

**GREY DISTRICT COUNCIL  
LONG TERM PLAN 2018-2028**

# Consultation Document



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# Welcome

Welcome to this Consultation Document for the Grey District Council 2018–2028 Long Term Plan (LTP).

The LTP is Council's vision for our District over the next ten years. It outlines what we're planning on doing and how we're planning to pay for it.

Our focus over the next ten years will be on keeping our core services going - ie water supply, roading, footpaths, sewerage, parks, walkways, regulation, pools, gym, stadium, libraries, rubbish collection, recycling, stormwater, museum, animal control and much more. These are the services that people regularly use without thinking too much about them - until they're not working.

We're also going to concentrate on addressing our key issues. We've gathered information from various sources, ie staff, councillors and our community, to work out what we think are the key issues facing our District over the coming years and come up with some options going forward to address them.

This is the time for our community to have their say on their wants and needs and what they think Council should provide or not provide.

In this document we set out the challenges and issues facing our District over the next ten years and beyond and what we propose to do about them.

Now we want to know what you think. Let us know:

- What do you think is important?
- Are we heading in the right direction?
- Are we addressing all the right issues?
- Is there something we are not doing or something we are doing but should not keep doing?

**SUBMISSIONS CLOSE AT 5PM  
MONDAY 16 APRIL 2018**

## What are the issues?

In line with our Significance and Engagement Policy, we've used several methods to determine what the key issues facing our community are - now and into the future. We gathered information from:

- Staff and their knowledge of our services and assets
- Councillors - their vision for the future and feedback from their people
- The community - feedback on our website and Facebook page, previous submissions, topical issues in the local media and the Resident Satisfaction Survey

Putting this all together, we've come up with the following:

### KEY ISSUES

#### RENEWALS BACKLOG FOR WATER SUPPLY, STORMWATER AND LAND TRANSPORT

We need to start addressing some serious issues with regards to our infrastructure. We've got a backlog of renewal works to be carried out for water supply and stormwater, some of our bridges need renewing or replacing and we need additional funding for road resurfacing.

If we don't start working on this now and planning for these costs, we're going to have bigger problems in the future, including more maintenance costs and risks of our systems breaking down completely.

Deferred renewals are explained on the next page.

#### REPLACEMENT GREYMOUTH WATER RESERVOIR

The Greymouth water reservoir at Omoto is over 100 years old and situated on land classed as high seismic risk.

### OTHER ISSUES

#### FUNDING SHORTFALL FOR PORT OF GREYMOUTH

User fees don't cover all the operating costs for running the Port so Council committed to a financial strategy in 2015 of increasing rate funding to this activity. Should this strategy continue?

#### FUNDING INCREASE FOR HISTORY HOUSE MUSEUM SERVICE

The History House Museum building in Gresson Street was closed in February 2017 due to earthquake prone safety concerns. The temporary exhibition at 130 Mackay Street is proving very popular. The LTP does not include any provision for an increase to the existing Museum budget/service. Any additional costs, ie earthquake strengthening works of Gresson Street or fit-out works for a new location (final permanent location to be determined), would need to come out of the existing operational budget.

#### KERBSIDE REFUSE/RECYCLING COLLECTION

Do our community want the kerbside refuse/recycling collection service to be extended to the rest of the District (except for Te Kinga and Moana), noting those properties will face an increase in rates for the increased service provided?

These are the issues we want your feedback on to help shape our future direction.

### HAVE YOUR SAY

There are several ways to make your thoughts known:

- Use the easy online submission form at [www.greycouncil.govt.nz/ltp](http://www.greycouncil.govt.nz/ltp)
- Complete the submission form at the back of this document
- Email us on [submissions@greycouncil.govt.nz](mailto:submissions@greycouncil.govt.nz)
- Talk with your Ward Councillor to get more information then make a submission using one of the methods above



# Purpose of this document

## WHAT IS A LONG TERM PLAN?

All Councils must produce a Long Term Plan (LTP) every three years which lays out their expected levels of service and how these will be paid for, planned out over the next ten years.

The Grey District Council Long Term Plan 2018-2028 represents our effort to demonstrate to the community Council's goals for delivering the various activities it is involved in and how we see the activities of Council contributing to the overall wellbeing of the District. The LTP covers a ten year period from 01 July 2018 to 30 June 2028.

## WHY DO WE HAVE A CONSULTATION DOCUMENT?

The aim of a consultation document is to provide our community with details of the important issues the Grey District Council faces during the next ten years, options for addressing those issues and how those options might affect the financial position of both Council and our community.



## DEFINITIONS

We talk about useful lives and deferred renewals a lot in this document - it is, after all, a key issue arising in three of our activities. Here's a brief outline of what we mean.

### USEFUL LIVES

All assets have a specific useful life. These are worked out using a combination of industry best practice, how similar assets have performed in the past, environmental conditions and amount and type of use.

### WHAT ARE DEFERRED RENEWALS?

Once an asset has reached the end of its useful life, then it is expected that it will require replacement (renewal) to keep providing the service. If we use the asset beyond the end of the useful life, then this is known as deferred renewal (also commonly referred to as renewal backlog or renewal deficit).

Deferring renewal expenditure has become a part of business for many organisations, particular those with tight budgetary restraints, ie Councils. Local authorities in rural areas are regularly faced with tough decisions about maintaining networks of assets as populations decline. Not all assets can be easily relocated or used for a different purpose, eg water. When budget restraints are necessary, deferring renewals is often the first option considered.

However, Councils also have an obligation to maintain their infrastructure, as failure to do so could result in a significant health risk for our community and could have adverse effects on our reputation when it comes to tourism etc.

Over previous years Council has been 'sweating its assets' (a term used to describe a way of extending the use of an asset beyond its useful life) in the interests of keeping rates rises down and using funds to complete other prioritised and expensive capital projects. This approach increases the risk of unexpected disruptions to service delivery.

Our asset information and useful lives are based on the best information we have to hand and Council has made reasonable progress in recent years increasing the quality and reliability of the information.

Understandably however, a useful life is never going to be an exact science (measure) for each asset. Some may not last as long; others will last longer. In addition to this, there are areas of the asset database where assumptions and estimates are applied, which introduces uncertainty in some areas.

## WHERE TO GET MORE INFORMATION

Want to know more? You can get copies of the following from our website, [www.greydc.govt.nz/ltp](http://www.greydc.govt.nz/ltp):

- Draft Long Term Plan 2018-2028
- Infrastructure Strategy
- Financial Strategy
- Significance & Engagement Policy
- Examples of rates under the Draft Plan
- Other policies and bylaws



# Challenges we face

We wanted to know what our community felt was important to them so this year we included the following question in the Resident Satisfaction Survey: **Are the following issues facing our District important to you?** The column on the right indicates how many respondents thought the issue was important to them.

Being prepared for emergencies and natural disasters, eg floods, earthquakes etc	98%
Diversifying and developing our economy to become more financially sustainable	97%
Making the most of the growth in tourism and providing the necessary infrastructure for the increase in visitors	96%
Rejuvenating our town centre, including CBD renewal and dealing with earthquake prone buildings	91%
Being prepared for the effects of climate change, which includes higher temperatures, rising sea levels, more frequent extreme weather events and a change in rainfall patterns	84%
Local businesses increasing their use of digital technologies	81%

The outcome of this question, as well as challenges facing our community, have been taken into consideration when developing the LTP.

We outline some of the challenges facing our District below.

## OUR DISTRICT

The Grey District has faced some tough times in recent years, including mine and business closures and the global economic recession. We've also started to comply with earthquake prone buildings legislation and acknowledge the changing face of consumerism turning more and more to online shopping.

But Coasters are resilient and adaptable and these qualities will help ensure there is a bright future for us to look forward to.

Tourism is booming - visitor numbers to the West Coast region are predicted to break the one million figure in 2025.

	2016	2021	% increase
Grey District visitors	200,000	289,000	44%

Source: [www.westcoast.co.nz](http://www.westcoast.co.nz)

Although we are seeing a positive increase in the tourism numbers, our existing infrastructure has the capacity to cope with this growth. There may be additional demand on other Council services, such as public toilets, where Council works actively to seek external funding.

We have just completed the Town Square, which is looking fabulous and already getting lots of use. This space helps to make our town centre more attractive and inviting for both residents and visitors and will aid the local economy by encouraging visitors to spend longer in Greymouth, thus injecting money into our local businesses.

Greymouth has Ultra Fast Broadband (UFB), making us the ideal base for online and digital businesses, away from the crazy rat races of larger cities.

## POPULATION

It is assumed that there is not going to be significant change to the size of our District over the next ten years. Population projections from Statistics New Zealand estimate our population will change only slightly from 13,371 in 2013, to 13,550 in 2023 and 13,250 in 2033. The next Census is due to take place in March 2018.

The Grey District has a higher percentage of people aged 65 years and over - 16% - compared with 14.3% of the total New Zealand population. Population projections estimate that all areas of New Zealand will be home to more people aged 65+ in 2043.

In our LTP we have assumed a growth rate of 0% and are not expecting to have to expand the services we currently deliver.

## AFFORDABILITY

It is always a challenge for our community to be able to pay for services with a smaller and statistically slightly older rating base than some other Districts in New Zealand. Affordability is a big factor Council considers when thinking about what services we will provide and how they will be funded.

We're committed to making sure we deliver value for money in our services and will continue to save costs wherever possible.

The LTP introduces what Council believes to be moderate rates increases to address our key issues over an extended period of time. The alternatives to this approach are either significant rates increases or increasing debt to fund the renewals backlog - both of which address the matter over a shorter period.

Whilst there is some risk to Council and the community in carrying a significant level of deferred renewals over a long period of time, ie increased maintenance costs, risk of asset failure etc, Council has chosen this approach as being more affordable to its community. Increasing debt to address the renewals backlog is not favoured as this places a financial burden on future generations. You can find more details and all the options outlined further in this document.

Our proposed rate increases ensure that we can maintain existing levels of service and start addressing the serious issues, as well as being prepared for whatever the future may bring.

## OUR INFRASTRUCTURE

We have spent large amounts of money in the last few years on upgrades of our infrastructure, ie new wastewater treatment plants and ensuring water supply schemes comply with New Zealand Drinking Water Standards.

We're now faced with a backlog of renewal works which, if we don't start addressing now, could mean we are faced with serious implications in the future.

We're planning on putting more money into renewing our infrastructure so we can continue to provide a reliable and efficient service to our community.

## CLIMATE CHANGE

Climate change is a phrase on most people's lips these days. The effects include higher temperatures, rising sea levels, a change in rainfall patterns and more frequent and more extreme weather events.

We're looking to address the impacts of climate change by increasing the sizes of pipes when it is time to renew them, which in turn mean our systems, especially stormwater, can better cope with weather events of increased frequency and severity.

# Other things considered

We've got our key issues and other issues but they're not the only things facing our community. Here are some other things which were considered by Council but not considered to be significant for the purposes of consultation.

We welcome public feedback on these issues and anything else people want to have their say on.

## DISTRICT PLAN REVIEW

The District Plan is a statutory planning document all Councils are required to have under the Resource Management Act 1991. In basic terms, it describes the policies, rules and standards which govern the way in which land may be used within the Grey District. It also manages significant issues such as urban and rural growth and business and industrial development.

The District Plan is meant to be reviewed every ten years and we are well overdue for this to be done, with the last review taking place in 2005.

As part of the Local Government Commission (LGC) review, the LGC has made an interim decision that the West Coast should have a Joint District Plan which covers all three districts and will provide consistent rules across the West Coast region. They will be carrying out further public consultation on this matter and a final decision is yet to be made. It should be noted that Council is in support of this decision.

Funding for a Joint District Plan requires each district council and the West Coast Regional Council to contribute \$25,000 per annum for the next two years.

In the interim of a final decision from the LGC, Council understands the importance of carrying out the District Plan review and is committed to starting work on it. It has committed to funding it at an initial amount of \$30,000 in 2018/2019, which equates to 0.2% of rates. This funding will be used to support the Joint District Plan or commence our own review, depending on the final LGC decision.

## PUBLIC TOILETS

Public toilets are always a topic that comes up in submissions to Council. As part of the last LTP Council undertook a prioritisation review of proposed new facilities around the District. To date a new toilet has been built at Cobden (with the assistance of Government funding) and Council have recently received more Government funding towards new toilets etc at Blackball (to cater for the expected increase in tourists with the Pike 29 Great Walk). This funding of \$601,039 will be used alongside the \$100,000 seed funding allocated in the 2017/2018 Annual Plan.

As part of the LTP, Council is proposing to carry out an upgrade of the toilets at Anzac Park, which are in poor condition and earthquake prone. These works are budgeted to cost \$90,000 and will be funded from existing reserves (no impact on rates).

## GROWTH IN TOURISM

Whilst tourism is great for our local economy, it can bring its own challenges in terms of greater numbers of people needing to use our infrastructure. Areas where this may impact include car parks, toilets, refuse/recycling, water supply and more.

Central Government is aware of these challenges and established a Tourism Infrastructure Fund (TIF) of \$100 million over four years for the development of tourism-related public infrastructure.

We've already had two successful applications to this fund (Cobden and Blackball toilets) but the reality is that we have to compete with other regions to access this funding. The TIF also requires 50/50 (flexible) contribution from Council towards the project and Council has to fund on-going costs, ie maintenance, once the facility is built.

We'll work closely with tourism stakeholders to monitor the situation and work together to come up with a plan if we need to. We'll also keep monitoring where the needs are for new facilities and submit applications to the TIF fund.

## DRINKING WATER STANDARDS

Council has received advice that following the Havelock North Drinking Water Inquiry, an increase in required Drinking Water Standards is "more likely" than less likely. While there are no details as to what this could involve, it is assumed the outcome will be that all water supplies will be required to be treated.

At present all supplies in the Grey District, with the exception of Runanga/Rapahoe, are treated with chlorination and UV filter. The Runanga/Rapahoe water supply has UV screening but the absence of chlorination (due to community preference) has the potential for secondary contamination, ie as a result of pipe breaks etc.

As any potential changes to Drinking Water Standards are not yet confirmed, we have not made any provision in this Plan, however Council acknowledges that should any increase be legislated, it will incur an additional cost on the Runanga/Rapahoe community in the form of a higher targeted rate. It should be noted that the Runanga supply could be connected to the Greymouth (chlorinated) supply at very little capital cost if this was legislated.

Any proposed increase to Drinking Water Standards will mean increased targeted rates for properties connected to the remaining water supply schemes in the Grey District. As there are details on this, no provision for this has been included in the LTP.

Also see items not included in the LTP on page 30.



# Putting it all together

Council provides a range of services, both seen and unseen, that support our community and visitors to our community. The challenge is raising enough money to meet the current cost of providing services to the District and keeping Council in a good position to face issues in the future.

The following pages give an overview of the issues we are facing and what we propose to do about them. Summaries of our Financial Strategy and our Infrastructure Strategy give you a clear picture of the varied and many activities of Council and what our future plans are to keep providing core services to our community.

Our Financial Strategy focuses on working towards a position of reducing annual deficits and ensuring our debt levels remain within our borrowing limits. This gives Council the capacity to borrow for unforeseen events, eg a natural disaster, unexpected large maintenance costs or new compliance requirements.

We need rates to rise above inflation to address the key issues but plan on capping the increase to no more than 4.5% per year. This is a practical and reasonable approach and keeps Council and the community on track for a positive future.

Our Infrastructure Strategy outlines the key issues facing our three waters networks and land transport activity. If we don't start addressing these issues now, it will affect the levels of service provided in the future and will probably end up costing Council more and more money as we continually fix assets which are past their useful life rather than renewing them.

## LEVELS OF SERVICE

Our overall plan is to maintain existing levels of service for our core activities (such as roading, water supply, stormwater, wastewater, community facilities and refuse/recycling collection & disposal).

