

# OUR PLAN

This is a Consultation Document for the Draft 2015-2025 Long Term Plan



## RATES

What's going to happen to your rates over the next ten years?

### Your community - your future

We've drafted a plan for the next ten years and we want to know what YOU think

### IS THERE A DEMAND?

Should we provide a kerbside recycling collection service to other parts of the community?

## TOUGH TIMES

How can we make our Port more financially sustainable?

MĀWHERA

**GREY**

DISTRICT COUNCIL

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# Message from Mayor and CEO

Welcome to this Consultation Document for the Draft Grey District 2015–2025 Long Term Plan (Draft Plan).

The Draft Plan is a summary of Council's vision for our District over the coming years. We've taken a hard look at what are the key issues that need to be addressed, the level of service we currently provide to our community and what is practical for Council to do over the next ten years and beyond.

We've developed the Draft Plan with a prudent long term focus on planning for the future and maintaining existing core services (such as roading, water supply, water disposal and refuse/recycling collection & disposal) within our financial constraints. We hope this Consultation Document provides a good overview of the key issues from the Draft Plan and helps you to understand the direction we want to head in.

Over recent years we've been working hard to make our District the Heart of the West Coast. We're very proud of our successes to date from the Community Economic Development Strategy: the Real Stories Campaign in 2014, which led to the development of the Signage, Interpretation and Public Art Framework; refresh of Council and district branding; and investigation into the feasibility of a Discovery Centre/ Innovation Hub. Council is also working in conjunction with Opus Consultants Limited on the development of a Master Plan for the renewal of our CBD.

We strongly encourage our community to be involved in the future of its District. Please read this Consultation Document that we've put together for you - our community. Tell us what you think; what do you think is important, what direction do you want Council take? We look forward to hearing from you.



**Tony Kokshoorn**  
Grey District Mayor



**Paul Pretorius**  
Chief Executive Officer



# About the Consultation Document

Council has been looking to the future and preparing a Draft Long Term Plan that takes a holistic view of the District. This Draft Plan brings together all of the work that has been done, including plans for the management of our assets and activities and our economic development initiatives, and then marries them within the constraints of our financial position.

## What is a Long Term Plan?

All Councils must produce a Long Term Plan 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 Draft 2015-2025 Grey District Long Term Plan (Draft Plan) 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 Draft Plan covers a ten year period from 01 July 2015 to 30 June 2025.

## Why do we have a Consultation Document?

This Consultation Document is the union of our Financial, Infrastructure and Community Economic Development Strategies and how these are supported by the Draft Plan. It will give our community greater understanding of the challenges and opportunities we face and how Council aims to manage our approach. In particular, we would like to hear your thoughts on what we think are the top four issues. Most importantly, the community feedback you provide will give Council the direction it needs to ensure it addresses the right issues in the right way.

## Rates increases

Council has provided the rates increases that are expected with each option. To be clear, the reader should understand that the 'rates increase' percentage is calculated as a percentage of total rates revenue.

## The top four

This is a summary of what we think are the top four key issues facing our District that we're seeking your feedback on:

- In managing our water and stormwater assets Council is working with the data it currently has. We want to gather more accurate data about the condition of these infrastructure assets so we can plan for more timely renewal/replacement, i.e. not too soon and not too late.
- User fees do not fully fund the Port and Council has had to borrow for the balance of the operating costs – this means the Port debt is growing and growing. As at June 2015 the Port debt will be around \$1.85 million.
- Council will be getting a reduction in roading funding from the New Zealand Transport Agency from year 1.
- Should the existing kerbside refuse and recycling collection be extended to other areas of the District?

You will find more information on these in the Key Issues section on page 21.

## Have your say on the future of your District

We've thought about what our community wants and needs and what Council can provide. We've set out the challenges facing our District and what we propose to do about them. Now we want to know what you think.

We want to hear from you:

- 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/should not keep doing?

**Submissions close at 5pm on Monday 13 April 2015.**

# Our District - now and into the future

Our District has faced some tough times in recent years, including mine closures (Pike River Mine and Spring Creek Mine) as well as the effects of the global economic recession, the impacts of the Canterbury earthquakes on our tourism industry and our own localised emergency events, e.g. Cyclone Ita in Easter 2014.

But we do have a bright future to look forward to. There has been some significant investment in our District recently, for example the multi-million dollar Westfleet fish factory. Plans are progressing well for the redevelopment of our central business district, which will help to make our town centre more inviting for both residents and visitors and to put the local economy on the road to recovery.

When we created our Consultation Document, we thought about some of the things that might affect our District over the next ten years:

## 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 increase to 13,650 in 2026 then dip to 13,350 in 2031. As at the March 2013 Census, our population was 13,371. Therefore we have based our Draft Plan on a growth rate of 0% and are not expecting to have to expand the services we currently deliver.

## Economic development

Our Community Economic Development Strategy has been developed to improve our quality of life and attract people to live, work, play and invest in the Grey District. This Strategy is designed to unite stakeholders and provide a single, shared vision for the Grey District - the Heart of the West Coast. Ultimately, the Strategy aims to increase the number of businesses and create jobs, by increasing our population and visitors to the District.

Since 2013 we have seen an increase of 12 business units and our tourist visitor numbers increased 11.2%

in the 12 months from August 2013. As at March 2014 the West Coast generated \$1.5 billion in GDP (gross domestic product), making up 0.7% of New Zealand's total GDP.

The Strategy has a long term focus and therefore implementation of the various projects is planned to take place over several years. Many of the projects identified in the Strategy are already under action or have been completed.

Council is also committed to working with Development West Coast and the three other councils in the West Coast region on any regional opportunities that arise.

## Value for money

We're committed to making sure we deliver value for money in our services and will continue to save costs wherever possible. We are well aware that affordability is a big factor for much of our community and this is a key issue Council considers when thinking about how our services are funded. Our proposed rate increases ensure that we can maintain existing levels of service as well as be prepared for whatever the future may bring.

Taking into account the "must address" issues and our preferred options for the top four issues, we are signaling a 4.3% rate increase for year 1 (2015/2016). The final rates impact will be confirmed following public consultation and Council hearing and considering submissions received.

## Our infrastructure

We have spent large amounts of money in the last few years renewing and replacing parts of our infrastructure, i.e. in our sewer, water and stormwater networks. Further significant investment is not signaled in the Draft Plan, with the emphasis instead being on gathering more accurate and sophisticated data about the condition of our water and stormwater assets so we can better plan the timing of future renewals/replacement, i.e. we don't do it too soon or leave it too late. These condition assessments form a significant part of our Consultation Document.

# Our Financial Strategy

## Where are we now and where do we want to be?

Council is involved in a wide range of activities and they all have different funding requirements and challenges. We have to balance what the community wants and needs, with its ability to pay for it.

As you can imagine, this is a difficult task.

In our Annual Reports, we've been reporting surpluses over previous years and we're expected to have another for the 2014/2015 year. However, it is important to note that some of our income comes in the form of one-off grants and subsidies, for example, grants from the Ministry of Health to upgrade our water supplies. These do not relate to the "day to day" running of Council. When you take away the one-off grants and subsidies, Council's finances are actually in the red (a deficit). Being in deficit is not necessarily a bad thing over a short period of time and we have been deliberately choosing to do this over past years so we could prioritise our spending against what the community could afford to pay in terms of rate rises. Council has considered this the most prudent strategy in recent years.

Our aim over the next ten years is to gradually address the deficit and return to a position of overall surplus, though some activities will continue to run in deficit. Despite the deficits, Council will still provide the same level of service the community has come to expect.

We've borrowed a lot of money over previous years for

some major significant projects, such as the Greymouth Sewerage Scheme. The cost of these loans will not fall just on one generation; we're spreading the cost to make sure everyone who benefits from the works contributes. We are proposing to borrow some more funds in years 1 and 2, whilst still remaining within our borrowing limits. This debt will pay for another cell at McLean's Landfill, the fitness centre in the new Westland Recreation Centre and dredging the Port. Our debt is then forecast to start declining from year 3.

## Our future focus

The challenge for Council and our community 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.

Our Financial Strategy focuses on the following:

1. Council working towards a position of annual surplus by 2025.
2. Keeping debt levels within our policy limits and maintaining the capacity to borrow for unforeseen events, e.g. a natural disaster.
3. Decreasing debt from year 3 of the Draft Plan.
4. Recognising that whilst rates need to increase, we want to keep the increase to less than 4.5% per year.

More detail on how we plan to achieve this is in the following pages. The full Financial Strategy is available on our website, [www.greymouth.govt.nz/ltp](http://www.greymouth.govt.nz/ltp).





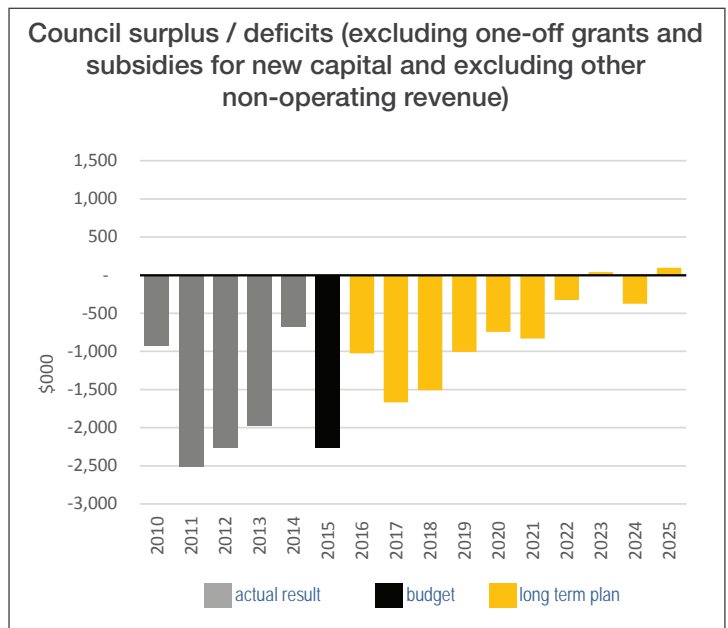
# Our Financial Strategy

## Addressing our deficits

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. While grants and subsidies were received towards these projects, they have needed significant on-going ratepayer contributions. Given the costs of upgrading, Council has been intentionally deferring addressing fully funding some activities until the capital upgrades had been completed.

Our last Long Term Plan (2012-2022) signaled that some of our activities would run in deficit (i.e. not fully funded) and that we would look at options to address them as part of this Draft Plan. The major investment in new capital works is now nearing an end and we've got to look at ways to maintain the levels of service established as well as collect a fair share of income from those who benefit from the services.

Council's aim is to return to a position of surplus by the end of the Draft Plan. The graph above summarises deficits/surpluses across the whole of Council over the next ten years, showing that we reach surplus by the end of the Draft Plan.



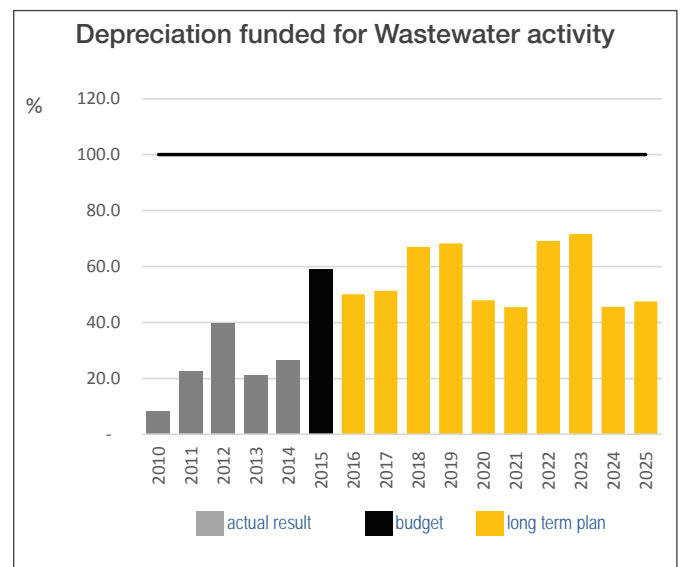
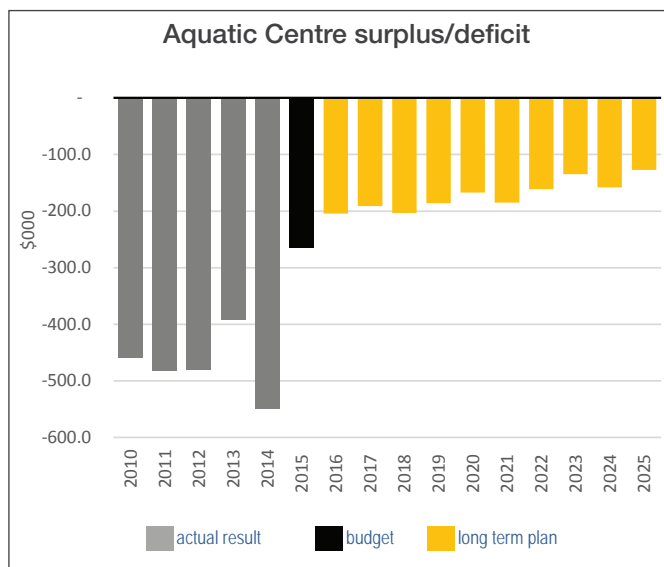
## Balancing the books

A budget is considered balanced where each year's projected operating income matches the projected operating costs.

