The remaining 53% comes from other sources as shown in the graph, with grants and subsidies making up the main portion of this. These include subsidies from the New Zealand Transport Agency towards the Council’s roading programme as well as subsidies from central government (Ministry of Health) and connection fees for the water projects included in this plan. Other funding sources include fees and charges received for services as well as development and financial contributions. By 2018/2019, total revenue is expected to reach just over \$95 million. Of this rates are expected to make up around 60% of revenue at \$57.5 million.

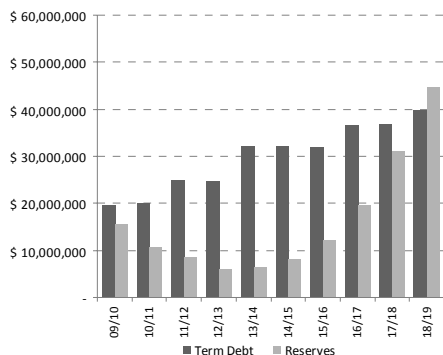


Loans and Reserves –

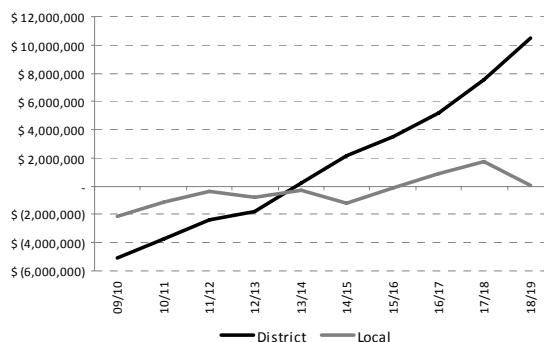
Reserve balances over the ten years fluctuate as funds are drawn down for both the “rate smoothing” process (graph below centre) and planned projects (graph below left). By 2018/2019, the rate smoothing reserves will be fully repaid and, with the accumulation of interest from “rate smoothing”, the balance of the reserves is projected to be around \$45 million.

External loans are needed to finance capital projects. Over the period of the plan, debt is projected to increase to approximately \$40 million. The terms of these loans range from 2 to 25 years. In addition, Council also borrows internally against its reserves and in this plan the level of internal debt reaches a maximum of \$2.9 million. While most of this has been loaned to people to pay for water and sewerage upgrades, over time they will repay this back through their rates.

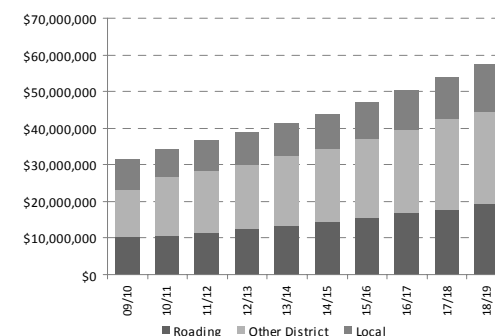
Loans and Reserves



Transfers To/(From) Rate Smoothing Reserves



Projected Rates by Type



Audit Opinion

REPORT TO THE READERS OF SOUTHLAND DISTRICT COUNCIL'S LONG-TERM COUNCIL COMMUNITY PLAN FOR THE TEN YEARS COMMENCING 1 JULY 2009

The Auditor-General is the auditor of Southland District Council (the District Council). The Auditor-General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand, to report on the Long-Term Council Community Plan (LTCCP), on his behalf.

The Auditor-General is required by section 94(1) of the Local Government Act 2002 (the Act) to report on:

- the extent to which the LTCCP complies with the requirements of the Act;
- the quality of information and assumptions underlying the forecast information provided in the LTCCP; and
- the extent to which the forecast information and performance measures will provide an appropriate framework for the meaningful assessment of the actual levels of service provision.

It is not our responsibility to express an opinion on the merits of any policy content within the LTCCP.