Council's strategy for addressing the backlog of deferred renewals over an extended period of time does carry some risk to Council and the community until the backlog is dealt with. There could be asset failures, which will impact on levels of service. This risk decreases over time as the deferred renewals are addressed. Further details and options for addressing the deferred renewals are outlined further in this document.

We're also consulting on the following and depending on the final decision, there may be an increase in the level of service we currently provide:

- Potential extension of the kerbside refuse and recycling collection service - note that this has NOT been allowed for in our budgets at this stage.



Waldo is a special canine friend of the Grey District Library and loves to listen to children read. He doesn't interrupt, he doesn't criticise and he doesn't judge. Waldo and Katie, from Two Brown Dogs and a Cat, are normally at the Library on Wednesday's from 3.30pm to 4.30pm. Reading to animals is a great and proven way to improve reading levels and confidence, as well as acclimatise young children to dogs. Contact the Grey District Library on 03 768 5597 if you'd like to know more.

## RATES

As outlined in our Financial Strategy (from page 18), we intend to increase rates above inflation each year so we that we have the sufficient funding to address our key issues, noting we will cap the rates rise in any given year at a maximum of 4.5%.

### PROPOSED RATES INCREASE FOR 2018/2019

Taking into account Council's **PREFERRED OPTIONS** for addressing the key issues facing our District, we are signaling a **3.51% rate increase for 2018/2019 (year one)**.

This proposed increase is made up is as follows:

Inflation and other minor budget changes	2.1%
<i>The following increases are in addition to inflation:</i>	
Water supply - deferred renewals *	0.25%
Stormwater - deferred renewals *	0.25%
Land Transport - deferred renewals **	0.2%
Replacement water reservoir	0.26%
District Plan review	0.2%
Port funding shortfall *	0.25%

\* The LTP and Council's Financial Strategy propose that these increases will be happening each year, ie cumulative increases. The year on year increases for our preferred options have been included in the forecast rates increases shown on page 18. Refer to the key issues for proposed increases per activity.

\*\* The rate increases for Land Transport proposed for years 2-10 are higher than year one. Refer to Figure 11 on page 14.

The cumulative increases referred to above are in addition to any inflation increases Council have to deal with. The assumed inflation rates for this LTP range between 1.8% to 2.6%.

The final rates impact will be confirmed following public consultation and Council hearing and considering submissions received.

## RATES INCREASES

Council has provided the rates increases that are expected with each option for our key issues. To be clear, the 'rates increase' percentage is calculated as a percentage of total rates revenue.

Note the proposed rates increase of 3.51% is inclusive of the increase associated with Council's preferred options and financial forecasts. If something is not included in our budgets, this is clearly stated.

# Key issues

## We have a renewals backlog for our water assets & need to replace the Greymouth water reservoir

### BACKGROUND

Since 2008 Council has spent approximately \$5 million investing in upgrading water schemes to comply with New Zealand Drinking Water Standards (NZDWS). All of our water supplies, with the exception of Runanga/Rapahoe which is being upgraded now, are in compliance and provide our communities with efficient, resilient and good quality water schemes.

As well as water supply upgrades, in recent years we have also been focusing our attention, and money, on other large projects such as new sewerage schemes and treatment plants and the Aquatic Centre/Westland Recreation Centre. This meant we were not putting enough money aside for pay for renewals/replacements of some of our assets - this was a deliberate short term decision as we knew our community would not have the ability pay for everything at once.

### WHAT ARE THE ISSUES?

#### DEFERRED RENEWALS

Please see page 4 to find out what we mean when we talk about deferred renewals.

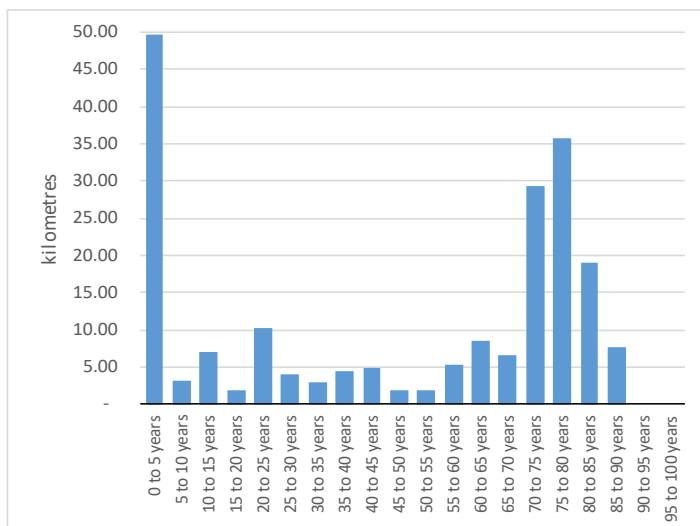
As part of the last LTP, we arranged to carry out condition assessments of our water supply networks. They are almost finished and preliminary results have confirmed what we already thought - that we do have a backlog of deferred renewals which will need to be addressed.

This backlog has a current value of \$7.1 million. Under Council's preferred option, this backlog will be cleared by year 14.

Some of the water breaks we have experienced lately have been the result of brittle pipes. However, the good news is that the condition assessments will provide us with improved asset knowledge which will be used to prioritise future renewal and replacement works so we can keep providing an efficient and reliable service to our community.

To give you an idea of what we are dealing with, the following graph shows the remaining useful life for our water supply assets.

FIGURE 1: REMAINING USEFUL LIFE OF WATER SUPPLY PIPES



### GREYMOUTH WATER RESERVOIR

The Greymouth water reservoir at Omoto, having been constructed in 1904, is now over 100 years old and past its original intended useful life. As well as requiring renewal, it is currently located on land which has been identified as a high seismic hazard. In the event of a major earthquake, it would be very likely that the reservoir would be damaged and Greymouth would lose their water supply.

Council has a long term goal of replacing the one reservoir with three smaller reservoirs in different locations around the District. At this stage Council has only committed to the replacement of one smaller reservoir in year one due to available funding and other priorities.

This only replaces part of the capacity of the existing Omoto reservoir. Whilst this doesn't cause any immediate short term issues so long as the existing Omoto reservoir can remain in service, the longer term provision of additional reservoirs will need to be addressed.

### IMPLICATIONS OF NOT ADDRESSING THESE ISSUES

Providing water supply networks is an essential core service of Council. If we don't look after them, our community could be faced with the following:

- Increased maintenance costs due to the poor state of some of our assets.
- Increased water breaks due to poor condition of the pipes.
- Potential for critical asset failure, which could lead to loss of service.
- Public health risk when our assets fail.
- A lower quality of drinking water, ie taste and colour. While this won't affect the safety of the water, it could lead to lower levels of satisfaction from users.
- Older assets have greater potential for earthquake vulnerability - renewal/replacement with more modern products can provide greater resilience in the event of a natural disaster.
- Flooding damage could occur from broken infrastructure.
- Loss of water supply in event of an earthquake as the Greymouth water reservoir is currently located on land identified as a seismic hazard risk.





# Key issues: We have a renewals backlog for our water assets & need to replace the Greymouth water reservoir

## WHAT ARE THE OPTIONS?

### OPTION 1

**DEFERRED RENEWALS:** Stick with the status quo. Council is currently funding renewals below the minimum rate, which means the backlog of renewals/replacements continues to grow and eventually we will need to find large sums of money for urgent replacements. Refer to the first graph opposite, which shows the predicted renewals backlog for this option.

**GREYMOUTH WATER RESERVOIR:** Do not replace the Greymouth water reservoir.

Council and the community would have to be happy to carry the associated risks with this option - refer to implications on previous page.

This option will have no effect on rates or debt levels.

### OPTION 2

**DEFERRED RENEWALS:** Increase funding by \$40,000 per annum every year, ie cumulative increases, towards starting to address the deferred renewals programme, on a prioritisation basis (*0.25% rates increase 2018/2019 and every year after that - increases for our preferred option have been included in the long term rates forecasts on page 18*). We would be caught up with the backlog around year 14 (2032). Figure 3 opposite shows the predicted renewals backlog for this option.

**GREYMOUTH WATER RESERVOIR:** Build one new water reservoir in year one, to be located on land not classed as a seismic hazard. Approximate cost is \$540,000. Council proposes to fund \$140,000 from existing reserves and borrow \$400,000 (to be repaid by rates, *2018/2019 - 0.26% rates increase*).

At this rate we are only starting to address the issues and it will take time to remedy. There will still be some risk associated with this option, ie increased maintenance costs, potential asset failure, loss of water supply etc.

Note: While the second and third reservoirs will eventually be required, under Council's preferred option they are not done within the next ten years.

Preferred option

### OPTION 3

**DEFERRED RENEWALS:** Increase funding by \$60,000 per annum every year, ie cumulative increases, towards starting to address the deferred renewals programme (on a prioritisation basis (*0.4% rates increase 2018/2019 and every year after that*)). We would be caught up with the backlog around year ten (2028).

**GREYMOUTH WATER RESERVOIR:** Build one new water reservoir in year one (*2018/2019 - 0.26% rates increase*), to be located on land not classed as a seismic hazard, and build a further two reservoirs in years three and five. Council proposes to debt fund the new reservoirs (approximate cost is \$540,000 each) and repay via rates at \$100,000 per annum (*this is equivalent to a 0.6% rates increase in year one*).

The increased funding addresses the issues quicker than Option 2 but there will still be some risk associated with this option, ie increased maintenance costs, potential asset failure, loss of water supply etc.

FIGURE 2: WATER SUPPLY RENEWALS BACKLOG - WITH CURRENT FUNDING

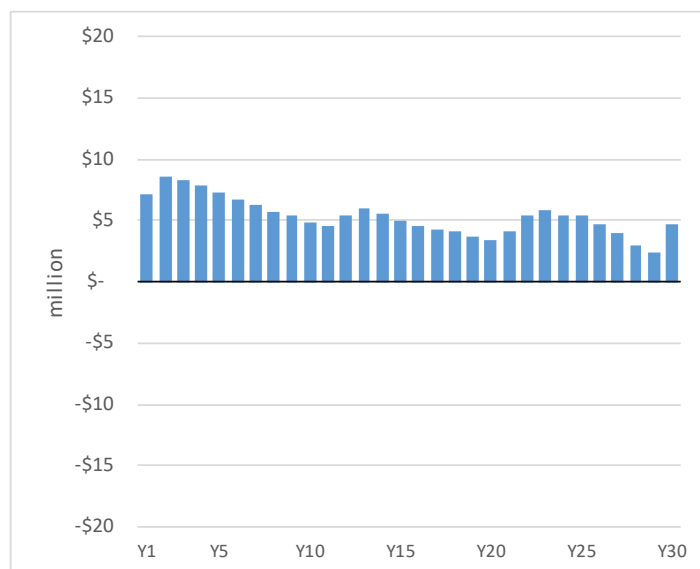
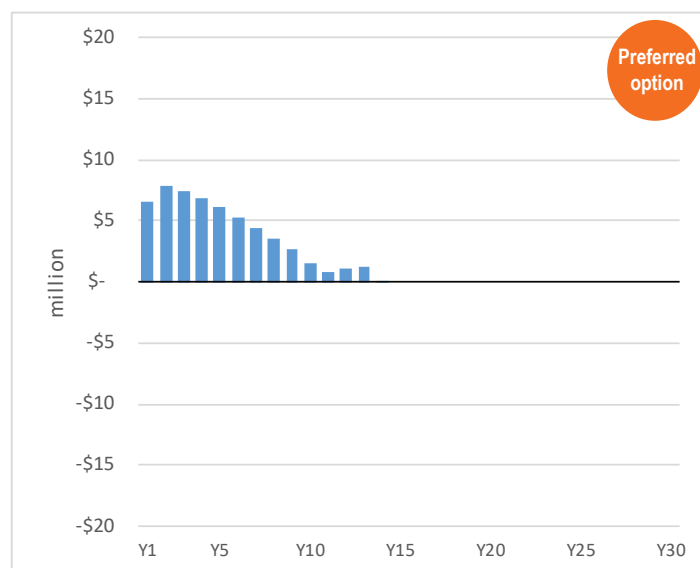


FIGURE 3: WATER SUPPLY RENEWALS BACKLOG -WITH INCREASED FUNDING



## COUNCIL'S PREFERENCE

Council's preference is for Option 2 because this aligns with Council's strategy of balancing affordability with the demand to maintain levels of service. Keeping with the current level of renewals funding (Option 1) is not preferred as it is not enough to address required renewals and these are continuing to grow.

This increased funding will allow us to start addressing the issue of deferred renewals by having more money available to carry out renewals on a prioritised basis using data from the condition assessments and our existing knowledge of the infrastructure.

We also start addressing the issue of replacing the Greymouth water reservoir by building one new, smaller reservoir in year one.

Have your say by Monday 16 April 2018.

# Key issues

## We have significant deferred renewals for our stormwater assets

### BACKGROUND

The Grey District can experience high rainfall, with some rain events involving heavy falls. It is important to make sure that flooding measures are in place in the District to deal with the disposal of any surface water accumulation and that excess flows are controlled and channelled towards waterways, as well as protecting areas prone to flooding.

Stormwater systems are in our urban areas only and with the exception of Greymouth CBD, are designed to cope with a 1-in-5 year on average storm - no ponding (pooling) is evident two hours after the rain stops and there is no damage to houses.

There are some older areas in the District which do not meet current stormwater design standards and where flooding caused by a restricted reticulation capacity is a known issue. These areas include the Greymouth CBD, Petrie Avenue, Puketahi Street, Whall Street areas and the south-east Greymouth CBD.

The Greymouth CBD system is designed to cope with a 1-in-1 year on average storm. Capacity limitations of the CBD system mean it often experiences severe surface flooding during extreme rain events. However, physical constraints make it very difficult to improve the system performance without spending a considerable amount of money.

As part of the wastewater (sewerage) upgrade for Greymouth, new wastewater (sewer) only pipes were installed. The previously combined sewer/stormwater pipes are now dedicated stormwater pipes. This has significantly grown the stormwater network, however many of these are older pipes, especially in the Blaketown, Cobden and Greymouth areas.

### WHAT IS THE ISSUE?

#### DEFERRED RENEWALS

Please see page 4 to find out what we mean when we talk about deferred renewals.

As signalled in the last LTP, over the past three years Council has carried out condition assessments of our stormwater network assets. These detailed condition assessments of stormwater pipes have resulted in the useful service lives of some different pipe materials being extended, however they do confirm significant deferred renewals for this activity, namely due to:

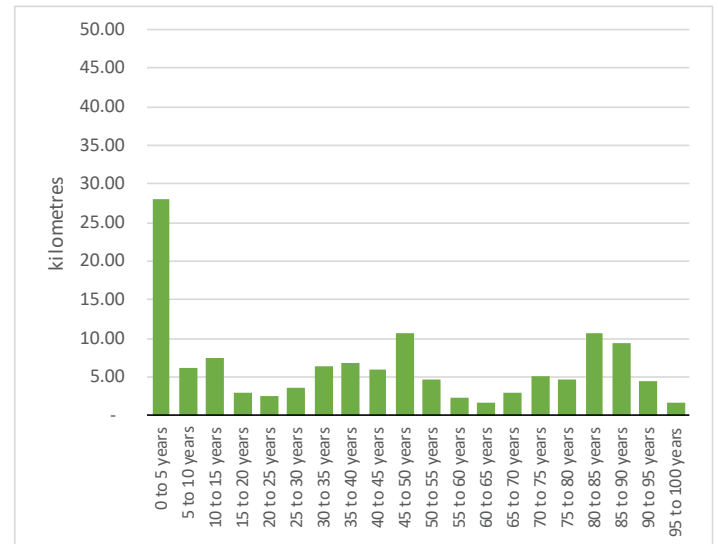
- The re-purposing of combined sewer/stormwater pipes as stormwater only has significantly increased our network (many of these are older pipes);
- Ageing and deteriorating pipes; and
- The previous low renewal rates due to Council's focus on other prioritised projects, ie wastewater upgrades, compliance with Drinking Water Standards.