Council is proposing a budget under the Draft Plan that doesn't balance in all years due to not fully funding the depreciation expense for some activities. For the Draft Plan, 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 Swimming Pools, Wastewater and Port activities are forecast to run at a deficit for the duration of the Draft Plan. This approach is considered prudent, and the reasons are further explained in the next section.



# Our Financial Strategy

## How we'll achieve surplus by the end of the Draft Plan

We plan to return to a position of overall surplus by the end of the Draft Plan by prioritising those activities where additional funding is considered more critical - namely Stormwater, Port, Water Supply and Land Transport - and continuing to run other activities in deficit, i.e. Wastewater, Swimming Pools and Port. Each of these is discussed a bit more below. While this doesn't balance the books to the extent of fully funding depreciation, Council considers this to be a prudent approach because it takes into account intergenerational equity (spreading the costs and the benefits over several generations) and affordability of these services to our community.

### Stormwater

Parts of the existing stormwater network are nearing the end of their useful life and Council is faced with a potential backlog of renewal/replacement work to maintain existing levels of service. The last Long Term Plan said this activity will run at an annual deficit and Council has identified it as one of its priorities for this Draft Plan. Council plans to increase the rate input into the activity above the rate of inflation for each year of the Draft Plan, carry out condition assessments in years 1 to 3 and then increase the asset renewal/replacement expenditure. There will be no increases in debt for this activity and it is planned to be in surplus by year 7 due to the additional rates input.

### Port

The Port has run at a deficit for many years and continues to for the life of the Draft Plan. Council is proposing to increase ratepayer input into the Port and get an increased contribution from the fishing industry. Cash shortfalls in years 1 to 5 will be met from Council borrowing, with the increases in income used to repay debt from year 7 onwards.

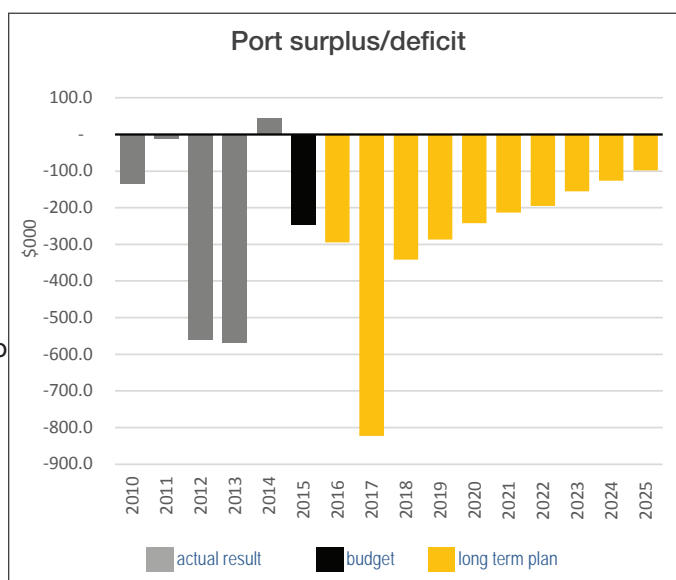
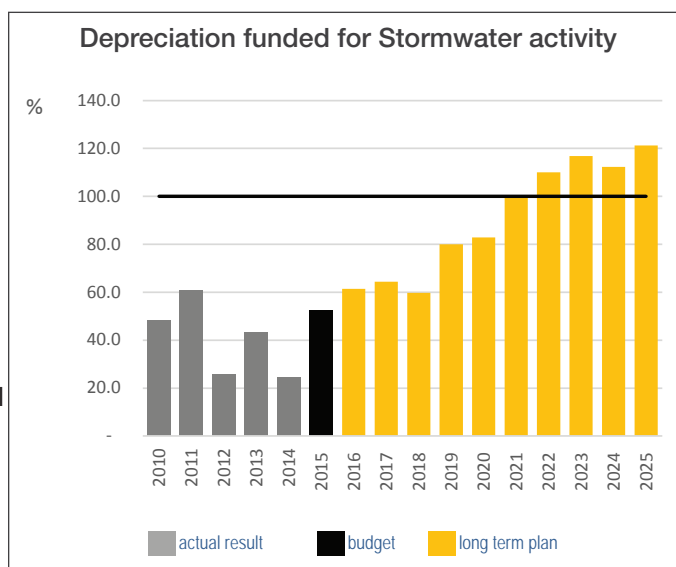
### Water supply

Over recent years Council has upgraded a number of our water supplies to meet current New Zealand Drinking Water Standards (NZDWS), with the remaining ones to be upgraded in 2015/2016.

Parts of the existing water supply network are nearing the end of their useful life and Council is faced with the need to carefully assess the level and timing of renewal/replacement work to maintain the existing levels of service. Council will increase the funding of this activity, carrying out condition assessments in years 1 to 3 and then increase the asset renewal/replacement expenditure.

### Proposed compliance with NZDWS

Water supply	Intended date to meet compliance with NZDWS
Blackball	Achieved
Greymouth (i.e. Greymouth, Cobden, Blaketown, Boddytown, Karoro, South Beach & Paroa)	1 July 2015
Runanga/Rapahoe	1 July 2016
Taylorville/Dobson	1 December 2015
Stillwater	1 December 2015





# Our Financial Strategy

## Land transport

The financial assistance Council receives from the New Zealand Transport Agency (NZTA) will decrease from 62% to 57% at 1% per year from year 1. Council is planning to maintain the current rate input into the roading activity for years 1 to 4 with the NZTA funding reduction to be met from reducing our costs, for example through our tendering and contracting practices. From year 5 the rate input will be increased by approximately 1% per year (over and above expected price increases). The Draft Plan signals that the Land Transport activity will have a near balanced budget.

## Wastewater (sewerage)

Council received subsidies towards the Greymouth and Taylorville/Dobson/Kaiata sewerage schemes, with the balance paid for by a targeted rate. 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 this activity generates an annual deficit as the depreciation expense reflects the full cost of the new assets. The intention is that a large part of the targeted rate will continue to be charged beyond the 30 year loan period so Council can start

setting aside money for the future replacement. This activity will continue to run in deficit during the term of the Draft Plan.

## Swimming pools

These facilities have been funded from a mix of external contributions (grants and fundraising) and ratepayer input (for a loan funded over 30 years on the Aquatic Centre). Because a large part of the funding of these assets came from external sources, Council is not fully funding the depreciation but we will be meeting all anticipated maintenance and renewal costs associated with plant items at the Aquatic Centre.

## What happens if we don't achieve surplus?

Council has prepared the Draft Plan in the best interests of our community and its future. We have based it on the assumption that we will proceed with our preferred options for the key issues, which will see us being in surplus by the end of the Draft Plan.

If we don't choose to go with the preferred options, then Council will not reach surplus by the end of the Plan term, our programme of renewals will be delayed, leading to an increased likelihood of asset failure and declining levels of service.



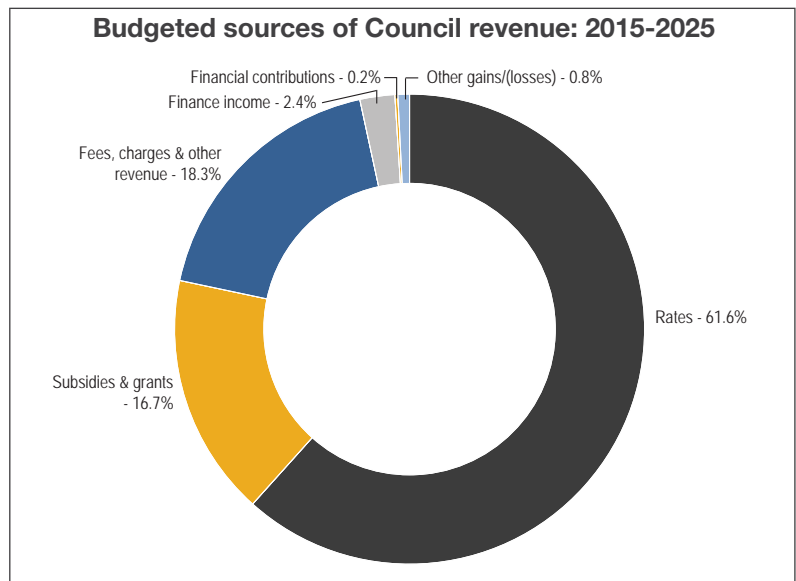
# Our Financial Strategy

## Where does our money come from?

Council receives income from a variety of sources, namely:

- Rates
- Subsidies and grants
- Fees and charges
- Finance income, e.g. interest
- Financial contributions

As shown in the graph, the majority of Council's income over the next ten years is expected to come from rates.

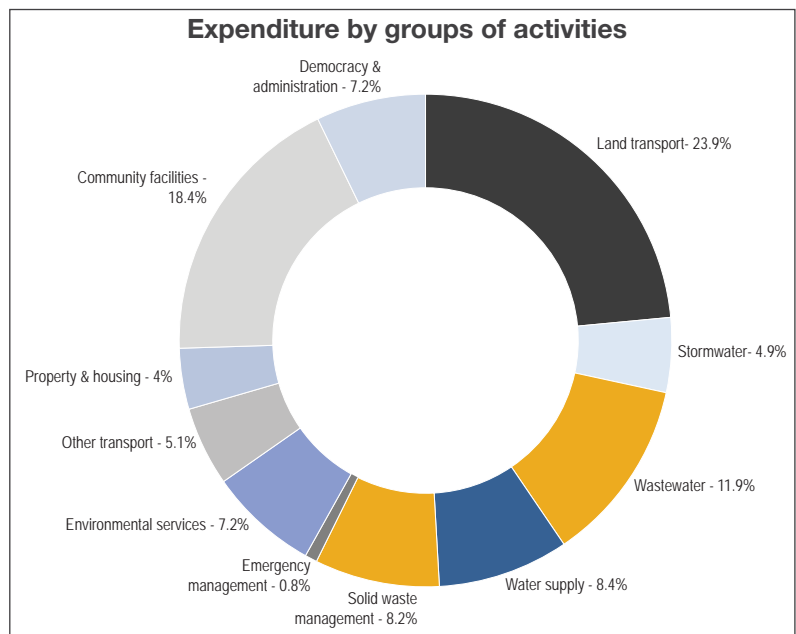


## What do we spend our money on?

Council spends the money it raises through rates, grants, subsidies, fees and charges by providing services to the community. The level of service provided and the activities undertaken by Council are outlined in the Draft Plan.