Opinion

Overall Opinion

In our opinion the LTCCP of the District Council dated 30 June 2009 provides a reasonable basis for long-term integrated decision-making by the District Council and for participation in decision-making by the public and subsequent accountability to the community about the activities of the District Council.

In forming our overall opinion, we considered the specific matters outlined in section 94(1) of the Act which we report on as follows.

Opinion on Specific Matters Required by the Act

In our view:

- the District Council has complied with the requirements of the Act in all material respects demonstrating good practice for a council of its size and scale within the context of its environment;
- the underlying information and assumptions used to prepare the LTCCP provide a reasonable and supportable basis for the preparation of the forecast information; and
- the extent to which the forecast information and performance measures within the LTCCP provide an appropriate framework for the meaningful assessment of the actual levels of service provision, reflects good practice for a council of its size and scale within the context of its environment.

Actual results are likely to be different from the forecast information since anticipated events frequently do not occur as expected and the variation may be material. Accordingly, we express no opinion as to whether the forecasts will be achieved.

Our report was completed on 30 June 2009, and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the District Council and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the International Standard on Assurance Engagements 3000: *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. We have examined the forecast financial information in accordance with the International Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information*.

We planned and performed our audit to obtain all the information and explanations we considered necessary to obtain reasonable assurance that the LTCCP does not contain material misstatements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

Our audit procedures included assessing whether:

- the LTCCP provides the community with sufficient and balanced information about the strategic and other key issues, choices and implications it faces to provide an opportunity for participation by the public in decision-making processes;
- the District Council's financial strategy, supported by financial policies as included in the LTCCP is financially prudent, and has been clearly communicated to the community in the LTCCP;
- the presentation of the LTCCP complies with the legislative requirements of the Act;
- the decision-making and consultation processes underlying the development of the LTCCP are compliant with the decision-making and consultation requirements of the Act;
- the information in the LTCCP is based on materially complete and reliable asset or activity management information;
- the agreed levels of service are fairly reflected throughout the LTCCP;
- the key plans and policies adopted by the District Council have been consistently applied in the development of the forecast information;
- the assumptions set out within the LTCCP are based on best information currently available to the District Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast information has been properly prepared on the basis of the underlying information and the assumptions adopted and the financial information complies with generally accepted accounting practice in New Zealand;
- the rationale for the activities is clearly presented;

- the levels of service and performance measures are reasonable estimates and reflect the key aspects of the District Council's service delivery and performance; and
- the relationship of the levels of service, performance measures and forecast financial information has been adequately explained within the LTCCP.

We do not guarantee complete accuracy of the information in the LTCCP. Our procedures included examining on a test basis, evidence supporting assumptions, amounts and other disclosures in the LTCCP and determining compliance with the requirements of the Act. We evaluated the overall adequacy of the presentation of information. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the District Council and the Auditor

The District Council is responsible for preparing an LTCCP under the Act, by applying the District Council's assumptions and presenting the financial information in accordance with generally accepted accounting practice in New Zealand. The District Council's responsibilities arise from Section 93 of the Act.

We are responsible for expressing an independent opinion on the LTCCP and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 94(1) of the Act.

Independence

When reporting on the LTCCP we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than this report and in conducting the audit of the Statement of Proposal for adoption of the LTCCP and the annual audit, we have no relationship with or interests in the District Council.

Julian Tan
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Matters relating to the electronic presentation of the audited Long-Term Council Community Plan

This audit report relates to the Long-Term Council Community Plan (the LTCCP) of Southland District Council (the District Council) for the ten years commencing 1 July 2009 included on the District Council's website. The District Council is responsible for the maintenance and integrity of the website. We have not been engaged to report on the integrity of the website. We accept no responsibility for any changes that may have occurred to the LTCCP since it was initially presented on the website.

The audit report refers only to the LTCCP named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the LTCCP. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited LTCCP as well as the related audit report dated 25 June 2009 to confirm the information included in the audited LTCCP presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.