There are concentrated pockets of renewals required in Cobden, Blaketown and Greymouth, with smaller areas in Runanga, Dunollie, Taylorville and Dobson.

This backlog has a current value of \$7.2 million, with a further \$23 million worth of assets coming to the end of their intended useful life in the next six years. Under Council's preferred option, this backlog will be cleared by year 24.

To give you an idea of what we are dealing with, the following graph shows the remaining useful life for our stormwater assets.

FIGURE 4: REMAINING USEFUL LIFE OF STORMWATER PIPES



### IMPLICATIONS OF NOT ADDRESSING THIS ISSUE

Providing stormwater networks and protecting properties from flooding due to stormwater runoff are essential core services of Council. If we don't look after our stormwater assets, our community could be faced with the following:

- Higher maintenance costs due to the poor state of some of our assets.
- Potential for critical asset failure, which could lead to loss of service.
- Those areas with the reduced capacity will continue to suffer from flooding and damage during extreme events.
- Public health risk when our assets fail.
- Older assets have greater potential for earthquake vulnerability - renewal/replacement with more modern products could ensure greater resilience in the event of a natural disaster.
- Climate change brings increased severe weather events. This increases the risk of flooding events as our existing stormwater system cannot cope with the sheer volume of water in a short amount of time. At the time of renewals, it is planned to replace with larger pipes, thus increasing the capacity to absorb the excess water.
- Flooding damage could occur from broken infrastructure.



# Key issues: We have significant deferred renewals for our stormwater assets

## WHAT ARE THE OPTIONS?

### OPTION 1

Stick with the status quo. Council is currently funding renewals at below the minimum rate, meaning the backlog of renewals/replacements continue to grow and eventually we will need to find large sums of money for urgent replacements. Refer to the first graph opposite, which shows the predicted renewals backlog for this option.

This also means increased risk of flooding in extreme weather events, particularly those areas with reduced capacity to drain away the excess water. Council and the community would have to be happy to carry the associated risks and outcomes - refer implications on previous page.

This option will have no effect on rates or debt levels.

### OPTION 2

Increase funding by \$40,000 per annum every year, ie cumulative increases, towards starting to address the deferred renewals programme on a prioritisation basis (0.25% rates increase in 2018/2019 and every year after that - increases for our preferred option have been included in the long term rates forecasts on page 18). We would be caught up with the backlog around year 24 (2042). Figure 6 opposite shows the predicted renewals backlog for this option.

Preferred option

At this rate we are only starting to address the issues and it will take time to remedy. There will still be some risk associated with this option, ie increased maintenance costs, potential asset failure, flooding during extreme weather events etc.

### OPTION 3

Increase funding by \$100,000 per annum every year, ie cumulative increases, towards starting to address the deferred renewals programme on a prioritisation basis (0.6% rates increase 2018/2019 and every year after that). We would be caught up with the backlog around year ten (2028).

The increased funding addresses the issues quicker than Option 2 but there will still be some risk associated with this option, ie increased maintenance costs, potential asset failure, flooding during extreme weather events etc.

## COUNCIL'S PREFERENCE

Council's preference is for Option 2 because this aligns with Council's strategy of balancing affordability with the demand to maintain levels of service. Keeping with the current level of renewals funding (Option 1) is not preferred as it is not enough to address required renewals and these are continuing to grow.

This increased funding will allow us to start addressing the issue of deferred renewals by having more money available to carry out renewals determined on a prioritised basis using data from the condition assessments and our existing knowledge of the infrastructure. This also enables Council to provide a reliable and affordable service to our community.

Have your say by Monday 16 April 2018.

FIGURE 5: STORMWATER RENEWALS BACKLOG - WITH CURRENT FUNDING

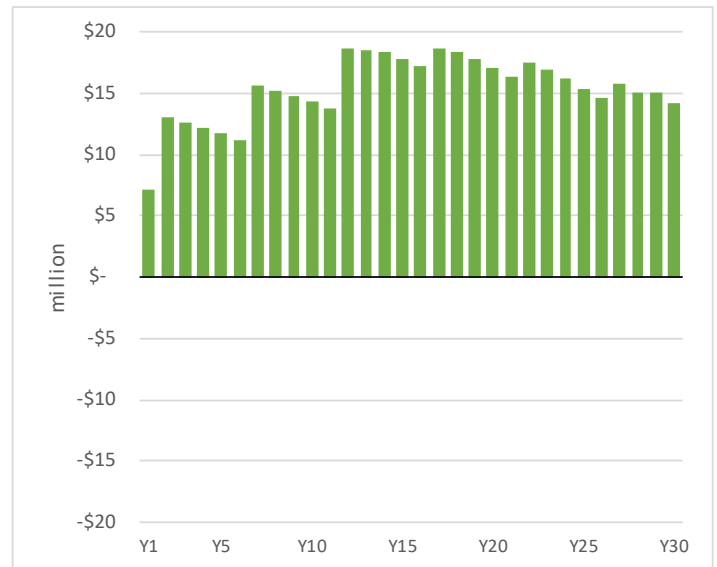
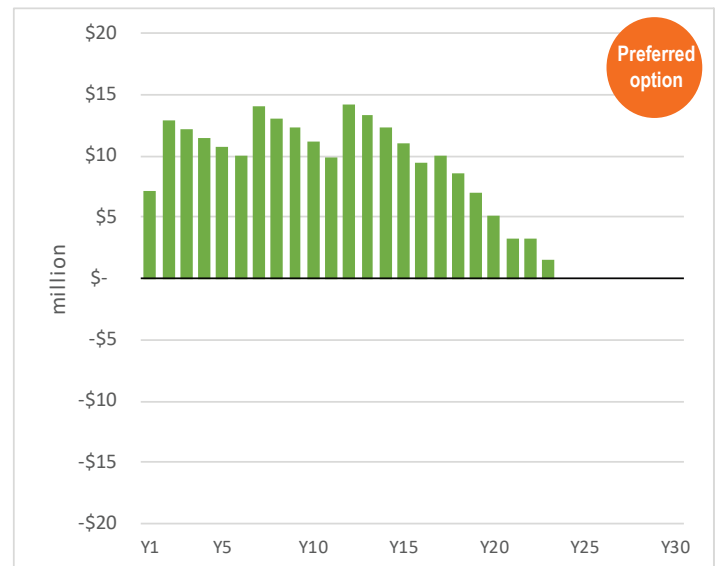


FIGURE 6: STORMWATER RENEWALS BACKLOG - WITH INCREASED FUNDING



# Key issues

## There are deferred renewals in Land Transport - bridges, footpaths and road/street surfaces

### BACKGROUND

In terms of value, the road network represents over half of the Grey District infrastructure. This activity includes the road/street surface (pavement), structure, road signs, street lights, footpaths and bridges.

There are 211 bridges in the Grey District maintained by Council, a number of which are due to come to the end of their expected useful life within the next 30 years.

Council's footpath network of 105.7km, serving mainly urban areas, is generally in fair condition where it is provided. It is important that Council continues to ensure our footpaths remain fit for purpose, especially given the Grey District has statistically slightly older population.

### NZTA FUNDING

The financial assistance Council receives from the New Zealand Transport Agency (NZTA) has decreased from 62% to the current rate of 58%. It is not expected to decrease further. In previous years we have had to adjust our roading programme to fit with the available funding.

It should be noted that this subsidy is provided for certain types of works only. Bridge renewals or replacements receive a subsidy from NZTA, whereas footpath renewals do not. It makes financial sense for Council and is more beneficial to the community to allocate funding to projects which receive the highest subsidy, thus generating more money to spend.

## WHAT ARE THE ISSUES?

### DEFERRED RENEWALS FOR BRIDGES

Please see page 4 to find out what we mean when we talk about deferred renewals.

Around 29% of our bridges are beyond the industry recommended useful life, however they are considered to be in at least a fair condition according to regular maintenance inspections. We also have a number of bridges coming up for renewal/replacement over the life of our Infrastructure Strategy.

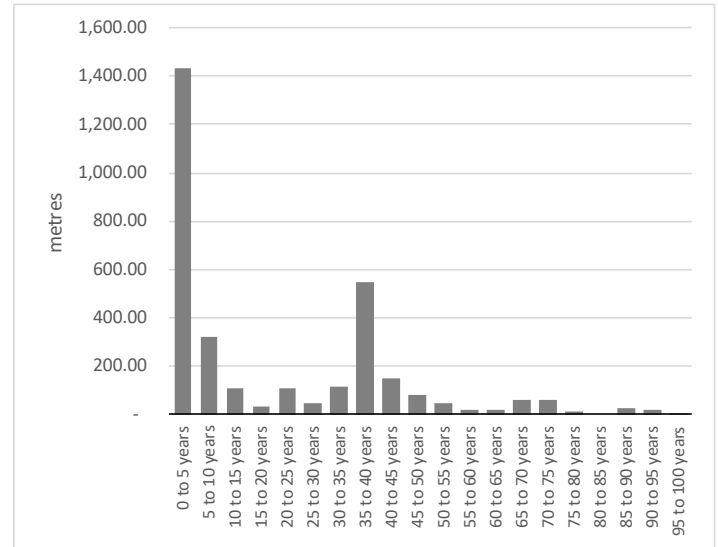
This backlog has a current value of \$23 million. Under Council's preferred option, this backlog will be cleared by year 21.

Recently Council has carried out reviews of its bridges, including seismic capacity and capacity with regards to the trend of increasing truck sizes and loads. This information, along with what we already know about the bridges, ie from structural inspections, condition assessments, asset age and use, will help us identify where maintenance works (ie replace structure components) can improve their condition or if a full bridge replacement should be considered.

Council needs to start addressing the deferred renewals in this activity to continue to be able to provide the same level of service, as well as plan for future bridge replacements/renewals, which can be costly.

The following graph shows the remaining useful life for our bridges.

FIGURE 7: REMAINING USEFUL LIFE OF BRIDGES



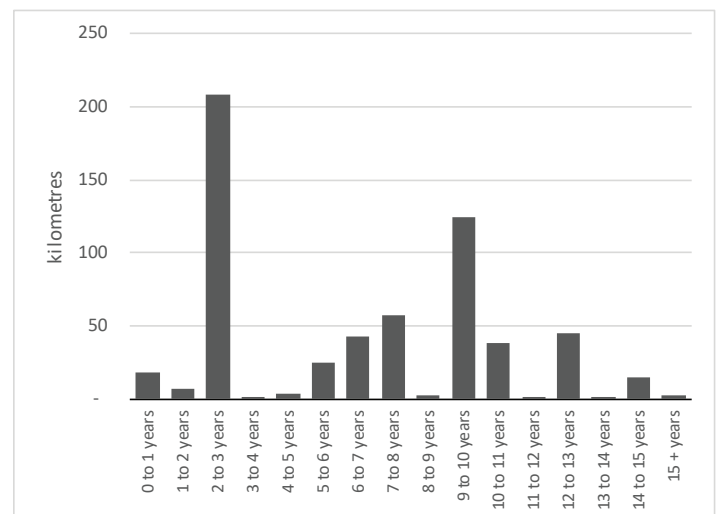
### DEFERRED RENEWALS FOR ROAD AND STREET PAVEMENTS (SURFACES)

Council has a large portion of the chip sealed pavement surfaces due of renewal over the next three years (39%) and 79% due for renewal within the life of our Infrastructure Strategy (next 30 years). This is due to the current practice recently introduced due to funding reductions of renewing less of the sealed network (around 7% annually), compared to current industry practice, which is renewing around 10-15% of the surface asset component annually.

We need to make sure we continue with sufficient levels of pavement rehabilitation to maintain the integrity of the pavement from age deterioration and traffic use effects into the future.

The following graph shows the remaining useful life for our road and street pavements.

FIGURE 8: REMAINING USEFUL LIFE OF ROAD/STREET PAVEMENTS





## Key issues: There are deferred renewals in Land Transport - bridges, footpaths and road/street surfaces

### FOOTPATH RENEWAL PROGRAMME NOT MEETING COMMUNITY EXPECTATIONS

The condition of footpaths in the District are often a key issue for our community. Council sets a budget each year for footpath renewals, however our programme of renewals often falls short of community expectations.

As part of the 2017/2018 Annual Plan Council agreed to increase the footpath renewals budget by \$40,000 in response to submissions from the public but have not planned any further increases in this LTP. Whilst there is a lot of public interest in the issue of footpaths and potentially merit to extend the service in some areas of the District, Council has to prioritise where its limited budget is spent.

As part of the LTP, our focus will be on sustaining and maintaining the current levels of services with regards to footpaths. We are not looking at providing any extensions to levels of service provided.

### IMPLICATIONS OF NOT ADDRESSING THESE ISSUES

Providing and maintaining a local roading network is a core service of Council. Failure to properly looking after the roading network could mean:

- Potential for critical failure if bridges are not renewed or replaced in time. Failures will could mean travel disruptions, increased travel times, more crashes, higher vehicle operating costs etc.
- If we don't maintain, renew or replace bridges as required, restrictions with regards to weight or speed may have to be imposed.
- Our bridges are less resilient in the event of an earthquake.
- Any reduction in our current roading programme could result in safety issues for users.
- Lower levels of satisfaction from users, especially with regards to footpaths.
- Increased maintenance costs due to the poor state of some of our assets.



Contractors working on repairs to Stanley Gooseman Bridge

# Key issues: There are deferred renewals in Land Transport - bridges, footpaths and road/street surfaces

## WHAT ARE THE OPTIONS?

### OPTION 1

Stick with the status quo. Council is currently funding renewals for the Land Transport activity at below the minimum rate, which means the backlog of renewals/replacements continue to grow and eventually we will need to find large sums of money for urgent replacements, which may mean taking on large debt. Refer to the first graph opposite, which shows the predicted renewals backlog for this option.

Council and the community would have to be happy to carry the associated risks - refer implications on previous page.

This option will have no effect on rates or debt (barring urgent works required).

### OPTION 2

Preferred option

**BRIDGES:** Increase funding by \$30,000 (plus inflation) in year one and then an average increase of \$240,000 per annum (including inflation) for years 2-10 (annual increases range from \$77,000 to \$345,000, including inflation), with an overall increase of rates revenue of \$2.2 million by year ten - this money will be applied to deferred renewals in bridges (0.2% rates increase in 2018/2019 - subsequent increases for our preferred option have been included in the long term rates forecasts on page 18). The proposed rate funding, relative to assumed inflation, are shown in Figure 11. Using this increase in rate funding and the NZTA financial subsidies, we plan on carrying out bridge renewals/replacements over the next ten years as the necessary monies become available, based on critical need and a prioritisation basis. We would be caught up with the backlog around year 21 (2039).

**ROAD/STREET SURFACE RENEWALS:** Council will start applying additional funding towards surface renewals once a number of the deferred bridge renewals have been addressed. We plan on redistributing the increased funding going solely to bridges in years 1-9 between bridges and road/street surface renewals from year ten.

**FOOTPATHS:** Council already allows for a certain level of footpath renewals in the budgets. We are not planning on increasing funding towards footpath renewals - works outside of our normal programme will be addressed on a prioritisation basis and will be dependent on available budget.

Figure 10 opposite shows the predicted renewals backlog for the Land Transport activity for this preferred option.

At this rate we are only starting to address the issues and it will take time to remedy. There will still be some risk associated with this option, ie increased maintenance costs, potential asset failure, decreased earthquake resilience, potential imposition of speed/weight limits etc.

It has been assumed that Council's increased renewal expenditure will be approved by NZTA and will therefore receive financial assistance/subsidies.