Our costs include:

- Operations and maintenance costs, e.g. for day to day operations
- Finance costs, e.g. interest



## Significant new capital expenditure 2015-2025

Time frame	Approximate Cost	Project	Purpose
Year 1	\$3 million	Completion of Greymouth wastewater (sewerage) scheme	To improve the level of service
Year 1	\$700,000	Upgrade of Runanga/Rapahoe water supply	To improve the level of service
Year 2	\$1.25 million	Proposed Kaiata community water supply scheme (please note that we will be consulting directly with the Kaiata community on this issue)	To improve the level of service
Year 2	\$4.9 million	New landfill cell at McLean's Landfill (Cell 3)	To improve the level of service
Year 3	\$1 million	Replacement of part of Runanga wastewater network	To improve the level of service

# Our Financial Strategy

## Debt limits

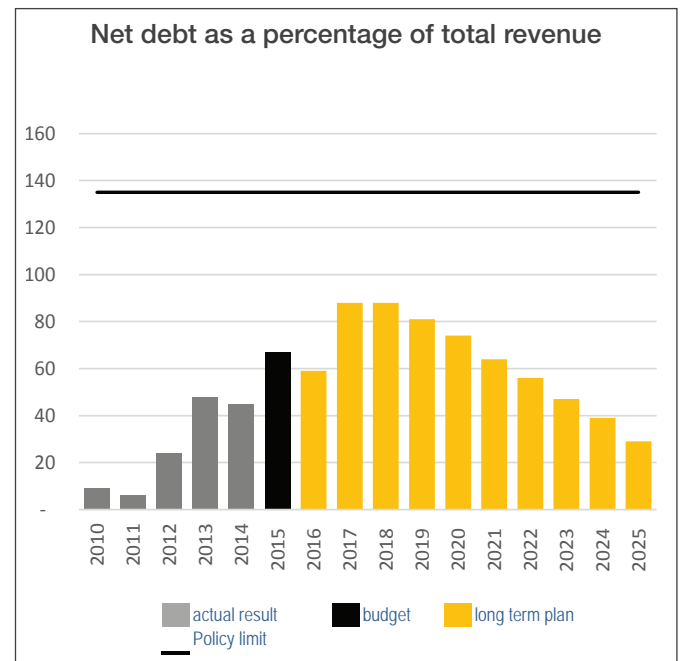
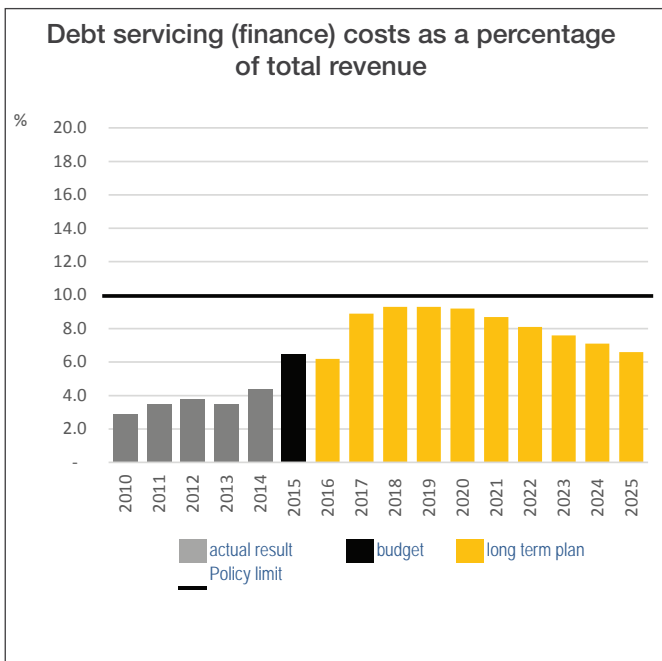
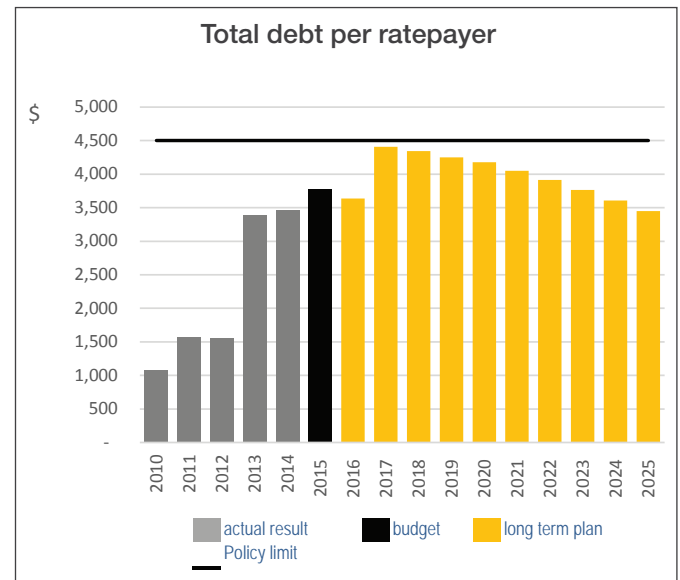
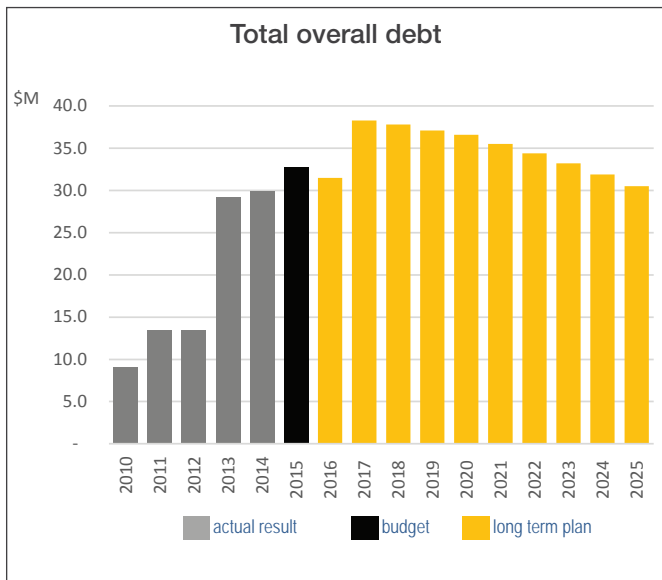
We've completed some major significant projects over recent years, including the Greymouth Sewerage Scheme, and these projects have pushed the level which Council is prepared to borrow to almost to its maximum. This means Council has little room to borrow additional funds over coming years.

Our current debt is expected to be \$29.8 million by June 2015 - about \$3,500 per ratepayer. Our debt is forecast to peak at \$38.3 million during year 2 (mainly due to having to borrow for a new landfill cell, the fitness centre of the Westland Recreation Centre and dredging of the Port), then start declining from year 3.

We're trying to strike the right balance between sharing the costs of new assets and still having flexibility in the

future if we need to borrow money for new projects or in the event of an unforeseen event, e.g. an earthquake.

Council sets its borrowing limits in the Liability Management Policy. This policy details the levels of debt that Council is willing to extend to on behalf of the community and the limits are set on the basis of what Council feels is sustainable, especially those that relate to the on-going annual commitment to meet loan repayments into the future. These borrowing limits are internally set and do not reflect what a lending organisation could potentially lend Council - it is likely a bank or other financial institution would lend to a higher level than the self-imposed levels Council operates within. Council remains within the borrowing limits of its policy during the term of the Draft Plan.





# Our Financial Strategy

## Summary financial statements

Our summary income statement and balance sheet are included below. Please note these are summary statements only and cannot be expected to provide a complete picture. For more information, please refer to the Draft Plan, [www.greycdc.govt.nz/ltp](http://www.greycdc.govt.nz/ltp).

### Statement of comprehensive revenue and expenditure

	2015 Annual \$000	2016 LTP Year \$000	2017 LTP Year \$000	2018 LTP Year \$000	2019 LTP Year \$000	2020 LTP Year \$000
Total rates revenue	14,618	15,247	15,845	16,421	17,098	17,723
Total other revenue	16,694	15,670	10,882	10,081	10,111	10,354
Less total operating expenditure	26,107	25,514	27,257	27,831	28,026	28,669
<b>Surplus/(deficit) after tax</b>	<b>5,205</b>	<b>5,403</b>	<b>( 530)</b>	<b>( 1,329)</b>	<b>( 817)</b>	<b>( 592)</b>
Movement in asset revaluation reserve	-	-	23,218	-	-	28,396
<b>Total comprehensive revenue and expens</b>	<b>5,205</b>	<b>5,403</b>	<b>22,688</b>	<b>( 1,329)</b>	<b>( 817)</b>	<b>27,804</b>

	2021 LTP Year \$000	2022 LTP Year \$000	2023 LTP Year \$000	2024 LTP Year \$000	2025 LTP Year \$000
Total rates revenue	18,409	19,157	19,823	20,514	21,316
Total other revenue	10,578	10,881	11,208	11,554	11,959
Less total operating expenditure	29,638	30,143	30,762	32,246	32,984
<b>Surplus/(deficit) after tax</b>	<b>( 651)</b>	<b>( 105)</b>	<b>269</b>	<b>( 178)</b>	<b>291</b>
Movement in asset revaluation reserve	-	-	35,926	-	-
<b>Total comprehensive revenue and expense</b>	<b>( 651)</b>	<b>( 105)</b>	<b>36,195</b>	<b>( 178)</b>	<b>291</b>

### Summary balance sheet

	2015 Annual \$000	2016 LTP Year \$000	2017 LTP Year \$000	2018 LTP Year \$000	2019 LTP Year \$000	2020 LTP Year \$000
<b>Total assets</b>	<b>394,259</b>	<b>422,659</b>	<b>451,787</b>	<b>449,187</b>	<b>447,512</b>	<b>474,841</b>
Total borrow ings	32,670	31,533	38,303	37,845	37,086	36,566
Total other liabilities	7,650	7,367	7,037	6,224	6,125	6,170
Total equity	353,939	383,759	406,447	405,118	404,301	432,105
<b>Total liabilities and equity</b>	<b>394,259</b>	<b>422,659</b>	<b>451,787</b>	<b>449,187</b>	<b>447,512</b>	<b>474,841</b>

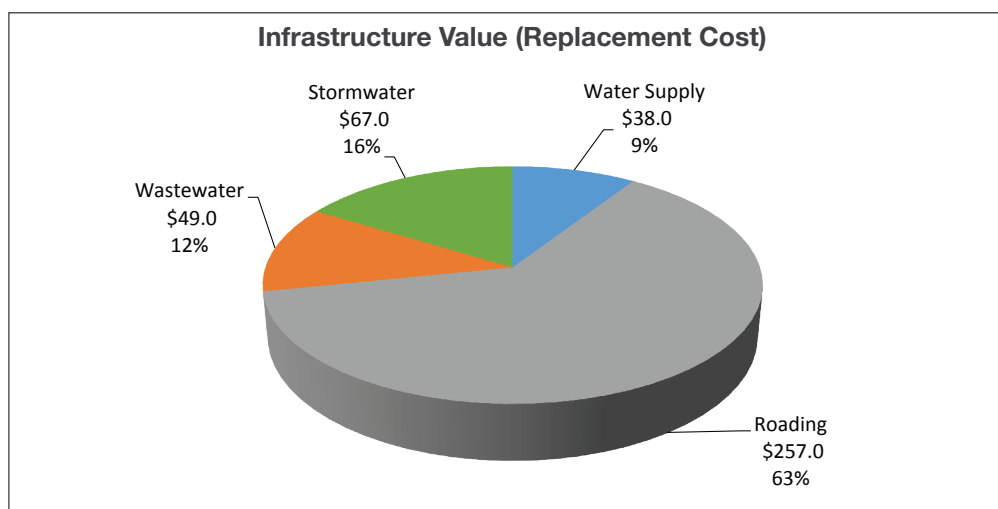
	2021 LTP Year \$000	2022 LTP Year \$000	2023 LTP Year \$000	2024 LTP Year \$000	2025 LTP Year \$000
<b>Total assets</b>	<b>473,186</b>	<b>472,077</b>	<b>507,139</b>	<b>505,712</b>	<b>504,736</b>
Total borrow ings	35,539	34,416	33,201	31,870	30,548
Total other liabilities	6,193	6,312	6,394	6,476	6,531
Total equity	431,454	431,349	467,544	467,366	467,657
<b>Total liabilities and equity</b>	<b>473,186</b>	<b>472,077</b>	<b>507,139</b>	<b>505,712</b>	<b>504,736</b>

# Our Infrastructure Strategy

## What our infrastructure looks like

Grey District Council owns and manages \$411 million of infrastructure assets (2014 replacement cost), including:

Infrastructure	Comprises of
Roads	610 km of roads (61% sealed) 102km of footpaths
Water	5 water schemes, including: <ul style="list-style-type: none"> <li>• 190km of pipes (approx)</li> <li>• 9 reservoirs</li> <li>• 12 pump stations</li> </ul> Delivering over 2.6 billion litres of water per year to 5,569 households and businesses
Wastewater (sewerage)	6 schemes and treatment plants, including: <ul style="list-style-type: none"> <li>• 39 pump stations</li> <li>• 190km of pipes</li> <li>• Servicing 5,858 properties</li> </ul>
Stormwater	125km of urban stormwater pipes 5 pump stations



We've developed an Infrastructure Strategy to give a 30 year view of potential strategic issues and options in relation to our key infrastructure networks and outline a 30 year view of expenditure requirements.