FIGURE 9: LAND TRANSPORT RENEWALS BACKLOG - WITH CURRENT FUNDING

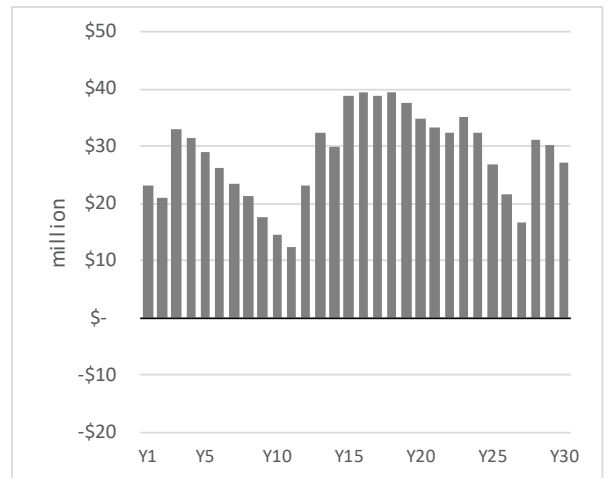


FIGURE 10: LAND TRANSPORT RENEWALS BACKLOG - WITH INCREASED FUNDING

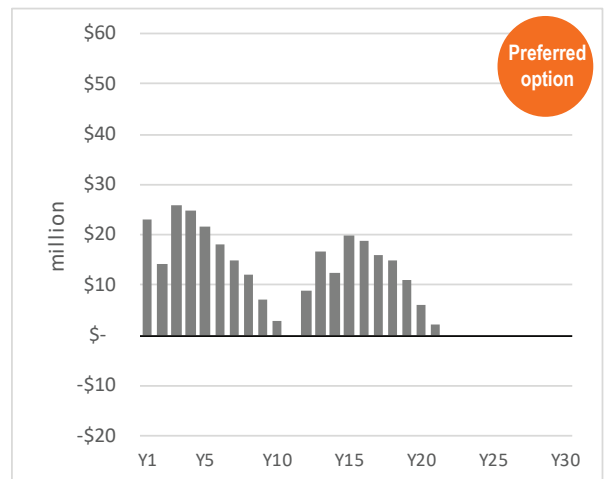
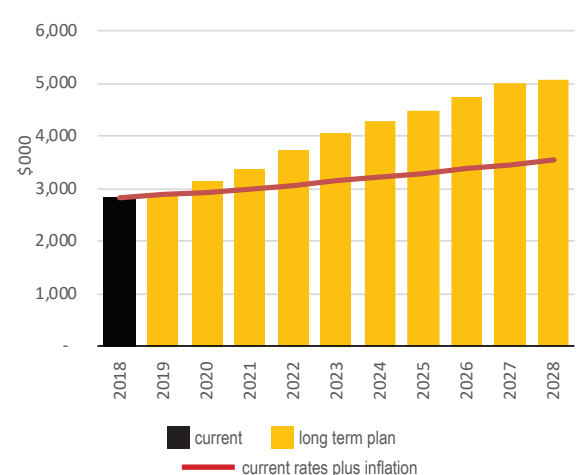


FIGURE 11: PROPOSED RATE FUNDING - LAND TRANSPORT



## COUNCIL'S PREFERENCE

Council's preference is for Option 2 because this aligns with Council's strategy of balancing affordability with the demand to maintain levels of service. Keeping with the current level of renewals funding (Option 1) is not preferred as it is not enough to address required renewals and these are continuing to grow.

With a year on year increase in funding and best utilisation of NZTA financial subsidies, monies will be able to build up to allow us to undertake large bridge renewals/replacements on a

staggered basis. Once a number of deferred bridge renewals have been addressed, we will then start applying additional funding towards surface renewals (from year ten).

Costly bridge renewals will be loan funded over relatively short terms to smooth the financial impact. Debt repayments have been factored into the proposed funding increases for Option 2. Refer to our Financial Strategy.

Have your say by Monday 16 April 2018.



# Other issues

## Funding shortfall for the Port of Greymouth

### BACKGROUND

User fees don't cover all of the operating costs for the Port. In previous years Council has used money from the free-holding of Harbourboard land to fund the shortfall, however this has never been a sustainable option long term and there are no more assets of significant value available to sell.

Until revenue (including rates revenue) increases to cover the Port's operating costs, the shortfall is funded from short term borrowing (planned to be repaid once revenue exceeds expenditure). The current Port debt is approximately \$1.9 million.

In 2014 Council reintroduced rate funding to the Port (\$38,000 in 2014/2015) and as part of the last LTP, it committed to a financial strategy for the Port of increasing rate funding to the Port of \$40,000 per annum, year on year.

### WHAT ARE THE ISSUES?

The issues facing the Port include:

1. The notorious Greymouth bar is the biggest restriction to new vessels entering the Port. Operators must ensure they cross in a safe manner.
2. There is not enough income for the Port and Port debt continues to rise. Eventually alternative funding models will need to be considered. It should be noted that by year ten, rate funding into this activity is significantly higher than user fees.
3. Over the next ten years it is expected our fleet numbers will decline, especially smaller boats.
4. Cargo trade has decreased significantly over the years and we have limited facilities to accommodate new cargo trade.
5. Regular dredging needs to be carried out, which is an expensive exercise.
6. Ongoing costs of making sure all facilities are safe to use, including electrical, water and sewer installations, walkways, ladders and even car parking.
7. Our Port assets and facilities are aging and need long term maintenance and upgrading. Future upgrades or renewals have to be prioritised to fit the future needs of the users, which is expected to be less smaller boats. If we want to encourage larger vessels to our Port, we need to be able to accommodate them with safe berthage (either by strengthening existing or building new).

### IMPLICATIONS OF NOT ADDRESSING THESE ISSUES

The Port is considered an important infrastructure asset for our fishing industry, who make a significant economic contribution to our community. In recent years a multi-million dollar fish processing factory has been constructed down by the Port.

The Port is also a vital access point in linking our community with the rest of the New Zealand in the event that a natural disaster closes the alpine passes.

### WHAT ARE THE OPTIONS?

#### OPTION 1

Do not continue with Council's financial strategy of increasing rates funding to the Port year on year. This option will have no impact on rates but will likely impact on debt as Council will need to borrow more money for operating costs.

#### OPTION 2

Continue with Council's financial strategy of increasing rates funding to the Port every year (cumulative increases), as determined in the last LTP.

In 2018/2019 this will be \$40,000 (0.25% rates increase 2018/2019 and every year after that - increases for our preferred option have been included in the long term rates forecasts on page 18).

Council will continue to debt fund part of the Port activity whilst it runs in deficit. The Port debt is currently \$1.9 million and will increase to approximately \$3.2 million in year six. From year nine onwards Port surpluses will be used to repay debt. Refer to the graph on page 21 and our full Financial Strategy for more information.

Preferred option

### COUNCIL'S PREFERENCE

Council's preference is for Option 2, ie continue with our funding strategy for Port. There are no practical alternative sources of income apart from rates.

If the community does not wish to continue rate funding into this activity, Council will be forced to look decreasing levels of service. This will make the Port less attractive/available for commercial fishing.

Have your say by Monday 16 April 2018.





# Other issues

## Funding increase for History House Museum service

### BACKGROUND

The History House Museum building in Gresson Street was closed in February 2017 due to earthquake prone safety concerns.

A temporary exhibition is currently located at 130 Mackay Street and has been in place since December 2017. It is proving quite popular with the community and tourists alike.

Council formed a History House Strategic Working Party back in August 2017 with a mandate to:

*“... recommend a strategic approach to the establishment of a museum which addresses the issues it faces and provides a clear pathway for implementation”.*

The Working Group put forward some recommendations which were considered by Council at their meeting in February 2018. A copy of the Working Group report can be found within the 12 February 2018 agenda on our website.

### WHAT ARE THE ISSUES?

While the recommendations put forward by the Working Group require further investigation and potentially feasibility studies undertaken, the underlying fact is that additional funding will be required to enable any increase in the current level of service provided.

Council has allowed for the status quo in the LTP with regards to this activity and has not allowed any additional funding in the LTP to:

- Increase the level of service provided;
- Carry out earthquake strengthening works on the existing building at Gresson Street; or
- The fit-out for a permanent new location (if this is the final outcome).

At present one full time staff member is budgeted for and the and the temporary exhibition is open five days a week, five hours a day.

Staff have also commenced work on cataloguing and digitising the History House Museum collection, a collection of thousands of items, mostly photographs. While Council are in favour of the development of a Regional Archive, there is still the issue of protecting and storing items not on display pending this being created.

### IMPLICATIONS OF NOT ADDRESSING THESE ISSUES

- The existing level of service provided by History House Museum will continue.
- Costs associated with the final permanent location will need to be addressed within existing budgets.

### WHAT ARE THE OPTIONS?

#### OPTION 1

Continue to provide a History House Museum service within existing budgets and existing staff, ie one full time equivalent (FTE).

The public display is currently located in a temporary location. If, at the end of the lease, the decision is to return to the Gresson Street building, earthquake strengthening works will be required, which have currently not been provided for. If these proceed, cuts to the operating budget will be necessary.

#### OPTION 2

Provide adequate staffing and other resources to enable History House Museum to become a tourist destination on a seven days a week basis.

This should include competent marketing of the facility and a professional approach to presenting compelling exhibitions. This option will also put in place measures to protect the collection material against environmental impacts, ie sun and humidity.

Council could increase the History House operational budget by \$15,000 per annum every year (ie cumulative increases) for ten years. After ten years this would effectively double the operating budget for History House.

This would equate to 0.1% increase in rates for 2018/2019. Note: This has not been included in our budgets.

### COUNCIL'S PREFERENCE

Council does not have a preferred option in this instance. As stated, Council has not allowed for any increase to the existing History House Museum operational budget in the LTP. If the community wants an increase in the level of the museum service, this will need to be funded by rates.

*Have your say by Monday 16 April 2018.*



Temporary museum display at 130 Mackay Street, Greymouth

# Other issues

## Extension of kerbside refuse/recycling collection area

### BACKGROUND

Council currently provides a kerbside refuse and recycling collection to only part of the Grey District, namely greater Greymouth, Blaketown, Cobden, Karoro and Paroa. Communities outside of these receive a refuse bag collection service.

Since the kerbside recycling collection service first started in September 2013, Council has always signaled the service will be extended to other areas of the District depending on affordability, contractor availability and community preference.

As part of the last LTP we asked the community if they wanted the service extended, on the understanding there would be an increased cost to properties receiving the new service. No submissions were received on this matter so it did not proceed.

We are now asking the community again what their thoughts are on this. If they want the service extended to their community, there will be an increase in rates for the increased level of service. Please note that we have not included any extension of the service in our draft budgets - we want to hear what our community want first.

An expansion of the existing service would cover the remainder of the District, except for Moana and Te Kinga. These two townships will remain on a refuse bag collection service due to the largely seasonal/holiday population - there would be no-one at the property during the week to put the bins out and many residents take their bags to the Moana Resource Centre as they need to.

Financially it would mean an increase in the Refuse Collection rate for properties new to the service of approximately \$100 per annum (over and above the existing Refuse Collection rate).

### IMPLICATIONS/BENEFITS

The implications of not addressing this issue include:

- Lower levels of satisfaction from those users not in the kerbside collection area.
- People outside the kerbside collection area have to sort their own recyclables and take them to the disposal centres (although the disposal of them is free)

Benefits of extending the kerbside collection include:

- A possible reduction in the amount of refuse going into the landfill. Council has recently built a large storage shed at McLean's Recycling Centre, which now provides greater capacity for dry storage of recyclables. Better quality recyclables could equate to an increase in recyclables income.
- Separation of refuse and recycling has a positive effect on the environment and preserves it for future generations.

### WHAT ARE THE OPTIONS?

#### OPTION 1

Stick with the status quo. Residents outside of the current kerbside refuse and recycling collection area will continue to receive a weekly refuse bag collection service.

This option will have no effect on rates.

#### OPTION 2

Expand the service to include the remainder of the District (excluding Moana and Te Kinga).

The increased service will cost Council an estimated additional \$250,000 per annum, which equates to an increase of around \$100 to the existing refuse collection rate for properties new to the service in 2018/2019 (year one).

### COUNCIL'S PREFERENCE

Council does not have a preference and has not included the extension of the service in the draft budgets. Neither option will impact on Council's debt levels.

Feedback from the community on what they would like is welcomed. Council will consider this issue and any submissions at its hearing meeting in May.

*Have your say by Monday 16 April 2018.*



# Our Financial Strategy

Council is involved in a wide range of activities that each have their own unique funding requirements and challenges. We've developed a Financial Strategy to set the overall direction for the Council's finances over the next ten years. We've identified the key issues facing our District in the coming years and this strategy outlines where Council is going to get the money to address those matters, as well as setting out how the money raised will be spent.

## OUR FINANCIAL GOALS

We've come up with five goals for managing our finances - these financial goals have been set to reflect where the Council wants to be in 2028 (and beyond) and they focus on the following:

1	Working towards reducing annual deficits.
2	Increasing rates above inflation each year to address significant issues, ie deferred renewals.
3	Recognising that affordability is an issue for our community so capping annual rates increases at 4.5% in any given year.
4	Decreasing debt over the life of this Plan.
5	Retaining capacity to borrow for unforeseen events (such as natural disasters). Debt levels to be kept within our policy limits.

The Financial Strategy Council is proposing strikes what Council believes is the best balance between the levels of investment required to continue to provide the current levels of service and the community's ability to pay. It has always been a challenge for Council and community is to raise enough revenue to meet the current cost of providing services to the District and keep the Council in a sound financial position to face any challenges in the future.

## SIGNIFICANT NEW INFRASTRUCTURE SPEND AT AN END

Over the past years we've spent a considerable amount of money on new infrastructure – around \$135 million in fact.

We're not planning on having to spend large amounts of money over the next 30 years, barring emergencies or changes in standards, ie Drinking Water Standards.

## ADDRESSING DEFERRED RENEWALS

As outlined in our key issues (from page 8) and discussed in our Infrastructure Strategy (from page 25), we are turning our focus to starting to address deferred renewals in our Water Supply, Stormwater, Wastewater and Land Transport activities. If we don't, the District could face serious implications in the form of financial impacts and decreased levels of service provided.

It should also be noted that whilst this LTP has a strong focus on starting to address the backlog of renewals, it will take many years to fully remedy the problem and in the meantime Council and the community will carry some risk in the form of asset failures, increased maintenance costs, potential impact on levels of service provided etc.

## INCOME

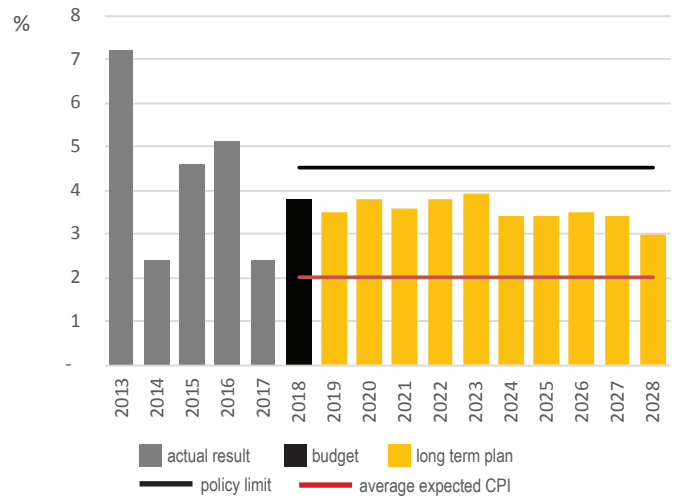
Our income comes from a variety of sources but the bulk of it comes from rates. Fees are set to fund all or part of activities where the person receiving the service receives all or part of the benefit.

Our Financial Strategy allows for rates to rise above inflation each year so we can address our key issues, with the annual rates rise capped at 4.5%, this cap recognising that affordability is an issue for our community. For rate increases to be lower than or the same as expected inflation, Council would need to:

- Continue to defer addressing key issues identified earlier in this document; and/or
- Cut expenditure with associated decreases in levels of service.

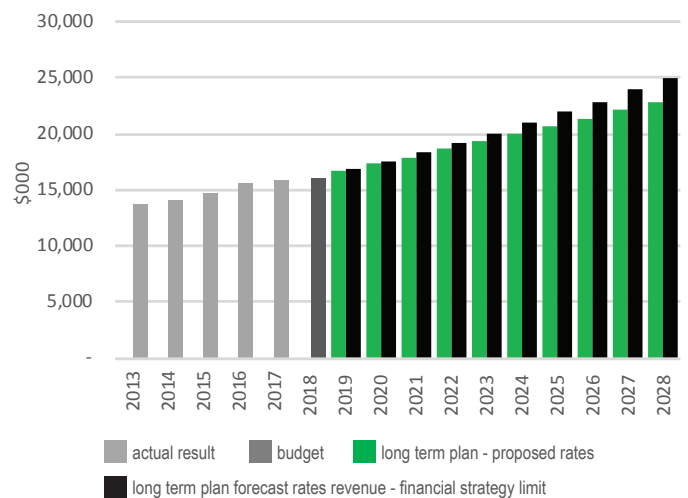
The following graph shows the proposed rates increases for the next ten years.

FIGURE 12: PROPOSED RATES INCREASES OVER NEXT TEN YEARS



Taking into account the limit of rate increases to be no higher than 4.5% per annum, the following graph illustrates total forecast rate revenue compared against the upper limit.

FIGURE 13: TOTAL RATES REVENUE





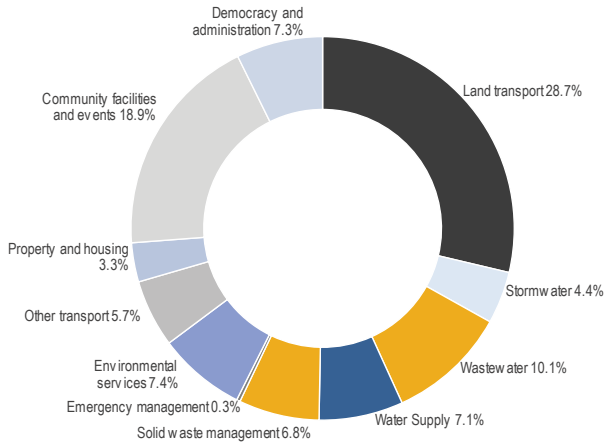
# Our Financial Strategy

## EXPENDITURE

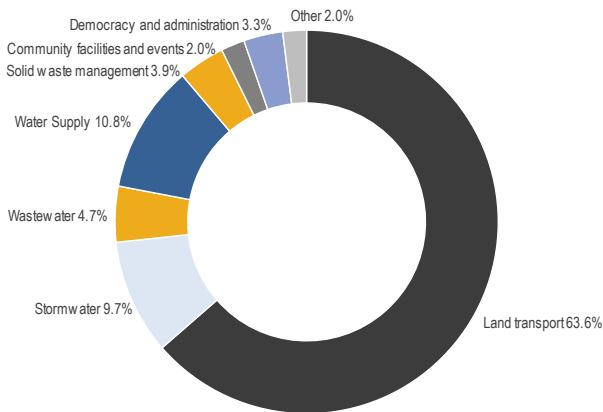
The following graphs show where Council will be spending its money over the next ten years.

Expenses includes all the operating, maintenance, interest payments and depreciation charges against each activity. Administration costs are allocated against each activity based on the level of resources that each activity requires.

**FIGURE 14: OPERATING EXPENDITURE - BY ACTIVITY**



**FIGURE 15: CAPITAL EXPENDITURE - BY ACTIVITY**



In the next ten years, we're planning on spending:

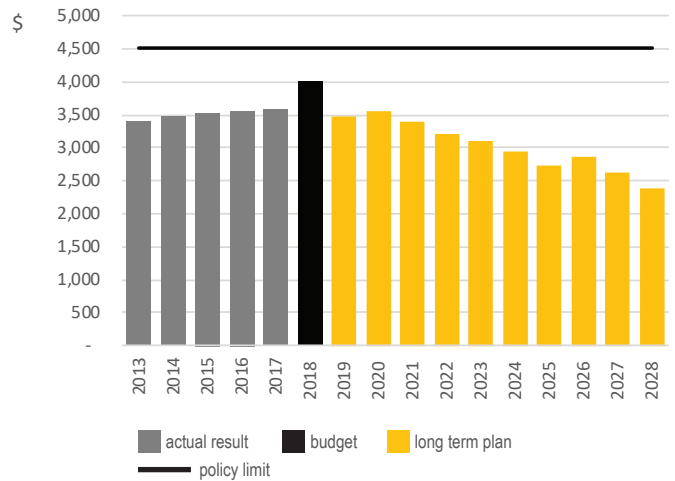
<b>\$81.3 million</b>	Replacing and renewing assets to maintain existing levels of service
<b>\$4.4 million</b>	Building new assets which improve levels of service

## DEBT

A lot of money has been borrowed for new infrastructure and other projects in recent years and our debt is near the higher end of some of Council's self-imposed limits.

Council has different self-imposed limits with regards to debt - the following graph shows we are close to that limit in relation to total debt per ratepayer. The horizontal line represents Council's self-imposed debt limit of not exceeding \$4,500 of debt per ratepayer.

**FIGURE 16: TOTAL DEBT PER RATEPAYER**



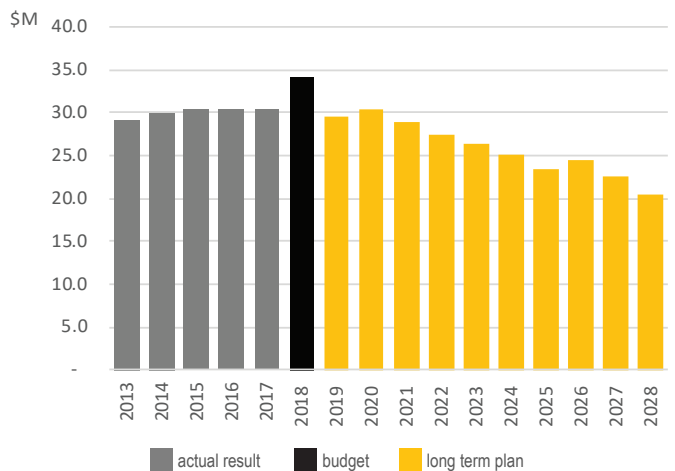
Our debt currently sits at around \$30 million, which is a great outcome considering we have spent \$135 million in recent years. We're comfortable with our current level of debt and note there is still capacity to borrow within existing limits if required for unforeseen events or emergencies.

Whilst there is capacity for Council to increase its debt, this is not the preferred option in regards to addressing the infrastructure deferred renewals and other issues raised in the LTP.

Given the large investments required to address our renewals backlog, we believe it is best to approach this by increasing rates revenue and addressing the renewals backlog over an extended period. The alternative of trying to address a larger value of the deferred renewals by increasing debt would add the burden of meeting loan repayments to addressing ongoing asset renewal requirements.

Spreading the work on deferred renewals over a number of years is also believed to be more cost effective for contractors to deliver, rather than trying to address a large volume of work in a short period of time.

**FIGURE 17: COUNCIL'S FORECAST TOTAL DEBT**



Some examples where we would consider increasing our debt include:

- Unforeseen infrastructure works, ie critical failures.
- Sudden changes in standards we must comply with, ie increases in Drinking Water Standards following the Havelock Water Inquiry.

# Our Financial Strategy

- Emergencies, ie natural disasters etc. Given our proximity to the sea and Alpine Fault and being in a high rainfall zone, we are susceptible to natural hazards. These impacts can be significant and can impose substantial unbudgeted costs.
- Smoothing the financial impact of large renewal expenditure, eg urgent or costly bridge replacements.

Renewals and operating expenditure are not funded by new borrowings, apart from the following exceptions:

## • ROADING BRIDGE RENEWALS

Individual bridge replacements can be costly for the larger bridges and in some cases the cost of one bridge replacement can exceed our total renewal budget for all of the Land Transport activity. In these cases Council will loan fund the cost, repaying the loan over a relatively short period (ie less than ten years). This is to spread the cost over a few years, smoothing out the rate revenue required from year to year.

## • PORT OPERATING DEFICITS

This LTP continues the existing strategy of reducing Port operating deficits through an increase in revenue. For many years Port deficits were funded via proceeds from land sales and no direct rate revenue input. With the proceeds from sale of land being a diminishing resource, Council was required to address the issue by introducing a rate revenue input into the Port, as well as increasing the revenue input of Port users. Both these revenue sources increase further over the life of the Plan. In the short term, until revenue increases to cover operating expenditure, the deficit is funded from short term borrowing, to be repaid once revenue exceeds expenditure.

## • GREYMOUTH WATER RESERVOIR

Given the larger investment in one year, this project is loan funded to smooth the required rate funding.

It is our intention to reduce the overall level of debt Council has over the life of this LTP.

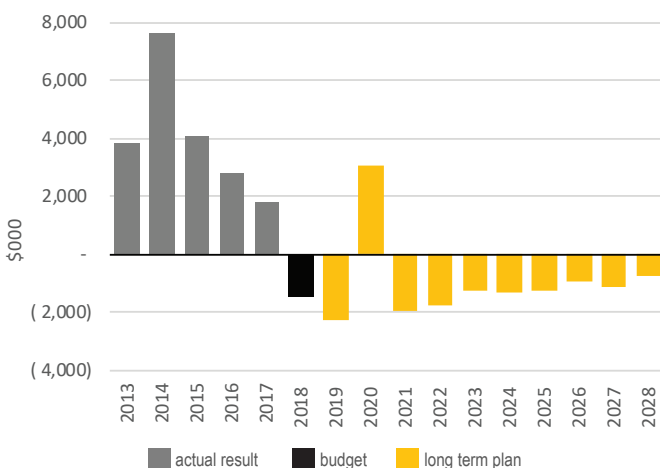
## SPECIFIC ISSUES

### RUNNING AT A DEFICIT

Over recent years Council has invested heavily in upgrading and building new wastewater (sewerage) systems, upgrading water supplies, as well as other projects such as the Grey District Aquatic Centre/Westland Recreation Centre.

Although recent actual financial results have showed an operating surplus for Council, when we exclude one-off capital grants for the infrastructure and facilities we have been building/upgrading, the result would have been a deficit. As we don't have any new capital projects during this LTP which attract large capital grants, we are therefore forecasting on-going deficits over the next ten years.

FIGURE 18: COUNCIL SURPLUS/DEFICIT OVER TEN YEARS



These deficits are a result of Council not raising enough revenue to cover all expenditure, namely depreciation.

One of the goals of our Financial Strategy is to gradually address this over the next ten years by working towards reducing the annual deficits. The following graph shows that these deficits decrease over time and beyond ten years, the deficits will continue to reduce until such time Council will be running in surplus.

## UNBALANCED BUDGET

A balanced budget is considered one where each year's projected operating income meets that year's projected operating expenses.

Council has proposed a budget under this Plan that does not balance in all years, except for year two, due to not fully funding the depreciation expense for some activities.

For the LTP, Council have decided it is prudent to set our income to cover all the actual money needed to be spent to provide the levels of service we propose to provide. This includes the replacement and renewal of assets where required.

The following graphs illustrate the main activities that run at a deficit over the life of the LTP and contribute to Council's overall deficits proposed.

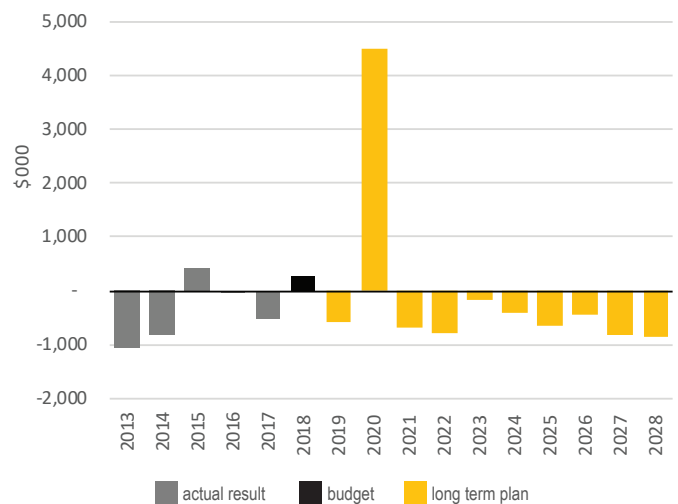
## LAND TRANSPORT

As outlined in earlier, Council's current renewal investment (expenditure) is less than the annual depreciation expense. Council raises revenue (rates and NZTA financial assistance) to fund the renewals and given depreciation is higher than renewals, this activity subsequently runs at a loss (deficit).

Council is increasing the revenue (rates) applied to the Land Transport activity over the life of this Plan and the strategy is that this increase will continue beyond this Plan until the activity is fully funded and the backlog of renewals is dealt with.

This is a longer term strategy that Council aims to balance the needs of continuing to provide the current levels of service balanced with the community's ability to pay (affordability).

FIGURE 19: LAND TRANSPORT DEFICIT OVER TEN YEARS



## WASTEWATER

Council has invested heavily in upgrading and building new schemes in the last few years, namely:

- Blackball
- Greymouth
- Taylorville/Dobson/Kaiata

The increase in our asset base has an associated increase in annual depreciation expense (currently approximately \$1 million per year). The revenue levels that Council is proposing over the

# Our Financial Strategy

life of the LTP do not fully cover the depreciation expense and therefore this activity will run in deficit.

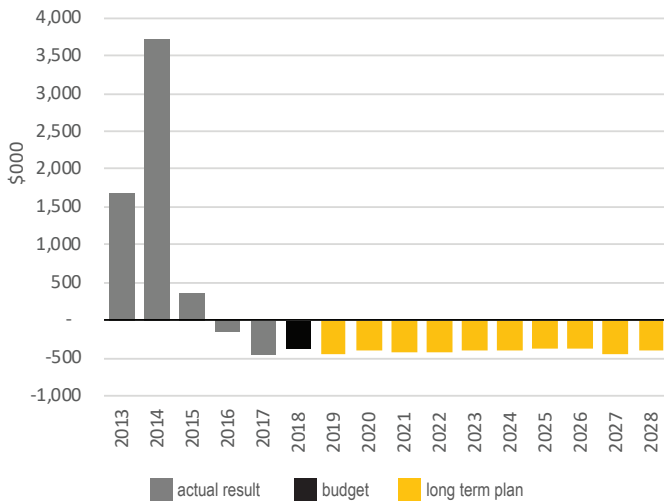
Council has received subsidies towards the schemes, with the balance of the costs funded from a targeted rate on the benefiting properties (via loan repayments). Because of the subsidies, the local communities are not paying the actual total cost of the schemes - if they had to it would be unaffordable. As a result these activities generate an annual deficit as the depreciation expense reflects the full cost of the new assets.

If Council were to raise sufficient revenue (via rates) to fully fund the depreciation expense then effectively the current community would not receive any benefit from the subsidies received.

Council believes this approach to be prudent as it:

1. Continues to address all the required wastewater renewals over the next ten years; and
2. Once the funding for stormwater and water supply renewals has been fully addressed, Council intends to start applying this funding towards wastewater renewals, which will bring the activity into surplus over the long term.