Our Strategy looks at the following key infrastructure networks:

- Roding
- Stormwater
- Wastewater (sewerage)
- Water Supply

Other Council infrastructure includes the Port, an Aerodrome situated in Blaketown, minor water facilities and public car parks in Greymouth. These are not deemed to be significant infrastructure and therefore are not included in our Infrastructure Strategy.

# Our Infrastructure Strategy

## Looking to the future

Over the next 30 years, the District's population is expected to remain relatively static. Therefore we are not anticipating any change to the current levels of service provided by our existing infrastructure networks.

Our future focus will be the timely and cost effective maintenance and replacement of assets. A big part of our Strategy is the gathering of accurate information about the condition of our assets to help Council to address potential renewals backlog, if any, and allow us to develop a prioritisation plan for future works. In this Strategy, Council will work off the data it currently has, with plans to address potential renewals backlog, if any, as well as using the new information to ensure our assets are replaced/renewed at the right time, i.e. not too soon and not too late.

## Roading

Council plans to maintain the same level of service for its Roothing activity, noting however that the financial assistance from the New Zealand Transport Agency (NZTA) has been confirmed as reducing. The NZTA financial assistant rate (FAR) will be reduced from 62% to 57% at 1% per annum over the first five years of the Draft Plan.

Council is planning on reducing its costs by 1% per annum (e.g. by continuing to find cost efficiencies through our tendering and contracting practices) to continue its existing roading programme within the reduced funding available. There is no planned decrease to the level of service offered, however Council may have to rationalise the extent of its network further and/or consider reducing service levels in the future to minimise the impact on rates. This will be reviewed on an annual basis.

## Water Supply & Wastewater (sewerage)

There has been significant investment in our water supply and wastewater network over the last decade. Upgrades to treatment facilities have been carried out to meet New Zealand Drinking Water Standards and comply with resource consent conditions for treated wastewater effluent discharges.

Once these upgrades are complete in 2016, the focus over the next 30 years is expected to be on maintaining and renewing the existing water and wastewater infrastructure to meet resource consent conditions and meet current drinking water standards. Extension of the existing Greymouth water supply to Kaiata is proposed to be completed by late 2017. New standards that may be introduced in the future are not allowed for in the Strategy.

## Stormwater

Since 2008 the total length of stormwater pipe networks has increased from 84.5 kilometres to 125.1 kilometres. A significant proportion of this increase is in the Blaketown, Cobden and Greymouth areas where existing combined stormwater-sewer pipes have become dedicated stormwater only pipes. Our future focus will be on replacing pipes and associated assets at the end of their actual useful life to ensure we continue to provide the existing levels of service.

## Disaster recovery

There is every likelihood that we will have a natural disaster during the life of the Draft Plan. The District has dealt with a number of smaller scale events in recent years and Council has planned to deal with such events as a part of normal day to day business. The cost of responding to a larger scale event would need to be dealt with by a combination of:

- Insurance;
- Special funds set aside (particularly the Disaster Recovery Reserve);
- External assistance (such as NZTA financial assistance);
- Borrowing; and
- Increasing rates and other revenue over and above what is signaled in the Draft Plan.

Land Transport is the only activity that has an annual budget set aside for natural disasters; approximately \$644,000 per annum is included in the financial forecasts. Please note that this mainly comes from NZTA subsidies and we only claim for what we have spent.

## Summary of assumptions

Below are the main assumptions that have been incorporated in the Infrastructure Strategy:

- Levels of service will remain largely unchanged, apart from incremental upgrades as part of the planned renewals programme as assets are upgraded to modern standards;
- Demand for infrastructure services will remain relatively unchanged;
- Capacity upgrades may be required to accommodate new industry, but this is not included in the financial forecasts; and
- Council has made a number of assumptions about the useful lives of its assets by assessing condition using the age, material and local knowledge. This may change once we have more accurate information following the completion of detailed condition assessments.



# Our Infrastructure Strategy

## Condition assessments and the potential renewals backlog

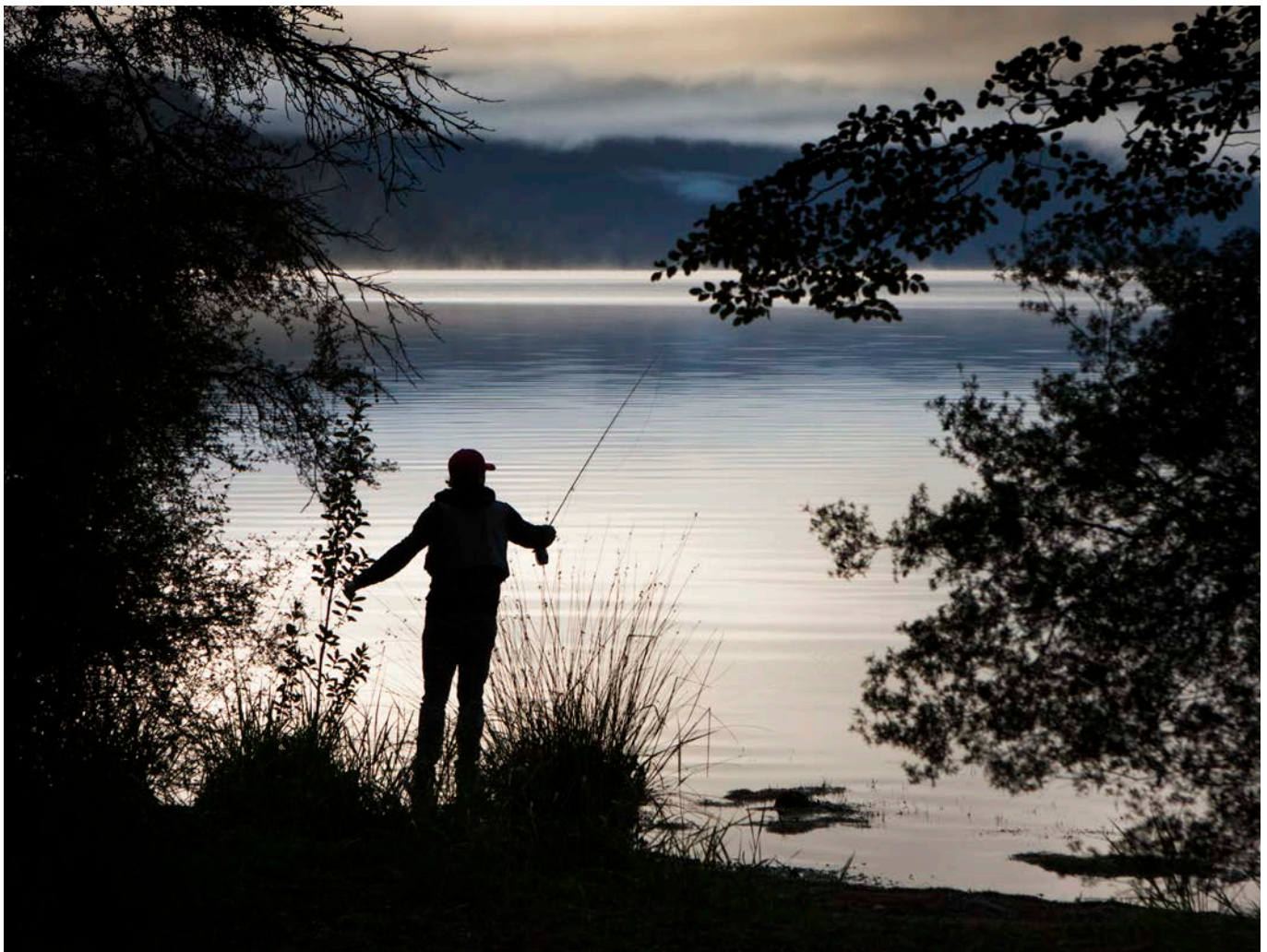
We use a specialised geographical information system with specifically developed assets management software to collect information on the location, age, condition and material of our assets. Other important information such as additions, disposals and costs of assets are also held in this system, which can provide valuation information and predictive analysis.

Using our current data, which largely relies on the expected average service lives of our assets, Council believes there could be potential renewals backlogs in Water Supply, Wastewater, Stormwater and Roads. The potential renewals backlog is the value of the assets that have exceeded their expected useful life, but are still operational. It is possible that the remaining useful life of our assets may be longer than we think and therefore we want to collect further data about the condition of the assets so we can make more accurate predictions. Therefore our aim is to carry out condition assessments to give us accurate information on the remaining useful life of our assets so we don't replace them too soon or too late. Our Draft Plan

includes \$160,000 over three years for Stormwater and \$100,000 over three years for Water Supply for these condition assessments. The data from the condition assessments will allow us to draw up an accurate prioritisation plan for the renewal/replacement of assets in the future.

External funding is currently being sought to review seismic capacity of bridges over the next three years. The results of this study will form the basis for renewals/upgrades of bridges from year 4 onwards, subject to availability of funding. As no funding has been confirmed, upgrades are not currently included in our Draft Plan.

In the 2012-2022 Long Term Plan, Council signaled that due to depreciation levels being higher than proposed funded renewals, there would be increased deficits that would need to be funded in the future. As provided for in this Draft Plan, the proposed condition assessments will be able to confirm, or otherwise, this assumption. Any changes in the remaining useful life of the pipes will be included in the prioritisation plan that Council will develop after all condition assessments have been completed.



# Our Infrastructure Strategy

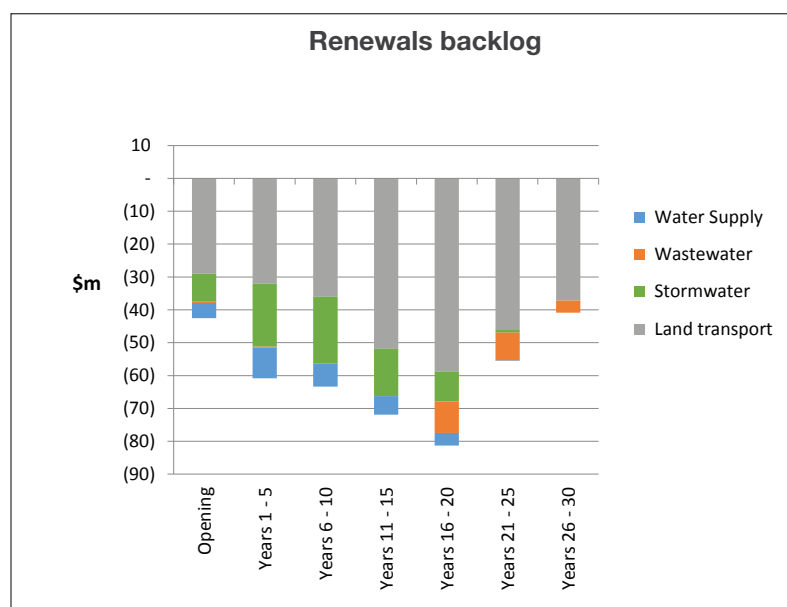
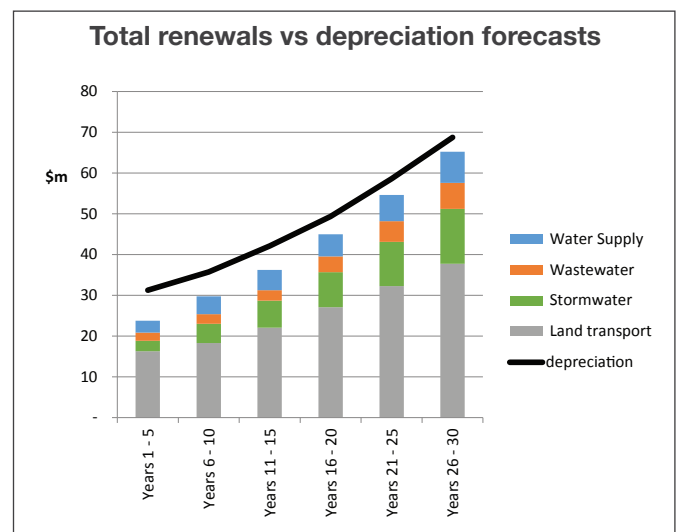
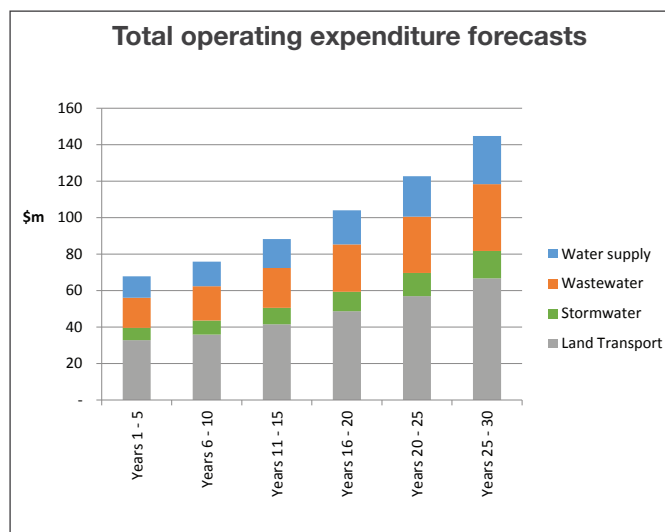
## Overall position

Based on Council’s preferred options (please see the Key Issues section on page 21), the graphs below show the most likely scenario for total operating expenditure, total renewals versus depreciation expenditure and the renewals backlog for Water Supply, Wastewater, Stormwater and Land Transport.