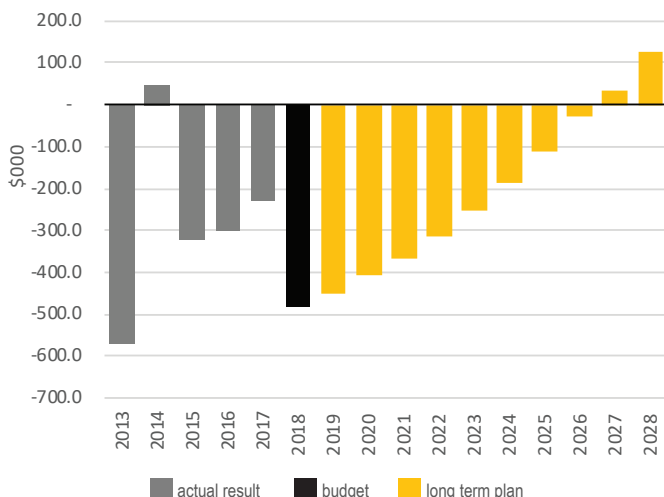
**FIGURE 20: WASTEWATER DEFICIT OVER TEN YEARS**



## PORT

The Port of Greymouth has run at a deficit for many years and continues to for the life of the LTP. Council is proposing to increase ratepayer input into the Port and get an increased contribution from the fishing industry. Cash shortfalls in years one to five will be met from Council borrowing, with the increases in revenue used to repay debt from year seven onwards. Council considers this the most prudent approach.

**FIGURE 21: PORT DEFICIT OVER TEN YEARS**



## GREYMOUTH FLOODWALL DEPRECIATION

Whilst owned by Council, we are not responsible for the structural maintenance or renewal of it, and therefore it makes sense that the depreciation expense is not funded by this Council.

The West Coast Regional Council is responsible for maintaining and renewing this asset.

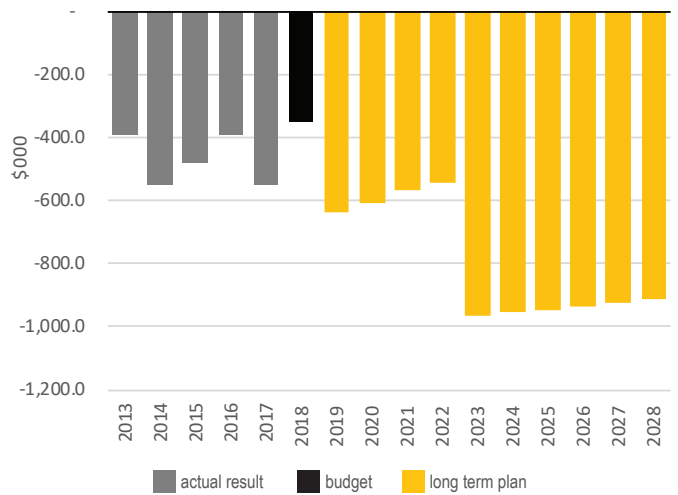
## SPORTS STADIUMS DEPRECIATION (PART OF)

The recently built Westland Recreation Centre/Grey District Aquatic Centre and upgraded Spring Creek Pool at Runanga were funded largely from external fundraising and donations.

If Council were to raise sufficient revenue (via rates) to fully fund the depreciation expense, then effectively the current community would not receive the benefit from the successful fundraising to build/upgrade the new facilities.

Council's financial strategy is that any future replacement will be almost entirely funded externally (like the existing facility), ie through fundraising, grants and donations.

**FIGURE 22: SPORTS STADIUM (INCL SWIMMING POOLS) DEFICIT OVER TEN YEARS**



## SUMMARY

Council has decided, for the purposes of the LTP, that to accumulate these deficits is the most prudent approach in that it strikes a balance between what the community can afford as well as meeting the needs of both the present and future communities.

As outlined previously, the options to reduce these deficits are largely limited to increasing revenue from rates. Accumulated deficits will need to be addressed by Council operating in surplus beyond the life of this LTP.

The LTP sets out that, over the longer term, Council will fully address the backlog of renewals. As set out in this document, when this will happen differs between Council asset classes of Land Transport, Stormwater, Water Supply and Wastewater. This is based on Council prioritising which renewals should occur ahead of others and when; for example, the backlog of Water Supply renewals has been fully addressed, more funding will be focussed/diverted towards Wastewater renewals.

Over the long term, the funding (ie rates revenue raised) will reach a sustainable level where on-going increases are no longer required. This is beyond the ten year life of this LTP and will ultimately be determined by a future Council and community.



# Our Financial Strategy

## FEES AND CHARGES

The Draft LTP includes the proposed fees and charges for the 2018/2019 year for the main chargeable items/services.

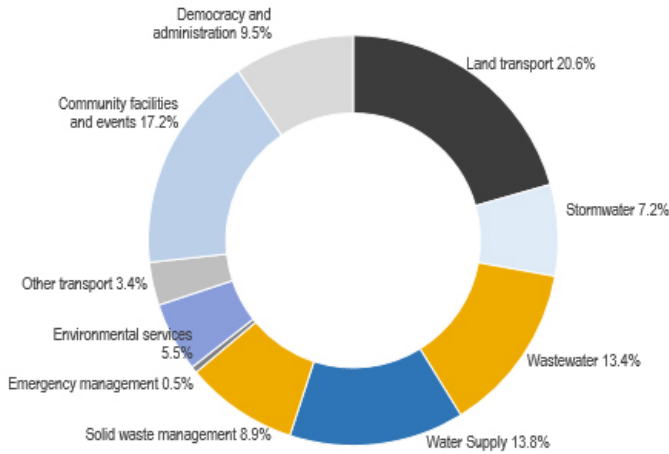
These are largely in-line with previous years fees, plus inflation.

## WHERE DO YOUR RATES GO?

Rates fund a large number of activities, most of which most people don't give a second thought to - until they break down, ie water supply, refuse collection, animal control etc.

Figure 23 shows a breakdown of how rates are split between the different activities Council provides to the community.

FIGURE 23: RATES EXPENSE PER ACTIVITY - OVER TEN YEARS



## COUNCIL'S GROUPS OF ACTIVITIES

- Land Transport includes roading & footpaths
- Stormwater
- Wastewater (sewerage)
- Water Supply
- Solid Waste includes refuse & recycling collection, refuse disposal & recycling
- Emergency Management (civil defence)
- Environmental Services includes District planning, building control, animal control, health regulation, liquor licensing, regulatory enforcement
- Other transport includes Aerodrome, parking & Port
- Property & Housing includes Council property & retirement housing
- Community Facilities & Events includes Libraries, swimming pools, heritage, indoor sports centres, cemeteries, parks & reserves, in-house task force and public toilets
- Democracy & Administration includes Council, consultation, administration & economic development



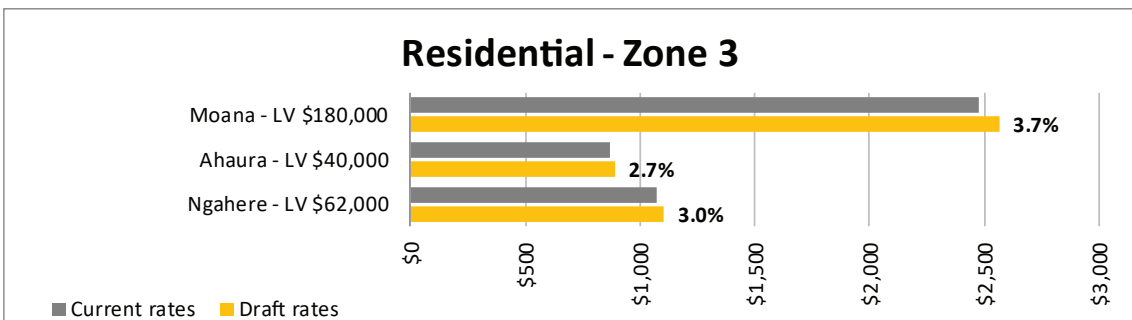
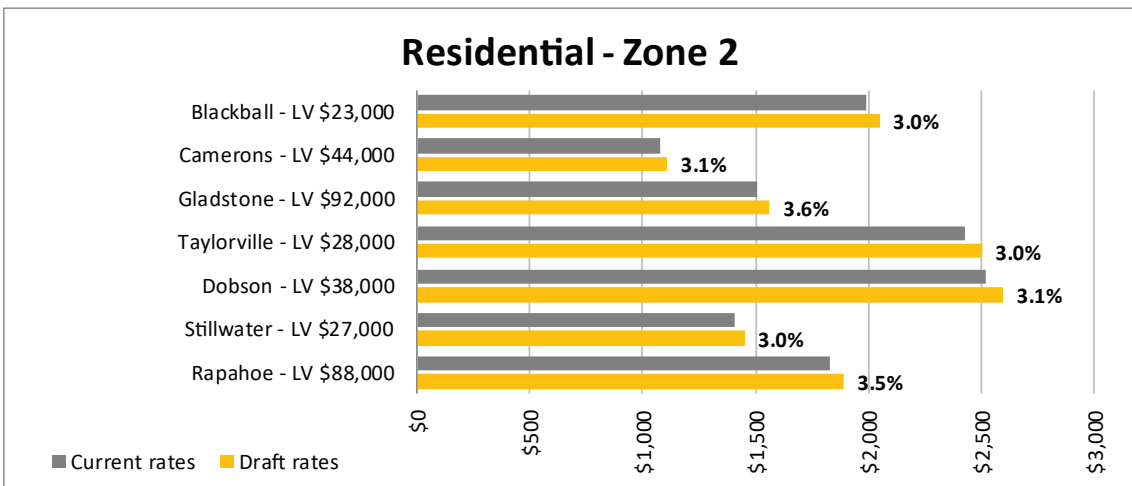
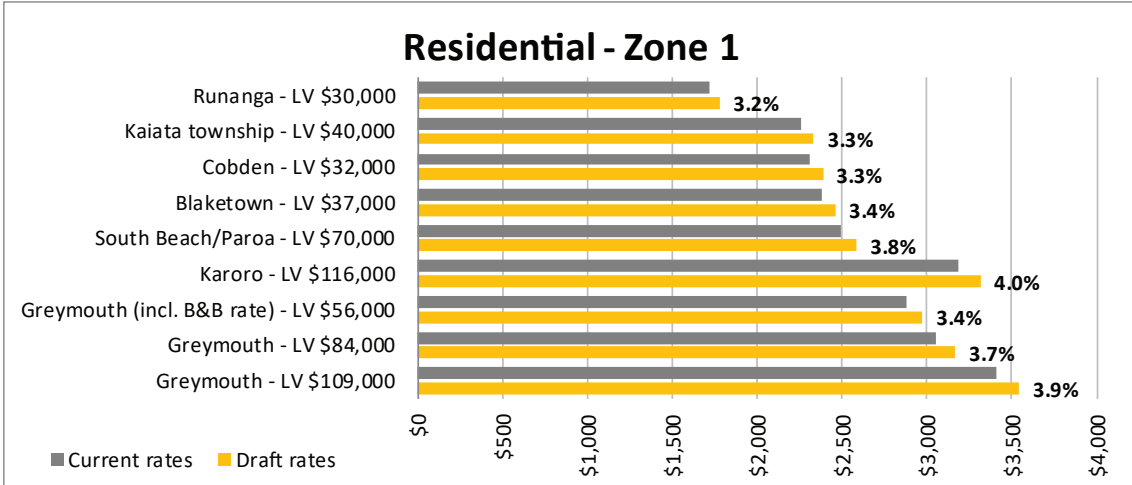
Blaketown retirement housing units

# Our Financial Strategy

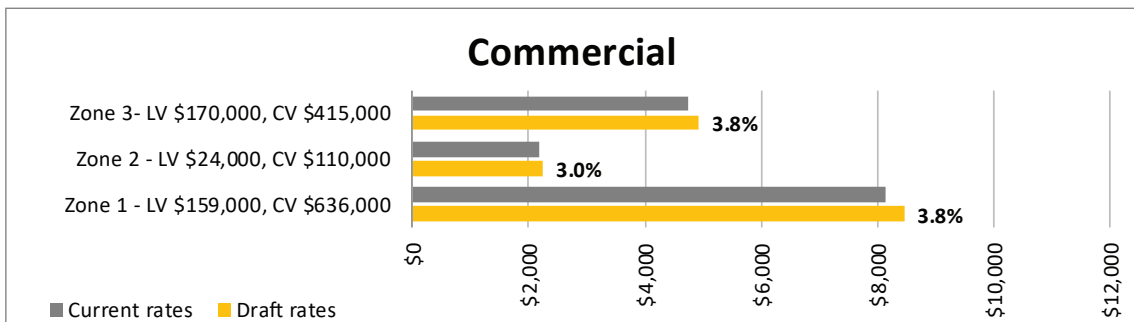
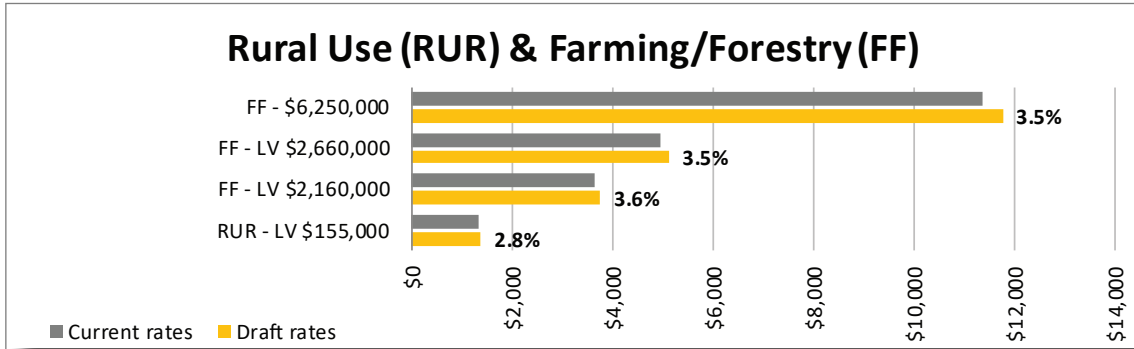
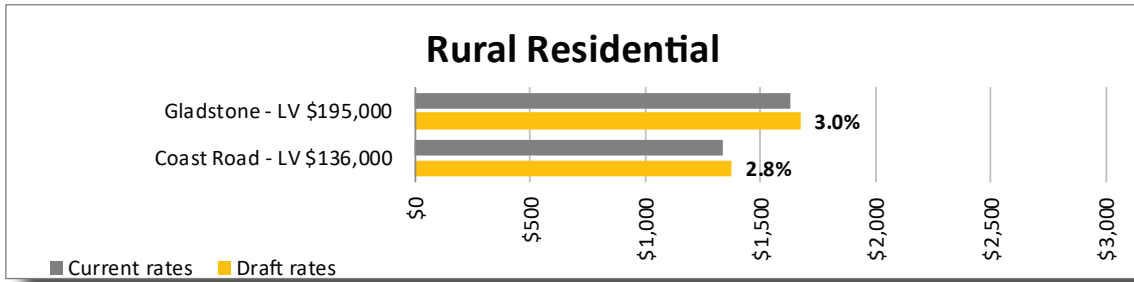
## RATES EXAMPLES

The LTP is signalling a rates increase of 3.51% for year one, ie 2018/2019. Refer to breakdown of the year one increase on page 7. Below and on the following page are some examples of how the proposed rates rise will affect properties in 2018/2019. The examples below DO NOT include any extension to kerbside collection area (see page 17).

*Note: The impact of any proposed rate rises will vary from property to property depending on the value of the property, what the property is used for and what targeted rates (eg for water, refuse collection, sewerage etc) are applicable.*



# Our Financial Strategy



Westland Recreation Centre gym



# Our Infrastructure Strategy

## WHAT IS AN INFRASTRUCTURE STRATEGY?

An Infrastructure Strategy provides a long term (30 year) view of potential strategic issues, options and capital expenditure in relation to our key infrastructure.