Please note that new capital expenditure is not shown, as very little, if any, is planned. We have listed some of the capital projects we’re planning to undertake on page 10. Other capital projects were considered but not included in our Draft Plan to help keep rates rises from getting too big. These projects are categorised as a ‘C’ priority, which mean they:

- Increase levels of service above current levels provided at an additional cost; and/or
- Have no immediate/long term effect on the current levels of service or financial sustainability of Council if projects do not proceed; and/or
- Involve activities/services that aren’t a part of Council’s core services.

The ‘C – List’ can be viewed on our website, [www.greydc.govt.nz/ftp](http://www.greydc.govt.nz/ftp).



As demonstrated in the graphs, the operating expenditure will continue to grow with inflation over time. Council will be narrowing the gap between depreciation and renewals expenditure by increasing rates incrementally over the 30 years, as well as continuing to raise rates once the loans related to wastewater are repaid.

As mentioned previously, there is potentially a renewals backlog that Council will need to address. This is represented in the graph on the left. Council intends to address these backlogs over time, to ensure that we don’t face any critical failures. The bulk of the backlog in the future is related to bridges. Council is seeking external funding to perform seismic assessments to determine the conditions of the bridges with more accuracy. This will assist Council in planning the timing and extent of renewals. No bridge replacements are included in this Draft Plan and this is not expected to affect our levels of service.

# Our Infrastructure Strategy

## What it's going to cost

As outlined, our intention is to continue to provide existing levels of service and to carry out condition assessments to make sure our assets are replaced/renewed at the right time. Based on Council's preferred options, the cost implications of our most likely scenario for the activities in our Infrastructure Strategy are detailed below. Please refer to the Key Issues section on page 21 for information on all of the options.

### Water Supply

Years 1-10	Years 11-20	Years 21-30
Rate increase of 0.1% of total rates in year 1 and then annual rate increases from year 2 (ranging from 0.1 to 0.9% of total rates). The cost of detailed assessments for years 1-3 will be approximately \$100,000 in total.	Council has applied approximately 0.5% rate increase of total rates every year above inflation directed towards funding backlog of renewals/replacements.	Council has applied approximately 0.3% rate increase of total rates every year above inflation directed towards funding backlog of renewals/replacements.

### Wastewater

Years 1-10	Years 11-20	Years 21-30
The funding raised for loan repayments required over the next 30 years will, once the loans are fully repaid, be continued and will be used for future renewals/replacements.		

### Stormwater

Years 1-10	Years 11-20	Years 21-30
Moderate rate increase of 1.3% of total rates in year 1 then smaller annual rate increases from year 2 (ranging from 0.3 to 1.0% of total rates). The cost of detailed assessments for years 1-3 will be approximately \$160,000 in total.	Council has applied approximately 0.5% rate increase of total rates every year above inflation directed towards funding backlog of renewals/replacements.	Council has applied approximately 0.3% rate increase of total rates every year above inflation directed towards funding backlog of renewals/replacements.

### Land Transport

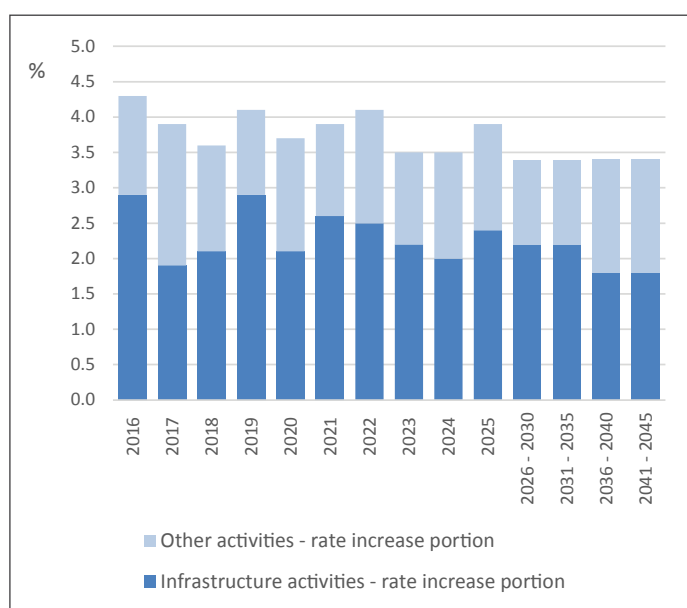
Years 1-10	Years 11-20	Years 21-30
No short term increase in costs as costs will be reduced within the current roading programme to match decreased available budget. However, there may be increased long term costs through deferred renewals. Some renewals, such as bridges, cannot be deferred and must be replaced. Council is signaling a 1% rates increase of total rates from year 5.		

## Infrastructure rates as a percentage of total rates

The graph opposite shows how the rates described above contribute to the overall rates increase over the next 30 years.

In years 1 to 10, the percentages include CPI, as per our assumptions in the Draft Plan.

In years 11 to 20, CPI is estimated at 3.4%.





# Our Community Economic Development Strategy

Eighteen months ago, Council facilitated a group of key economic partners to develop a strategy to help guide the Grey District's economic future over the next 10 years. This governance group is known as the Economic Development Liaison Group (EDLG). After considering the BERL report, 'Grey District: Opportunities for Growth' and the Council's Draft Economic Development SWOT Analysis, the EDLG identified key areas of opportunity: these included Placemaking & Tourism, Supporting Business and Industry and Sustainability, Health & Well-Being.

*Placemaking: A multi-faceted approach to the planning, design and management of public spaces which capitalises on a local community's assets, inspiration and potential, ultimately creating good public spaces that promote people's health, happiness and well-being.*

Network groups were established in each of these areas and were led by members of the community. Each Network followed a process to identify actions that would stimulate growth in the economy and set out their priorities for the short to medium term. These Networks provide a permanent way for the members of the community to input into the Community Economic Development Strategy, which was originally adopted by Council in August 2013.

Both Council and the Network Partners have achieved much that was set out in the original 2013 Strategy. Progress against the identified actions has been reported back to the EDLG, community and Councillors as they have occurred. During November and December of 2014 the EDLG and Grey District Councillors reviewed the document, taking into account the current environment and new opportunities. Progress against the identified goals was also presented in the Strategy review. The revised Community Economic Development Strategy acknowledges those actions already successfully completed, those actions that are in progress and includes suggested amendments and additions.

This Strategy has already inspired confidence in the Grey District's economic future and has helped galvanise efforts to see the Grey District continue to grow as the Heart of the West Coast. This vision – **The Grey District as the Heart of the West Coast** – is ultimately about leveraging the resources available to enhance the Grey District's business, industry and economic growth performance.

## Our Strategy:

- Articulates a bold economic vision and goals for the Grey District's economy.
- Identifies the challenges and opportunities we face in achieving that vision.
- Identifies the Grey District's economic value proposition and the most likely drivers of growth.
- Proposes several 'Actions' that will positively affect those growth drivers and create opportunities for all.

The Strategy addresses the constraints of Council's Financial Strategy and the burden of ageing infrastructure by focusing on what Council can control; quality of life and growing our population. By engaging with the community and partnering with other organisations and businesses who have a vested stake in the growth of the District, Council can aim to mitigate the risks of population decline and a contracting rating base.

The themes and actions outlined in the 'Strategy at a Glance' on the following page describe the projects identified by the community to achieve this bold vision and it's goals. By ensuring these relate to the objectives outlined in the Draft Plan, the benefits are maximised and all positive synergies are exploited.

Council will also continue to work with Development West Coast and the three other councils in the West Coast region on any regional opportunities that arise.



# Our Community Economic Development Strategy

Since we have assumed zero growth in our Draft Plan, Council and the community have identified some aspirational goals to proactively address this, as seen in the Strategy at a Glance below. To read the full Community Economic Development Strategy and find out more about the actions listed below, please visit our website: [www.greycdc.govt.nz/economicdev](http://www.greycdc.govt.nz/economicdev)



# Bringing it all together

The previous pages outlining our Financial, Infrastructure and Community Economic Development Strategies provides a clear picture of the varied and many activities of Council, as well as the challenges and opportunities we face in our District.

We are currently in a position where we have invested a great deal in our infrastructure and therefore there are far fewer capital projects included in the Draft Plan. The previous high level of investment is matched by our increased debt levels, however we continue to keep within the borrowing limits set in our Liability Management Policy. The cost of the infrastructure debt will be spread over many generations, which is a prudent and fair approach since we would never expect one generation to foot the bill, just to avoid going into debt. This also reflects the useful life of the infrastructure. Additionally, we are faced with having to maintain our infrastructure and ensure that we don't have critical failures or replace assets too soon. This is one of the key issues outlined in the following pages.

Council provides a range of services, both seen and unseen, that support our community. The challenge for Council and our community 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. Our Financial Strategy focus is on working towards a position of annual surplus and ensuring our debt levels remain within our borrowing limits. This gives Council the capacity to borrow for unforeseen events, e.g. a natural disaster, and, in fact, Council's debt is forecast to start decreasing from year 3.

We ask that our community recognise that whilst rates need to increase, we're proposing to keep the increase to less than 4.5% per year as this a practical and reasonable approach and keeps Council and the community on track for a positive future.

You now have the context to consider the Key Issues section that follows and the examples in the Your Rates section illustrate the impact of Council's preferred options on your rates.

## Levels of service

Given the current economic climate, we're planning on maintaining existing core services (such as roading, water supply, water disposal, and refuse/recycling collection & disposal) without significant cost increases. We are not proposing any changes to our existing levels of service for our core activities.

Having said that, the following issues are part of this consultation and depending on the final decision, may mean an increase in the level of service from what we currently provide:

- Potential extension of the kerbside refuse and recycling collection service - **it is not assumed** that this will proceed
- New water supply scheme for the Kaiata community - **it is assumed** that this will proceed

It is also planned for the Westland Recreation Centre (the Centre) to be built and operational near the end of 2016 (year 2). The cost of constructing the new facility (behind the Grey District Aquatic Centre) has mostly come from external sources, i.e. grants, subsidies, Council reserves and donations. Council has borrowed money to install a gym, the costs of which is expected to be met from user fees.

Ratepayer input will be required for the new Centre's operating and maintenance costs. Council started phasing in rating for the proposed operations and maintenance costs from July 2014 - this is currently \$91,000 per annum. A gym has been included within the facility to ensure an income stream into the future. The Draft Plan allows for the continuation of a rates contribution of \$91,000 per annum with an increase in year 2 for additional operating costs once the new Centre is up and running. It will replace the aging single court Civic Centre and provide the community with a new multipurpose indoor stadium. The two court stadium will also be able to act as a Civil Defence centre in the event of a civil defence emergency.





# What are the key issues over the next ten years?

In November 2014 Council adopted a Significance and Engagement Policy, which helped us to identify the key issues for the next ten years and beyond. The Draft Plan is all about facing the challenges of the future; about not putting our heads in the sand.

## The 'must address' issues

We've decided that for the following, there is no option but to address them now. On the following table we outline what the issue is, what the approximate overall cost is and what year of the Draft Plan they will come into force. We have included these costs in our budgets for the Draft Plan.