## OVERVIEW

Grey District Council owns and manages \$438 million of infrastructure assets (2017 replacement cost valuation).

We're responsible for the management of:

<b>WATER</b>	Three separate water schemes (Greymouth, Blackball, Paroa) 205km pipes Nine reservoirs 12 pump stations Delivering over 2.6 billion of litres of water a year to 5,569 businesses and households
<b>WASTEWATER</b>	Six wastewater schemes and treatment plants 39 pumping stations 190km pipes Servicing 5,858 properties
<b>STORMWATER</b>	Five pump stations 128km urban stormwater pipes
<b>LAND TRANSPORT</b>	610km road (61% sealed) 105.7km footpaths Port Aerodrome

## OUR CURRENT POSITION

Council has outlaid a significant amount of capital expenditure in recent years, over \$135 million since 2006.

We have had to bring our wastewater schemes up to modern day compliance requirements, ensure our water supplies meet NZ Drinking Water Standards and have created new community assets such as swimming pools, gym and stadium and Town Square in our CBD. A summary of the larger projects include:

Aquatic Centre	\$10 million ( <i>subsidies and donations received</i> )
Westland Recreation Centre	\$11 million ( <i>mostly funded through fundraising and subsidies</i> )
Wastewater treatment plants	\$43 million with work ongoing for the Greymouth scheme ( <i>subsidies received of varying levels for individual schemes</i> )
Water supply upgrades	\$5 million with work ongoing for the Runanga/Rapahoe supply ( <i>subsidies received of varying levels for individual schemes</i> )
Town Square and Tainui Shared Street	\$1.9 million ( <i>subsidies received of \$1 million</i> )

Because Council had prioritised spending on these projects, hard decisions had to be made on what was spent in other areas to ensure that we could continue to provide our services without passing on unaffordable rates increases to the community. As is often the case in large businesses and organisations, this prioritisation included deferring funding required renewals to the future while our focus was on other expensive capital projects.

This approach means that renewals continue to accumulate, leading to what is known as deferred renewals (also commonly called renewals backlog).

## WHAT ARE DEFERRED RENEWALS?

All assets have a specific useful life. These are worked out using a combination of industry best practice, how similar assets have performed in the past, environmental conditions and amount and type of use.

Once an asset has reached the end of its useful life, then it is expected that it will require replacement (renewal) to keep providing the service. If we use the asset beyond the end of the useful life, then this is known as deferred renewal (also commonly referred to as renewal backlog or renewal deficit).

Deferring renewal expenditure has become a part of business for many organisations, particular those with tight budgetary restraints, ie Councils. Local authorities in rural areas are regularly faced with tough decisions about maintaining networks of assets as populations decline. Not all assets can be easily relocated or used for a different purpose, eg water. When budget restraints are necessary, deferring renewals is usually the first option considered.

However, Councils also have an obligation to maintain their infrastructure as failure to do so could result in a significant health risk for our community and could have adverse effects on our reputation when it comes to tourism etc.

Over previous years Council has been 'sweating its assets' (a term used to describe a way of extending the use of an asset beyond its useful life) in the interests of keeping rates rises down and using funds to complete other prioritised and expensive capital projects. This approach increases the risk of unexpected disruptions to service delivery.



Council looks after local roads and state highways, like the one pictured above, are managed by New Zealand Transport Agency

# Our Infrastructure Strategy

## KEY ISSUES & IMPLICATIONS OF NOT ADDRESSING THEM

ISSUE		IMPLICATIONS
<b>BRIDGES</b>	<p>Some of our bridges have reached the end of their recommended useful life and we need to start planning for the necessary renewals/replacements. We also need to take into account works or replacements required for seismic reasons or to increase load capacity for the trend of increasing truck sizes and loading.</p>	<ul style="list-style-type: none"> <li>• Increased maintenance costs for fixing assets rather than renewing them.</li> <li>• Weight and/or speed restrictions on bridges.</li> <li>• Reduction in level of service provided and even potential for critical failure if not renewed/replaced in time.</li> <li>• We may have to borrow money for emergency works, which will affect our future ability to borrow for other unforeseen events.</li> </ul>
<b>FOOTPATHS</b>	<p>The condition of footpaths in the District are often a key issue for our community. Whilst we budget for a certain amount of renewals per annum, they often fall short of community expectations.</p>	<ul style="list-style-type: none"> <li>• Lower levels of satisfaction from our community.</li> </ul>
<b>ROAD/STREET SURFACES</b>	<p>We currently do not renew our road surfaces (i.e. resealing) as often as recommended/suggested by industry best-practice. Current funding allows for approximately 7% of the network to be resealed annually, as opposed to industry practice of 10% - 15% annually.</p>	<ul style="list-style-type: none"> <li>• Increased maintenance costs for fixing assets rather than renewing them.</li> <li>• Reduction in level of service provided and even potential for critical failure if not renewed/replaced in time.</li> </ul>
<b>WATER SUPPLY NETWORK</b>	<p>We have been carrying out condition assessments on our water supply network and whilst these are still to be completed, information to hand confirms we have deferred renewals which need to be addressed.</p>	<ul style="list-style-type: none"> <li>• Increased maintenance costs for fixing assets rather than renewing them.</li> <li>• Increased water breaks due to brittle pipes.</li> <li>• Potential for critical failure if not renewed/replaced in time.</li> </ul>
<b>WATER RESERVOIR REPLACEMENT</b>	<p>The Greymouth water supply reservoir at Omoto, built in 1904, is over 100 years old and past its useful life. It is also currently located on land which has been identified as a high seismic hazard.</p>	<ul style="list-style-type: none"> <li>• Loss of water supply for properties connected to the Greymouth scheme in event of a failure or earthquake.</li> </ul>
<b>STORMWATER NETWORK</b>	<p>We have carried out condition assessments on our stormwater network and these have confirmed there are significant deferred renewals which need to be addressed.</p> <p>We also have areas in the District which have under-capacity pipes, which means those areas are prone to flooding in extreme weather events. This mainly affects the Greymouth CBD, Petrie Avenue, Puketahi Street, Whall Street areas and the south-east Greymouth CBD.</p>	<ul style="list-style-type: none"> <li>• Increased maintenance costs for fixing assets rather than renewing them.</li> <li>• Increased flooding in areas with known reduced capacity.</li> <li>• Increased dissatisfaction from pockets of the community, mainly those affected by flooding.</li> <li>• Potential for critical failure if not renewed/replaced in time.</li> </ul>
<b>EFFECTS OF CLIMATE CHANGE ON STORMWATER NETWORK</b>	<p>Climate change effects include potential for flooding events in increasing numbers and volume for which our existing stormwater network cannot cope.</p>	<ul style="list-style-type: none"> <li>• Not enough capacity within our stormwater network to cope with increased number and severity of weather events = more flooding and damage to businesses and properties.</li> </ul>
<b>WASTEWATER</b>	<p>While there is a level of deferred renewals applicable to this activity, they are not as significant as those in the water supply and stormwater activity.</p>	<ul style="list-style-type: none"> <li>• Increased maintenance costs for fixing assets rather than renewing them.</li> <li>• Untreated discharge could leak from older pipes onto properties and into our waterways.</li> </ul>

# Our Infrastructure Strategy

## PLAN FOR THE FUTURE

Council has been aware of the renewals backlog but, as previously discussed, prioritised the issues of required new capital investment.

A key focus of our 2015-2025 LTP was to try and gain a better understanding of the actual condition of our infrastructure. Therefore, over the last three years, Council has undertaken a considerable amount of work carrying out condition assessments of our assets.

The outcome of these condition assessments have confirmed that we are indeed facing deferred renewals in the Water Supply, Wastewater (to a lesser extent), Stormwater and Land Transport activities, some of them significant. These condition assessments give us a greater understanding on how long we can expect the assets to serve their purpose (ie useful life) and greater certainty/comfort that the information relied on for planning purposes is accurate and appropriate.

Council will use this information to start addressing renewing our infrastructure so we can continue to provide good quality and reliable services to our community. We plan to:

- Prioritise the most critical areas requiring replacement; and
- Consider the most appropriate solutions for replacing/renewing (eg maybe a pipe can be relined rather than replaced in its entirety).

### INFRASTRUCTURE RENEWAL WAVE

When assets will require renewal/replacement is determined by the original install date plus its useful life. Because historically there have been periods of more intensive infrastructure development (eg post second world war, 1960's/1970's high growth era), the total value of assets reaching their end of useful life varies from year to year and generation to generation. Some years there may be a large volume; some years not so much. For example, a large number of new road bridges were built in the Grey District in the 1970's; we therefore have a large portion of the bridges nearing their end of useful lives in a short period.

These 'infrastructure renewal waves' represent a large challenge for the Council as the requirement to maintain current levels of service by maintaining and replacing assets needs to be balanced with the community's ability to pay. Council may have to consider borrowing money to 'smooth' the impact of large infrastructure renewals. Please refer to our full Financial Strategy in the LTP for more information.

### ADDRESSING DEFERRED RENEWALS

If we don't get serious about starting to address this now, we run the risk of breakdowns, service disruption, extra costs for ongoing maintenance and potentially total failure of our services.

We are fully aware that finding the balance between funding and required maintenance is incredibly challenging. The data obtained from the condition assessments means we now have improved information we need to plot the useful lives of our assets. This puts us at the stage where we need to find the appropriate balance between budgets and the maintenance and renewals that are required.

## WHAT WE'RE PLANNING ON DOING

We plan to increase rate funding from year one to the Water Supply, Stormwater and Land Transport activities on a year by year basis to start addressing deferred renewals. We will look to include Wastewater around year ten.

There will still be some risk to Council and the community while we start to address deferred renewals, ie ongoing maintenance costs and risk of assets failing before they are replaced, but we believe this is a more prudent and realistic approach rather trying to fund all required renewals in a shorter space of time. This risk reduces over time as Council clears the deferred renewals.

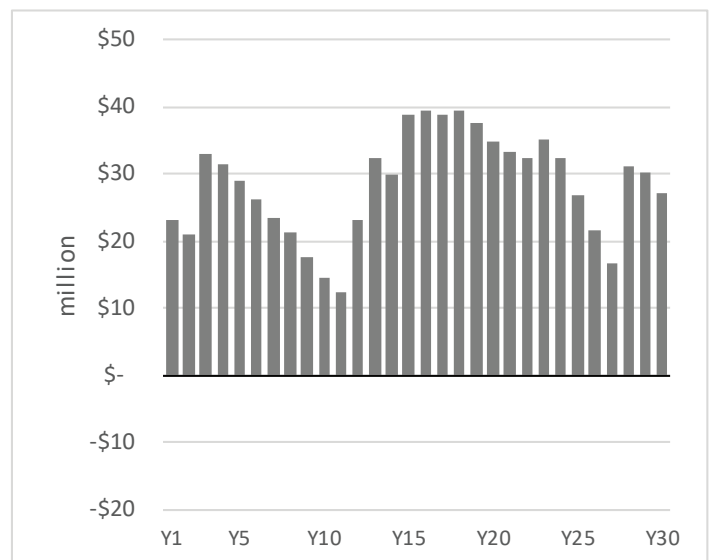
Council has carried out a lot of work in recent years on condition assessments and updating our asset database so we now have better information about the actual useful lives of our assets than we did before. This information has been used to determine the levels of deferred renewals we are facing. However, whilst we have based our strategy on the best information available, there is still some level of uncertainty about the data. To address this we will continue to improve and update our asset knowledge and this increase in the quality of information about our assets will be used to update our renewal programmes accordingly.

The impact the proposed increased funding will have is clearly demonstrated in the following graphs. Once we have caught up with the renewals backlog, it means that Council will then be in a position to start setting funds aside for future renewals (based on longer term requirements).

Council's strategy for addressing the backlog of deferred renewals over an extended period of time does carry some risk until the backlog is dealt with. There could be asset failures, which will impact on levels of service. This risk decreases over time as the deferred renewals are addressed.

Spreading the work on deferred renewals over a number of years is also believed to be more cost effective for contractors to deliver, rather than trying to address a large volume of work in a short period of time.