Applies from	Issue	Approximate cost
Year 1	Council incurred legal fees for settling the Aquatic Centre sagging beams issue that were an over-expenditure in previous years and were funded by loans. The revenue will repay the loans as these fees are not an expense which relate to the 2015-2025 period.	\$400,000
Year 1	Loan to cover a building upgrade to the proposed Westland Recreation Centre to allow for it to be used in Civil Defence emergencies	\$250,000
Year 2	Additional rates required for the new Westland Recreation Centre once the new facility is up and running	\$98,000 per annum
Year 2	Loan for the construction of a new cell at McLean's Landfill.  The term of this loan will be 21 years, which is the expected useful life of the cell. This project has been included in the 'must address' section because Council must construct the cell in order to continue providing the service. This increases rates by 0.1% to 0.8% of total rates over the life of the Draft Plan.  Funding the cost of constructing the cell from rates is unaffordable to our community and would result in a rates increase of 30.8% of total rates in Year 2. Funding this project from rates does not spread the cost over the expected life of the asset and therefore is not considered a prudent approach.	\$4.9 million

## Comments?

The above issues are considered 'must address' but we'd like to hear from you. What do you think about this approach? We've included a section for 'Any other feedback' on our submission form.

## The top four

There are also some other key issues which we're asking the community for direction on. We're calling them our 'top four' and we've provided some options in this Consultation Document - let us know what you think.

Issue	Cost implications of our preferred option
In managing our water and stormwater assets Council is working with the data it currently has. We want to gather more accurate data about the condition of these infrastructure assets so we can plan for more timely renewal/replacement, i.e. not too soon and not too late.	Rate increase of 1.5% of total rates in year 1 and \$260,000 for condition assessments to be carried out in years 1-3
User fees do not fully fund the Port and Council has had to borrow for the balance of the operating costs – this means the Port debt is growing and growing. As at June 2015 the Port debt will be around \$1.85 million.	Rate increase of 0.3% of total rates in year 1 and increase of 15% in Port user fees
Council will be getting a reduction in roading funding from the New Zealand Transport Agency from year 1.	No rate increase in year 1 for the roading activity
Should the existing kerbside refuse and recycling collection be extended to other areas of the District?	Council does not have a preferred option and wants to hear from the community - if the community wants the service extended, there will be an increase in the refuse collection rate of around \$90 per year for properties new to the service

# Key Issue 1: Ageing water and stormwater network

## KEY MESSAGE:

**We need accurate data on our water and stormwater infrastructure to plan for timely renewals/replacements.**

### What is the issue?

Council invests in water and stormwater networks for our community and this infrastructure is designed to last a long time. However, this infrastructure doesn't last forever and can be affected by poor installation and poor ground conditions - these factors may reduce the service life of assets.

Councils have a pretty good idea of how long the infrastructure will last but sometimes the assets can last longer than expected. At the moment we've estimated the useful life of our assets using its age, material and our local knowledge. Refer to page 15 for more information on how we have assessed the condition of our assets.

The challenge we're faced with now is knowing the actual condition of the water and stormwater infrastructure so we don't run the risk of critical failure in the future. We also don't want to be renewing/replacing the infrastructure too soon.

We're proposing to carry out condition assessments on our water and stormwater networks to gather accurate data about the remaining useful life of our assets so we can develop a prioritisation plan for future renewals/replacement.

Council can use the expected life of the asset to calculate depreciation and by funding that depreciation, we can plan to replace/renew the asset. However, Council has chosen not to fund all of the depreciation in the past. We have been doing this deliberately so we could prioritise our spending whilst balancing this with the community's ability to absorb rate increases. This is explained further in our Financial Strategy, which is available on our website: [www.greymdc.govt.nz/itp](http://www.greymdc.govt.nz/itp).

Based on the fact that we haven't been funding depreciation, there potentially could be a backlog of renewals. We are planning on addressing this by increasing rates from year 1 and using the prioritisation plan from the condition assessments for timely renewal/replacement so we continue to provide the current levels of service.

### Why it's important - the implications

The provision of water supply and stormwater networks are essential core services by Council.

A significant proportion of our water supply and stormwater network is near the end of its expected useful life. We need to gather accurate data on the remaining useful life of the assets so we can develop a prioritised plan for renewals/replacements.

If we fail to do so, our community could be faced with the following:

- Potential for critical asset failure, which could lead to loss of service
- Maintenance costs will increase in the future due to the poor state of the assets
- Public health risk
- Potentially lower quality of drinking water, i.e. taste and colour (this does not affect the safety), thus leading to lower levels of satisfaction from users
- 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
- Flooding damage from broken stormwater and water supply infrastructure

# Key Issue 1: Ageing water and stormwater network

## What are the options?

Three options are outlined below. It should be noted that Council sees Option 1 as financially unsustainable as eventually the assets will require renewal/replacement with no funding in place to do so. Council's preference is for Option 3, which has a 'smoothing' effect of assessing the actual asset condition, drawing up a prioritised renewal/replacement plan and accumulating funds for future renewals/replacements and maintenance. Option 3 is included in the financial forecasts.

### OPTION 1 Status quo

#### What would this mean?

- There may be a backlog of renewals/replacements that will continue to grow
- Risk of critical asset failure, which could decrease levels of service, increase debt and rates
- This option is financially unsustainable

#### What would this cost?

No immediate change to rates, however, large rate increases will likely be required in future years to catch up

### OPTION 2 Undertake all programmed renewals in year 1

#### What would this mean?

- Moderate to large rate increases in year 1 and smaller rate increases per annum from year 2 onwards, no effect on debt
- Will maintain current levels of service
- Potential risk of asset failure

#### What would this cost?

##### WATER:

- Rate increase of 1.5% of total rates in year 1 and then smaller annual rate increases from year 2

##### STORMWATER:

- Rate increase of 5% of total rates in year 1 then smaller annual rate increases from year 2 onwards

Council's preferred option

### OPTION 3 Carry out condition assessments in years 1 to 3 so a prioritisation plan can be made

#### What would this mean?

- Moderately increase rate funding in year 1 then annual rates increases from year 2 onwards for condition assessments in years 1-3 (with urgent renewals only carried out during this time), no effect on debt
- Maintains existing levels of service
- Some risk of asset failure while assessments are being carried out
- The cost of condition assessments for years 1-3 will be approximately \$260,000 (for both the water and stormwater networks)

#### What would this cost?

##### WATER:

- Rate increase of 0.1% of total rates in year 1 and then annual rate increases from year 2 (ranging from 0.1 to 0.9% of total rates)

##### STORMWATER:

- Moderate rate increase of 1.3% of total rates in year 1 then smaller annual rate increases from year 2 (ranging from 0.3 to 1.0% of total rates).

# Key Issue 2: Financial sustainability of the Port

## KEY MESSAGE:

**The Port has a funding shortfall which Council needs to address by finding a balance between rates input and user fees.**

### What is the issue?

User fees don't cover all of the operating costs for the Port and Council has been using money from the free-holding of Harbourboard land (i.e. asset sales) to fund the shortfall. This has never been a sustainable option long term and Council has been saying for a while now that alternative funding options would need to be looked at for the future of the Port.

Last year Council reintroduced rate funding to the Port (\$38,000 per annum). However the annual shortfall remains substantial and the Port debt level is increasing significantly. By June 2015, the total Port debt is expected to be \$1.85 million.

As well as this, proposed health and safety reforms will likely place a greater emphasis on Council's duty of care/responsibility to take all reasonable steps to secure the safety and welfare of Port users and staff. This may have financial implications.

The issues facing the Port include:

1. There is not enough income for the Port and Port debt continues to rise.
2. Under proposed health and safety reforms, Council may have to appoint a Harbourmaster.
3. The cost of making sure all facilities are safe to use, including electrical, water and sewer installations, walkways, ladders and even car parking.
4. Regular dredging needs to be carried out, which is an expensive exercise.
5. Most of the Port assets need long term maintenance and upgrading.
6. Cargo trade has decreased significantly over the years.

### Why it's important - the implications

The Port is considered an important infrastructure asset for our fishing industry, who make a significant economic contribution to our community. A recent large scale investment by this industry is the construction of a multi-million dollar fish processing factory down at the Port.

The Port could also potentially play a vital role in linking our community with the rest of the New Zealand in the event that a natural disaster closes the alpine passes.





# Key Issue 2: Financial sustainability of the Port

## What are the options?

Three options for going forward are outlined below. Options 1 and 2 are not preferred due to the financial unsustainability of the first option and moderate/large rate increases proposed in the second option. Council's preference is for Option 3, which involves an increased contribution from the fishing industry and a realistic rate increase towards Port operating costs. Option 3 is included in the financial forecasts.

### OPTION 1 Status quo

#### What would this mean?

- Continue with current rate funding input of \$38,000 per annum
- Income is not sufficient to cover Port operating costs
- Council will need to continue to borrow for operating costs which means Port debt levels will keep climbing
- Eventually Council will be unable to borrow further money for operating costs - what will happen then?
- Existing levels of service are maintained

#### What would this cost?

No immediate additional cost implications for ratepayers

However, to borrow money for operational costs is not good practice and eventually Council will need to increase financial input towards Port running costs, while being burdened by high Port debt

### OPTION 2 Rate increase from year 1 and increases in Port user fees

#### What would this mean?

- Ratepayer input is significantly greater than the industry contribution
- Maintains existing levels of service
- Debt levels will eventually level off then start to decline (i.e. gradual repayment of debt)

#### What would this cost?

- 0.6% rates increase of total rates per annum in years 1 to 3 then 0.3% rate increase per annum from year 4 onwards
- Increase of 15% in Port user fees

Council's preferred option

### OPTION 3 Combined increased industry contribution and rate increases from year 1

#### What would this mean?

- The fishing industry will be approached to make a collective annual contribution at least on par with the total ratepayer input
- Maintains existing levels of service
- This will see debt levels stabilise and decline sooner

#### What would this cost?

- Increased financial contribution from the fishing industry
- 0.3% rates increase of total rates per annum from year 1
- Increase of 15% in Port user fees

# Key Issue 3: Reduced funding for roading

## KEY MESSAGE:

Funding from central government towards the roading activity is decreasing and we have to allow for this change in our future plans.

### What is the issue?

Council has always received significant financial subsidies from the New Zealand Transport Agency (NZTA) for its roading programme. This includes the maintenance and renewal of roads (excluding state highways), pavements and bridges.

The NZTA recently undertook a review of the Financial Assistance Rates (FAR) they currently provide to all Councils. The FAR rate for the Grey District Council for maintenance and renewals will reduce from the current rate of 62% to 57% at a rate of 1% per year from 1 July 2015.

We are confident that for the first four years of the Draft Plan we can reduce costs within the roading programme to continue to provide the existing levels of service within the current budget (taking into account the reduced NZTA funding). An example would be that we look for cost savings in our tendering and contracting processes.

We will review the situation on an annual basis and are looking at an increase in rates from year 5.

### Why it's important - the implications

Many Councils throughout New Zealand have found themselves in similar situations with funding cuts from the NZTA.

Provision of a roading network is an essential service provided by Council. A reduction to our current roading programme could result in:

- Safety issues
- Lower levels of satisfaction from users in some areas due to less funding for maintenance, replacement and renewal of roading services
- Financial implications - for example, many pavements are due to reach the end of their expected useful life within the term of our Infrastructure Strategy



# Key Issue 3: Reduced funding for roading

## What are the options?

There are two options available: increase rates now to maintain the existing roading programme or make the programme fit to the available funding, with a view to increasing the rate input into the roading activity from year 5. Neither option will impact on Council's debt levels under the Draft Plan.

Council's preference is for option 2, which involves reducing our costs by 1% per annum and prioritising works to work within the reduced available budget. If this option was chosen, the situation would be reviewed on an annual basis and any change would be signaled in the Annual Plan. Please note that we are currently signaling rate increases for the roading rate from year 5 of our Draft Plan. Option 2 is included in the financial forecasts.

## **OPTION 1** Increase rate funding now to continue to provide the existing level of service

### What would this mean?

- No change to existing roading programme
- Existing levels of service are maintained
- Small rates increases from year 1, no effect on debt

### What would this cost?

Rate increases would start from year 1 - rates income will need to increase by \$120,000 per year (equivalent to a 0.8% rate increase of total rates) to maintain the existing roading programme

## Council's preferred option

## **OPTION 2** Find efficiencies in existing roading programme and increase rates from year 5

### What would this mean?

- Reduced the roading programme to fit within available funding by:
  - Potentially divesting from non-essential roads;
  - Reducing costs of our existing programme by 1% per annum for years 1-4;
  - Carrying out a works assessment, prioritising works and discontinuing low-priority services/works; and
  - Increase rate funding from year 5, no effect on debt
- Existing levels of service are maintained, however there may be adjustments to the roading programme as we look at ways to save costs, e.g. through our tendering and contracting practices

### What would this cost?

- No immediate increase in rates as the current roading programme will be adjusted to match decreased available budget
- There will be increased long term costs through deferred renewals
- Council is signaling a rates increase from year 5 of 1% of total rates

# Key Issue 4: Extension of kerbside collection

## KEY MESSAGE:

**Should the kerbside refuse/recycling collection be extended to other areas of the District?**

### What is the issue

Council currently provides a kerbside refuse and recycling collection to only part of the Grey District, namely greater Greymouth, 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 and contractor availability.

We are asking the community if they want the service extended to their community on the understanding that they will be required to pay 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.

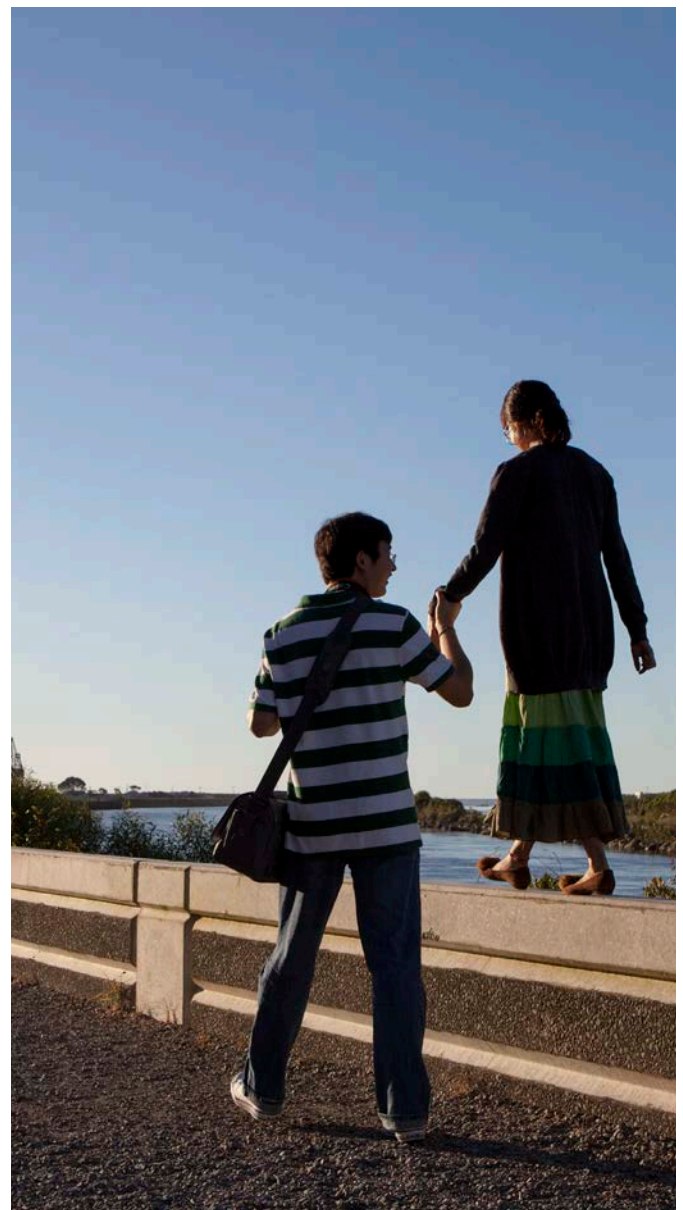
An expansion of the existing service would cover the remainder of the District, except for Moana and Te Kinga. These two townships will remain on a refuse bag collection service due to the largely seasonal/holiday population - there would be no-one at the property during the week to put the bins out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

Financially it would mean an approximate increase in the Refuse Collection rate for properties new to the service of \$90 per annum (over and above the existing Refuse Collection rate).

### Why it's important - the implications

Expansion of the existing service to collect recyclables from more households may reduce the amount of refuse going into the landfill. Last year Council 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.





# Key Issue 4: Extension of kerbside collection

## What are the options

There are two options - expand the service to outside the greater Greymouth area (except to Moana and Te Kinga) or don't expand the service.

Council does not have a preference and has not included the extension of the service in the draft budgets as it was deemed unaffordable given the other issues the community faces. 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. Option 1 is included in the financial forecasts.

## OPTION 1 Status quo

### What would this mean?

- Residents outside of the current kerbside refuse and recycling collection area will continue to receive a weekly refuse bag collection service
- There will be no increase to the level of service currently provided
- There may be an increased level of user dissatisfaction with the service

### What would this cost?

No cost implications, i.e. no increase in rates

## OPTION 2 Extend the kerbside refuse and recycling collection

### What would this mean?

- Increase in current levels of service for the kerbside collection to extend to include the remainder of the District (excluding Moana and Te Kinga)
- Greater sorting of refuse and recyclables

### What would this cost?

The increased service will cost an estimated additional \$250,000 per annum, which equates to an increase of around \$90 to the existing refuse collection rate for properties new to the service

# Impact on our community

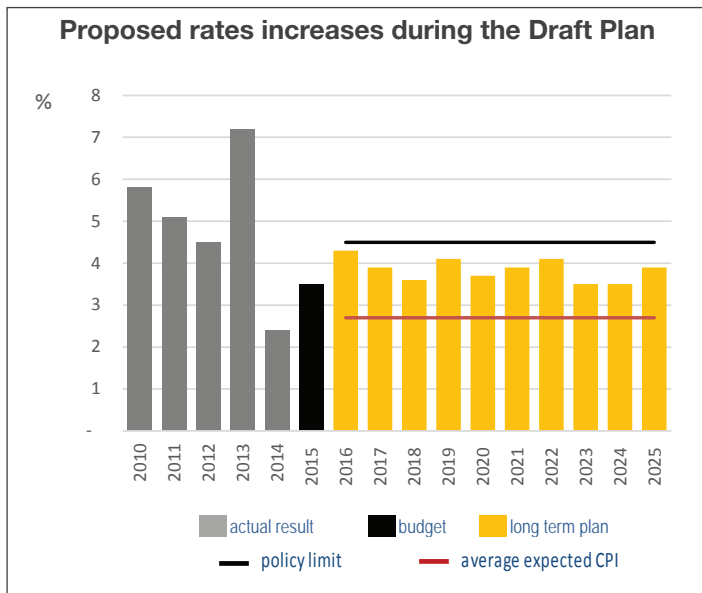
Over the next pages, we outline what impact the Draft Plan may have on rates, fees and charges.

## Your rates

Rates are set under our Revenue and Financing Policy. We are not proposing any significant changes to this policy and rates will continue to be set using the same mix of general and targeted rates.

For 2015/2016 (year 1 of the Draft Plan), Council is proposing a rates increase of 4.3%.

## Rates limits



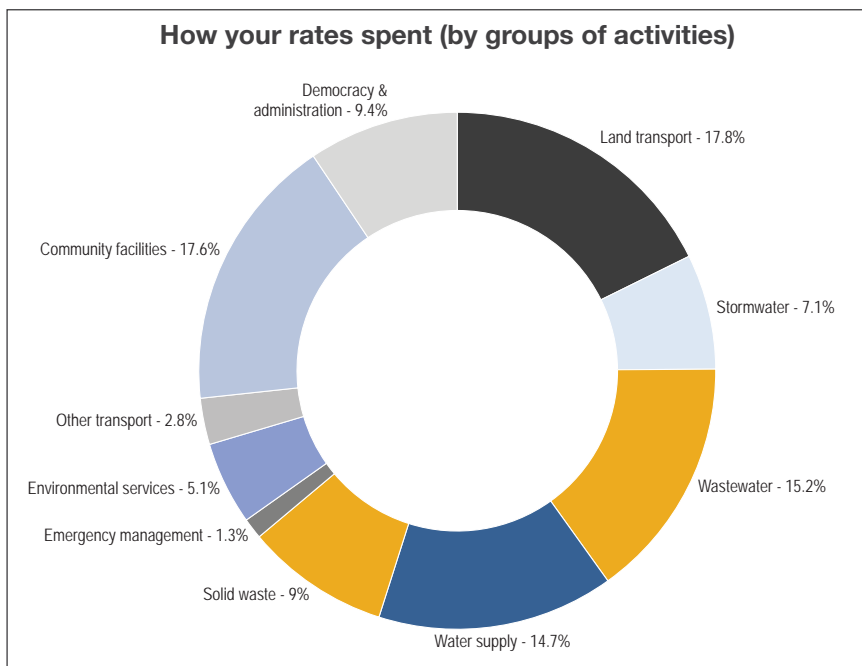
To achieve the goal of moving to a position of surplus by the end of the Draft Plan means that we'll need to increase rates each year by more than the increase in Council's costs. Our Financial Strategy is proposing a maximum rates increase per year of 4.5%.

For rate increases to be lower, and align with expected inflation, Council would need to:

- Continue to defer those issues identified in our key issues section; and/or
- Cut expenditure with associated decreases in levels of service.

You can read the Financial Strategy on our website: [www.greymdc.govt.nz/ltp](http://www.greymdc.govt.nz/ltp)

## What your rates are spent on

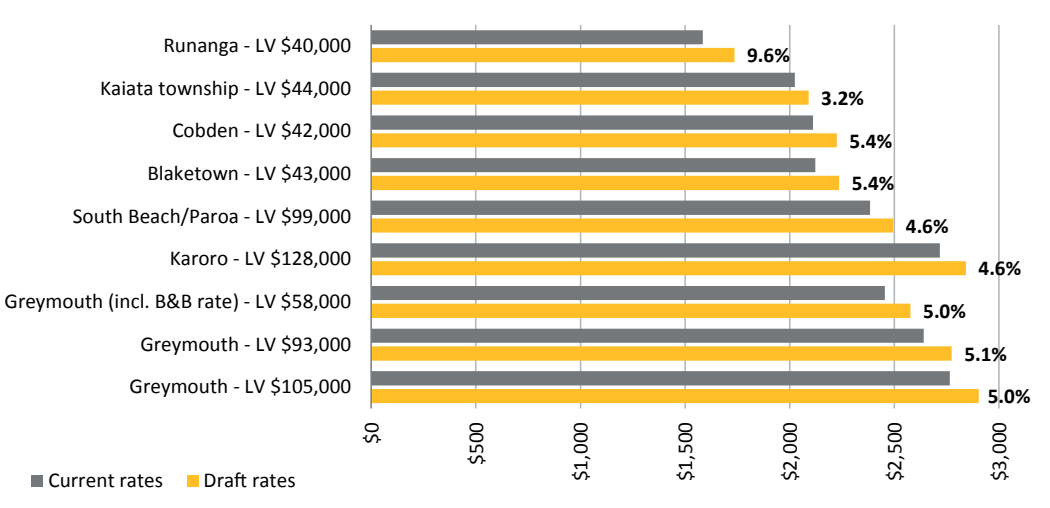


# Impact on our community

## Rates examples

We've provided some examples of how the proposed rates rise will affect properties in 2015/2016 (year 1 of the Draft Plan). The examples below DO NOT include any extension to kerbside collection area (see page 28).