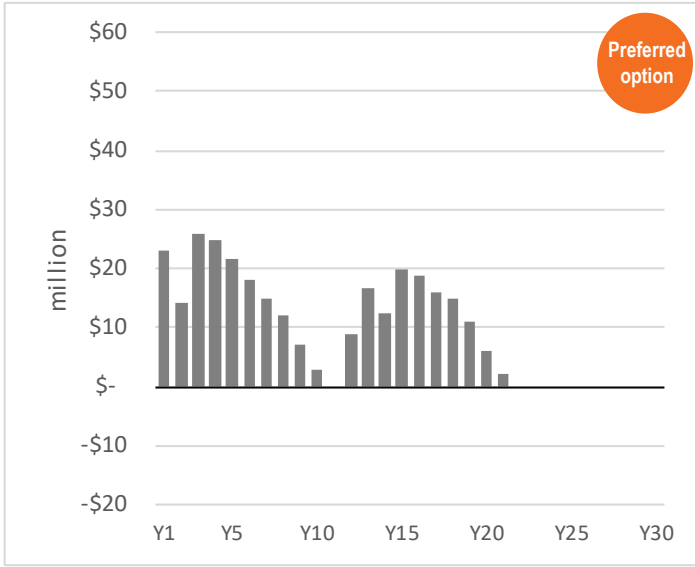
FIGURE 24: LAND TRANSPORT RENEWALS BACKLOG WITH CURRENT FUNDING



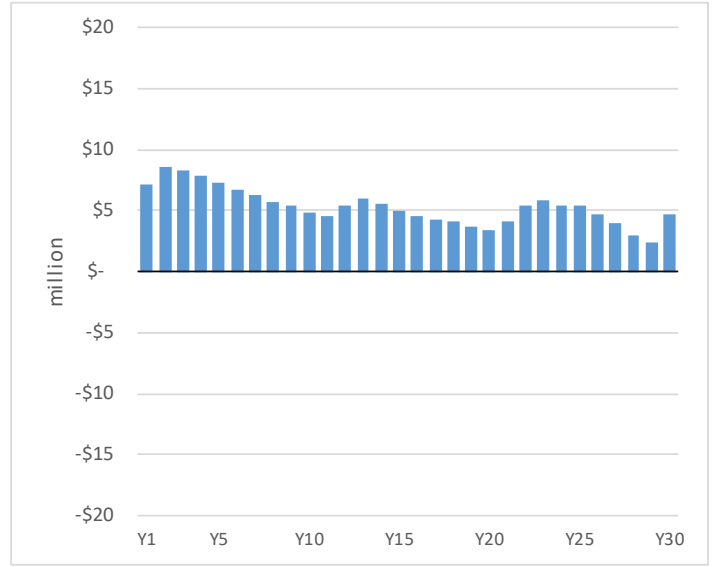


# Our Infrastructure Strategy

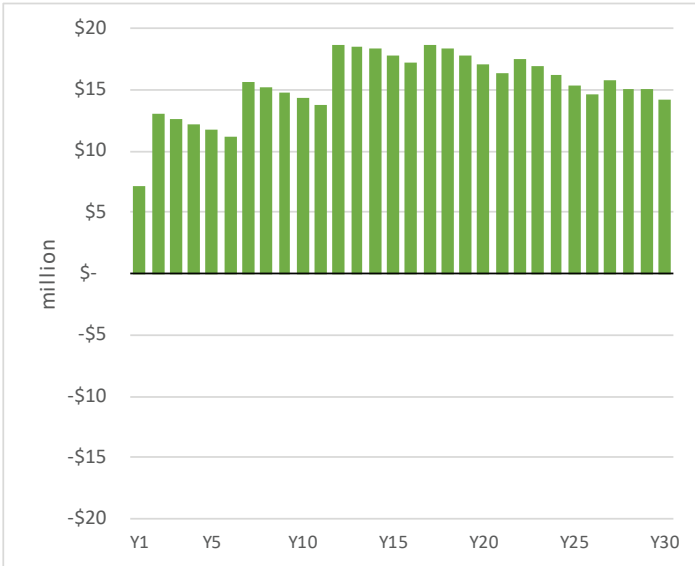
**FIGURE 25: LAND TRANSPORT RENEWALS BACKLOG WITH INCREASED FUNDING**



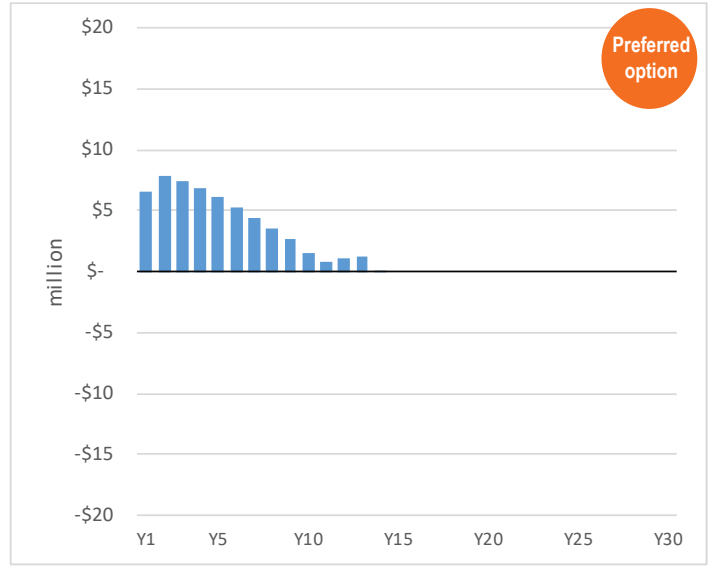
**FIGURE 28: WATER SUPPLY RENEWALS BACKLOG WITH CURRENT FUNDING**



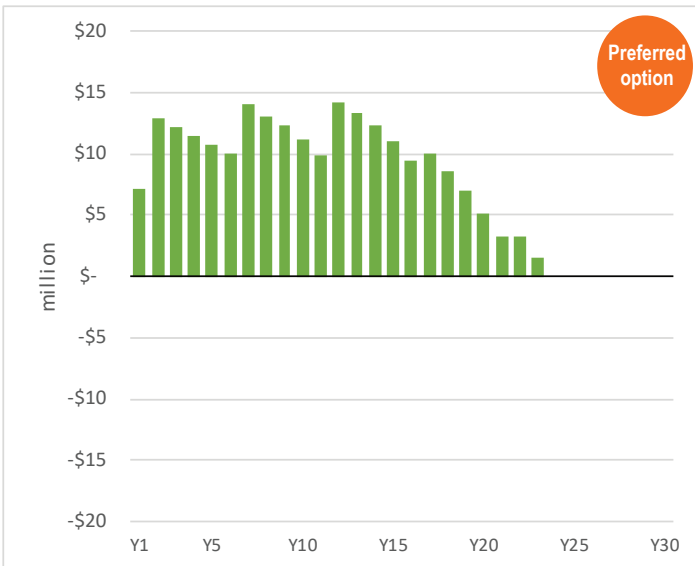
**FIGURE 26: STORMWATER RENEWALS BACKLOG WITH CURRENT FUNDING**



**FIGURE 29: WATER SUPPLY RENEWALS BACKLOG WITH INCREASED FUNDING**



**FIGURE 27: STORMWATER RENEWALS BACKLOG WITH INCREASED FUNDING**



Flooding in Guinness Street, 11 January 2018 (ex Facebook) - the Greymouth CBD stormwater system is designed to cope with a 1-in-5 year on average storm

# Our Infrastructure Strategy

The following forms part of our consultation with the community:

## LAND TRANSPORT

### DEFERRED RENEWALS - BRIDGES:

Council is planning on increasing funding to this activity. We have a number of bridges currently in our renewals programme and we will be investigating the most cost effective and responsible methods of proceeding, ie replacement of structural components versus full replacements. Works will be carried out over the next ten years as the funds become available, based on critical need and a prioritisation basis.

### DEFERRED RENEWALS - ROAD SURFACES:

Council will start applying additional funding towards surface renewals once a number of the deferred bridge renewals have been addressed. We plan on redistributing the increased funding going solely to bridges in years 1-9 between bridges and road/street surface renewals from year ten.

**FOOTPATHS:** Council already allows for a certain level of footpath renewals in the budgets and no increase to this budget has been included in the LTP. Works outside of existing budgets will be addressed on a prioritisation basis and will be dependent on available funding.

**FUNDING:** Increase funding by \$30,000 (plus inflation) in year one and then an average increase of \$240,000 per annum (including inflation) for years 2-10 (annual increases range from \$77,000 to \$345,000, including inflation), with an overall increase of rates revenue of \$2.2 million by year ten (*0.2% rates increase in 2018/2019 - subsequent increases for our preferred option have been included in the long term rates forecasts on page 18*).

*\* Together with the NZTA financial assistance, this equates to up to \$120,000 increase in renewal expenditure in year one. This subsidy is provided for certain types of works only. Bridge renewals or replacements receive a subsidy from NZTA, whereas footpath renewals do not. It makes financial sense for Council and is more beneficial to the community to allocate funding to projects which receive the highest subsidy, thus generating more money to spend.*

## WATER SUPPLY

### ADDRESS DEFERRED RENEWALS:

Council is planning on increasing rate funding to this activity so that we can address the required renewals on a prioritisation basis. We will initially concentrate on replacing critical components.

**Funding:** \$40,000 increase in rates year on year (*0.25% increase in 2018/2019 and every year after that - increases for our preferred option have been included in the long term rates forecasts on page 18*).

**REPLACE WATER RESERVOIR:** Council has a long term goal of replacing the one reservoir with three smaller reservoirs in different locations around the District. In the short term, Council has agreed to fund the replacement of one reservoir in year one of the LTP.

**Funding:** The new reservoir is expected to cost \$540,000 (\$140,000 from existing reserve funds and loan fund \$400,000 which equates to *0.26% rates increase in 2018/2019*).

## STORMWATER

### ADDRESS DEFERRED RENEWALS:

Council is planning on increasing rate funding to this activity so that we can start to address the required renewals on a prioritisation basis.

**ADDRESS CLIMATE CHANGE:** We'll be allowing for climate change effects in so much as all new/renewed stormwater infrastructure will have increased capacity to better cope with increased frequency and severity of future storm events.

**FUNDING:** \$40,000 increase in rates year on year (*0.25% increase in 2018/2019 and every year after that - increases for our preferred option have been included in the long term rates forecasts on page 18*).

You can read more about these in the Key Issues section from page 8.

## WANT TO KNOW MORE?

You can find more the full Infrastructure Strategy on our website, [www.greymouth.govt.nz/ltp](http://www.greymouth.govt.nz/ltp)



Greymouth wastewater treatment plant in Preston Road



# Not included in the LTP

It's important that our community are clear on what is included in the LTP and what is not. The following projects have not been allowed for in the LTP.

## C LIST PROJECTS

When developing the plan for the next ten years and beyond, Council considers many projects and activities. Those which are not included in the LTP in order to keep rate rises down go onto what we call the C List. These projects:

- Are important but Council has had to defer them due to other projects considered higher priority; and/or
- Increase levels of service at additional cost; and/or
- Have no immediate or long term effects on current levels of service or financial sustainability of Council if they don't proceed; and/or
- Involve activities/services that aren't a part of Council's core infrastructure/regulatory functions/local services.

You can find a copy of the C List on our website, [www.greymouth.govt.nz/ltp](http://www.greymouth.govt.nz/ltp).

Some of these projects are detailed below.

## CBD REVITALISATION

We have recently completed the Town Square, part of the CBD Renewal project. However, moving on to the next stages of the project requires additional, potentially significant, funding.

Given our other priorities at present, ie starting to address infrastructure deferred renewals, Council has signalled that they do not intend including funding for any additional projects in this LTP. It will look to pursue outside investment for the purposes of continuing the revitalisation of the Greymouth CBD.

## TIDY UP THE TOWN INITIATIVE

Council has put a lot of effort into tidying up our CBD area and at the last Annual Plan approved an increase to the maintenance budget of \$25,000 per annum.

At their meeting in February 2018, Council approved a strategic standard for keeping the District tidy. It is estimated that to continue this momentum throughout the District will require a further \$25,000 per annum.

When adopting the strategic standard, Council referred the additional cost to the Long Term Plan. Given our proposed rates increases with a focus on starting to address deferred renewals in our Water Supply, Land Transport and Stormwater activities, and bearing in mind keeping rates affordable for our community, this has not been included in the budgets at this stage.

## CROESUS ROAD TRACK UPGRADE

One of the actions included in the Tai Poutini Action Plan 2017, an outcome of the Tai Poutini Regional Growth Study, was a feasibility study for the upgrade of Croesus Road near Blackball for improved access to the Paparoa Great Walk, including the Pike29 Memorial Track.

The new Great Walk begins at the Blackball end of the existing Croesus Track, an old miners' track. Blackball, with a population of 330, does not have the infrastructure in place to support a large increase in visitor numbers. This action is focused on ensuring that priority infrastructure improvements are made at Blackball to cope with this anticipated increase, including upgrading Croesus Road to ensure that it is safe for all classes of vehicles likely to access the start of the Track.

This feasibility study is currently underway. While the project looks likely to qualify for NZTA funding, the local share (approximately \$450,000) has not been presently been allowed for. Unless we get external funding for this project, it is unlikely to proceed as the cost is considered prohibitive to put on ratepayers. We have put in an application for money from the Regional Economic Development Fund and it is hoped this will be favourable.



2018 Rotary Greymouth Summer Fare in the Town Square



# Audit opinion

## Independent auditor's report on Grey District Council's Consultation Document for its proposed 2018-28 Long-Term Plan

I am the Auditor-General's appointed auditor for Grey District Council (the Council). Section 93C of the Local Government Act 2002 (the Act) requires an audit report on the Council's consultation document. We have done the work for this report using the staff and resources of Audit New Zealand. We completed our report on 12 March 2018.

### Opinion

In my opinion:

- the consultation document provides an effective basis for public participation in the Council's decisions about the proposed content of its 2018-28 long-term plan, because it:
  - fairly represents the matters proposed for inclusion in the long-term plan; and
  - identifies and explains the main issues and choices facing the Council and district, and the consequences of those choices; and
- the information and assumptions underlying the information in the consultation document are reasonable.

### Basis of opinion

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the consultation document. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the consultation document.

We did not evaluate the security and controls over the publication of the consultation document.

### Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements relating to its procedures, decisions, consultation, disclosures, and other actions associated with preparing and publishing the consultation document and long-term plan, whether in printed or electronic form;
- having systems and processes in place to provide the supporting information and analysis the Council needs to be able to prepare a consultation document and long-term plan that meet the purposes set out in the Act; and
- ensuring that any forecast financial information being presented has been prepared in accordance with generally accepted accounting practice in New Zealand.

I am responsible for reporting on the consultation document, as required by section 93C of the Act. I do not express an opinion on the merits of any policy content of the consultation document.

### Independence

In carrying out our work, we complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 (Revised); and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended).

In addition to this report on the Council's consultation document and all legally required external audits, we have provided an assurance report on certain matters in respect of the Council's Debenture Trust Deed. These assignments are compatible with those independence requirements. Other than these assignments, we have no relationship with or interests in the Council.



Bede Kearney  
Audit New Zealand  
On behalf of the Auditor-General, Christchurch, New Zealand

# Our vision

OUR VISION	OUR VALUES	
<p>The Grey District will be a progressive, sustainable area where people want to live, work, play &amp; invest in.</p>	<b>HAVE FUN</b>	<b>BE REAL</b>
	<b>SHARE OUR RICH HERITAGE</b>	
<p><b>OUR MISSION</b></p> <p>We will work together to serve the people of the Grey District, the Heart of the #WestCoastNZ.</p>	<b>BE CREATIVE AND COLLABORATE</b>	
	<b>LOOK AFTER EACH OTHER</b>	
	<b>MAKE A DIFFERENCE</b>	

## What happens next?

In this Consultation Document we've outlined the key issues facing our District over the next ten years and beyond as well as summarised our Financial and Infrastructure Strategies. Page 4 outlines where you can find more information if you'd like to know more.

**NOW IS THE CHANCE FOR YOU TO HAVE YOUR SAY.**

**THE CONSULTATION PERIOD WILL CLOSE AT 5PM ON MONDAY 16 APRIL 2018.**

After that time, Council will meet on Tuesday 29 May 2018 to hear and consider submissions. If you have chosen to speak to Council in support of your submission, you will be contacted with a time to come along and speak to Council.

After hearing and considering all submissions, Council will make any necessary changes to the Draft LTP and adopt the final Grey District Council Long Term Plan 2018-2028 on Monday 25 June 2018. It will come into effect from 1 July 2018.

# SUBMISSION FORM

# HAVE YOUR SAY!

Please read the Consultation Document and/or the Draft Plan before providing your feedback. Once you have completed this form, you can return it to Council by **5pm Monday 16 April 2018** to:

- Email to [submissions@greydc.govt.nz](mailto:submissions@greydc.govt.nz)
- Post to Grey District Council, PO Box 382, Greymouth 7840
- Deliver to Grey District Council, 105 Tainui Street, Greymouth



## SUBMITTERS DETAILS

(Note: Every submission made to the Council will be acknowledged in accordance with the Local Government Act 2002, copied and made available to the public.)

Name: Mr / Mrs / Miss \_\_\_\_\_

Organisation (if any): \_\_\_\_\_

Do you wish to speak to Council at the hearing in support of your submission?  Yes  No

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

## FEEDBACK ON KEY & OTHER ISSUES - Please indicate your preference

### Deferred renewals - Water Supply & replacement Greymouth water reservoir

- OPTION 1: Status quo - below minimal funding for renewals
- OPTION 2: Increase funding for renewals - \$40,000 per year, every year (0.25% rates increase 2018/2019) & build one new smaller water reservoir (0.26% rates increase 2018/2019) **[PREFERRED OPTION]**
- OPTION 3: Increase funding for renewals - \$60,000 per year, every year (0.4% rates increase 2018/2019) & build one new smaller water reservoir in year one (0.26% rates increase 2018/2019) and a further two reservoirs in years 3 and 5 (loan cost \$100,000 per year, equivalent to 0.6% increase 2018/2019)

### Funding shortfall for Port

- OPTION 1: Do not continue with rate funding to Port activity
- OPTION 2: Continue with rate funding to Port activity (0.25% rates increase 2018/2019) **[PREFERRED OPTION]**

### Deferred renewals - Stormwater

- OPTION 1: Status quo - below minimal funding for renewals
- OPTION 2: Increase funding for renewals - \$40,000 per year, every year (0.25% rates increase 2018/2019) **[PREFERRED OPTION]**
- OPTION 3: Increase funding for renewals - \$100,000 per year, every year (0.6% rates increase 2018/2019)

### Funding increase for History House Museum service

- OPTION 1: Status quo - existing budgets and staff resources
- OPTION 2: Increase budget by \$15,000 per year, every year for ten years (0.1% rates increase 2018/2019)

### Deferred renewals - Land Transport

- OPTION 1: Status quo - below minimal funding for renewals
- OPTION 2: Increase funding by \$30,000 in year one (0.2% rates increase 2018/2019) and then an average increase of \$240,000 per annum (including inflation) for years 2-10 (refer page 14 for more details) **[PREFERRED OPTION]**

### Extension of kerbside refuse/recycling collection area

- OPTION 1: Status quo - do not extend the collection area
- OPTION 2: Extend the collection area - increase to targeted rate of approx \$100 for affected properties

Your comments:

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