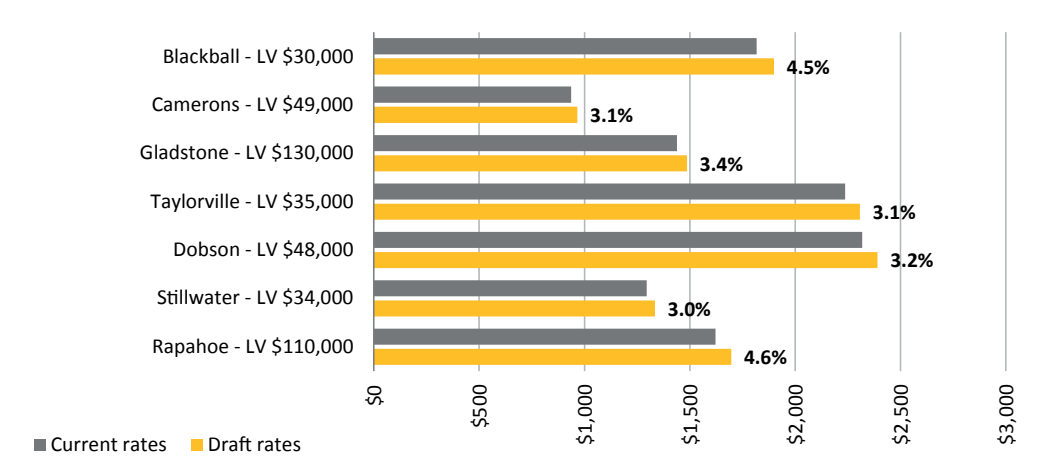
### Residential - Zone 1



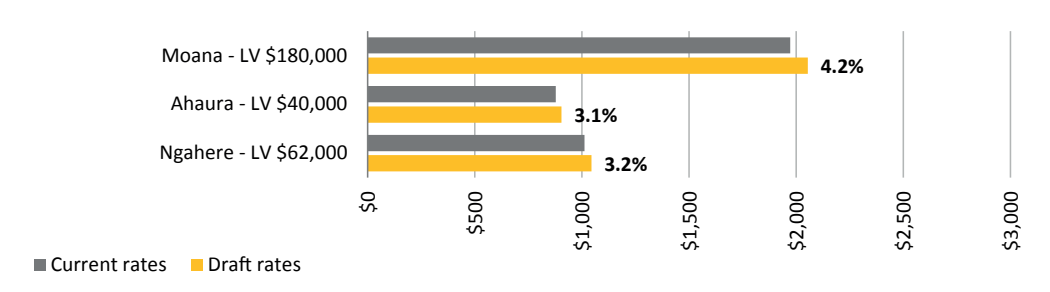
Note: The proposed rates increase will affect properties in different ways depending on the use of the property and which services are available, e.g. refuse collection, water & sewerage.

Larger rate increases may apply where there is an increase in costs, for example Runanga sewerage replacement works.

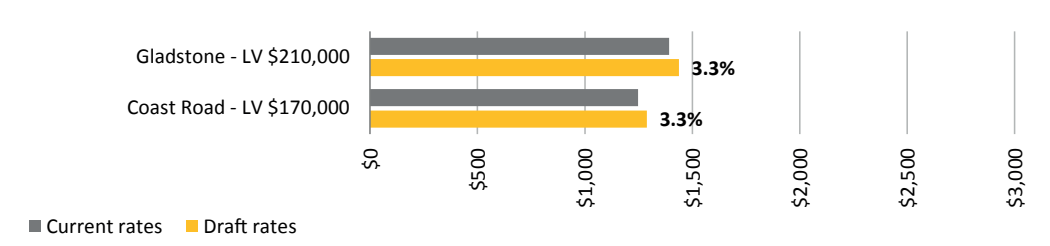
### Residential - Zone 2



### Residential - Zone 3

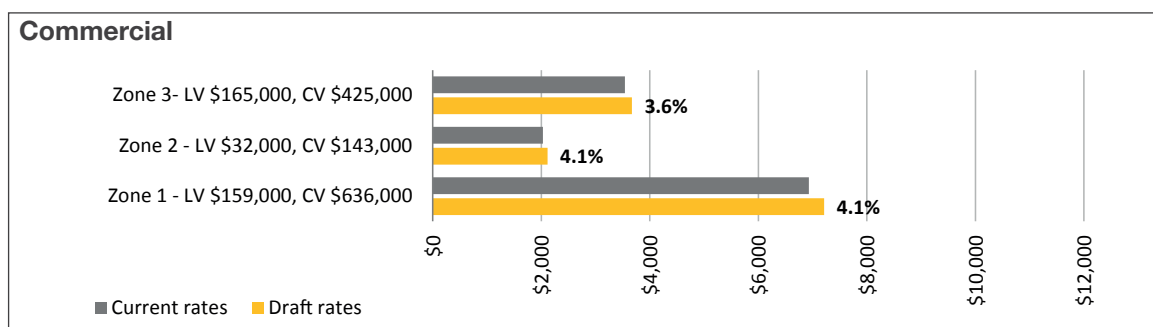
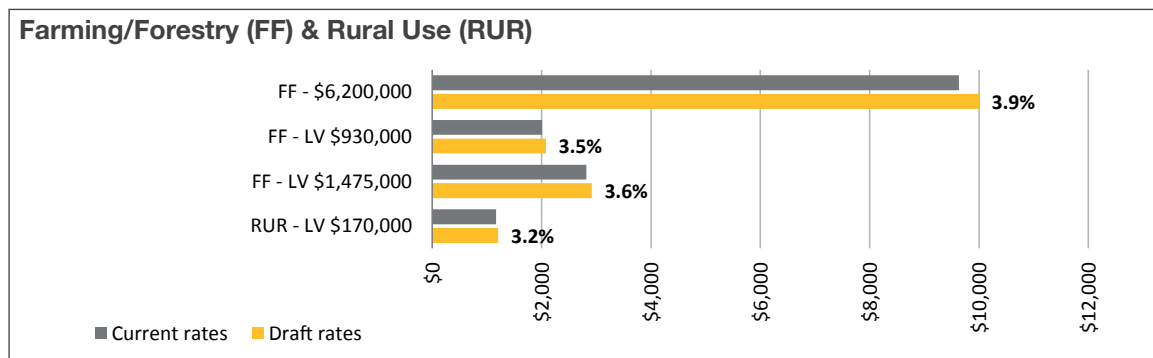


### Rural Residential



# Impact on our community

## Rates examples



More examples of proposed rates under the Draft Plan can be found on our website: [www.greycdc.govt.nz/ltp](http://www.greycdc.govt.nz/ltp)

## Fees & charges

We've outlined some of the proposed fees and charges for 2015/2016 (year 1 of the Draft Plan) below and opposite. You can find a list of our full fees and charges in the Draft Plan.

Proposed changes for 2015/2016 include:

- A general increase of 1-2% across all of our fees and charges.
- In line with our options for the future financial sustainability of the Port (see page 24), user fees for the Port are proposed to increase by 15%.
- It is proposed to start charging for the disposal of green waste and TVs/e-waste at McLean's Landfill and Resource Centres from 1 July 2015.

ANIMAL CONTROL	2014/2015 fee incl GST	2015/2016 proposed fee incl GST
Dog registration		
Pet	\$87.00	\$88.50
Desexed	\$64.50	\$65.50
Working	\$37.00	\$37.50
Late registration	\$130.50	\$132.80



# Impact on our community

<b>SOLID WASTE (REFUSE &amp; RECYCLING)</b>		<b>2014/2015 fee incl GST</b>	<b>2015/2016 proposed fee incl GST</b>
<b>McLean's Landfill &amp; Recycling Centre</b>			
<b>Refuse</b>			
Commercial Refuse*	<i>per tonne</i>	\$275.00	\$280.00
Mixed Domestic Waste*	<i>per tonne</i>	\$275.00	\$280.00
Hardfill/Soil*	<i>per tonne</i>	\$275.00	\$280.00
TVs and e-waste*	<i>per tonne</i>	new	\$280.00
Refuse Bag with Council issued tie	<i>per bag</i>	Free	Free
Refuse Bag without Council issued tie*	<i>per bag</i>	\$4.00	\$4.00
* Minimum charge per weighbridge entrance (trip over weighbridge)		\$12.00	\$12.00
<b>Green waste - includes garden matter, leaves, branches, weeds unsprayed lawn clippings (no cabbage tree leaves)</b>			
Domestic & Commercial - large vehicles including trailers	<i>per tonne</i>	Free	\$98.00
Domestic station wagons/small 4x4's	<i>fixed fee</i>	Free	\$9.80
<b>Accepted recyclables - includes plastics, paper, cardboard, aluminum cans, tin cans, glass, light scrap metal, heavy scrap metal, whiteware, empty LPG bottles &amp; prepared car bodies</b>		Free	Free
<b>Other</b>			
Refuse ties	<i>each</i>	\$3.00	\$3.00
Refuse bags (plain) - packet of 20	<i>per pkt</i>	\$9.50	\$9.60

<b>PORT FEES</b>		<b>2014/2015 fee incl GST</b>	<b>2015/2016 proposed fee incl GST</b>
<b>Fishing/Recreational/Charter: Access Fees (all vessels)</b>			
<b>Per entry - Vessel LOA (m)</b>			
0 - 10		\$26.70	\$30.70
10 - 14		\$38.80	\$44.60
14 - 16		\$61.00	\$70.20
16 - 18		\$91.50	\$105.20
18 - 20		\$136.70	\$157.20
20 - 24		\$170.90	\$196.50
24 - 28		\$202.90	\$233.30
<b>Unlimited movements for 3 months, paid in advance - Vessel LOA (m)</b>			
0 - 10		\$226.80	\$260.80
10 - 14		\$329.10	\$378.50
14 - 16		\$518.50	\$596.30
16 - 18		\$777.80	\$894.50
18 - 20		\$1,161.70	\$1,336.00
20 - 24		\$1,452.00	\$1,669.80
24 - 28		\$1,724.30	\$1,982.90
<b>Fishing: Berthage (at Council berth) Per m (LOA)</b>			
Per day		\$2.30	\$2.60
Annual		\$146.40	\$168.40

## **Independent auditor's report on Grey District Council's Consultation Document for its proposed 2015-25 Long-Term Plan**

I am the Auditor-General's appointed auditor for Grey District Council (the District Council). Section 93C of the Local Government Act (the Act) requires an audit report on the District Council's consultation document. I have carried out this audit using the staff and resources of Audit New Zealand. We completed this audit on 9 March 2015.

### **Opinion**

In my opinion:

- the consultation document provides an effective basis for public participation in the District Council's decisions about the proposed content of its 2015-25 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 District 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 Auditor-General's Auditing Standards, relevant international standards and the ethical requirements in those standards.<sup>1</sup>

We assessed the evidence the District Council has to support the information and disclosures in the consultation document. To select appropriate audit procedures, we assessed the risk of material misstatement and the District 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;

<sup>1</sup> The International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and The International Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information*.

- 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**

We have followed the independence requirements of the Auditor-General, which incorporate those of the External Reporting Board. Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the District Council.



Ian Lothian  
Audit New Zealand  
On behalf of the Auditor-General, Christchurch, New Zealand

# Our Significance & Engagement Policy

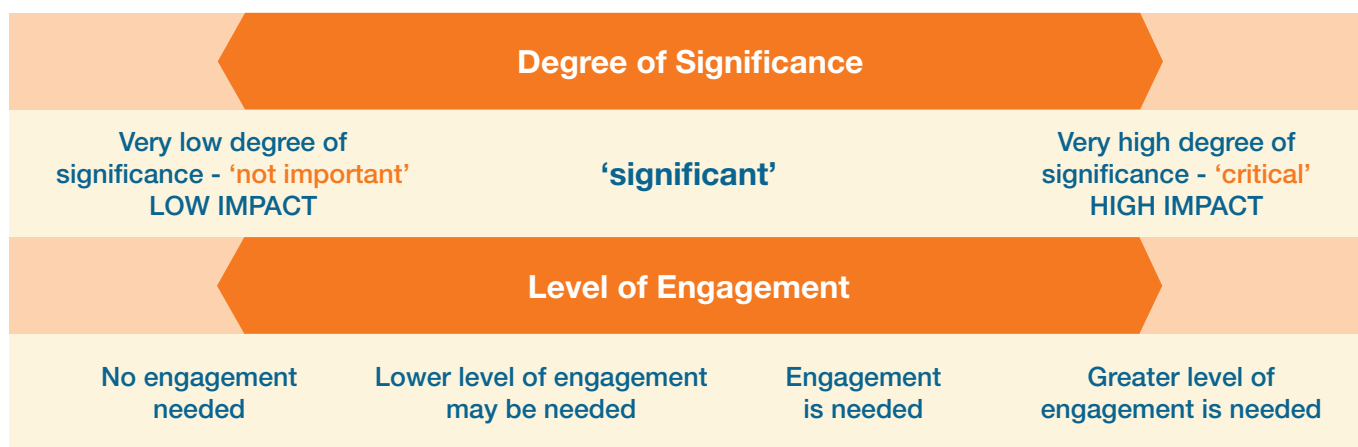
In November 2014 Council adopted a Significance & Engagement Policy. The purpose of the policy is to clearly outline how significant issues, proposals, assets, decisions and activities of Council are determined, as well as spelling out how and when our community can expect to be engaged in Council decisions. This new policy was used to identify the key issues for this Consultation Document.

## Significance

There are several factors that we'll consider when deciding how significant an issue is:

- How much money is involved?
- Will levels of service be significantly affected?
- Does the issue affect a large portion of the community? What is the likely impact on present and future interests of the community?
- Is community interest in the issue high? Have the community already made their views known? Are the likely consequences controversial?
- What type of engagement has been used in the past for similar proposals and decisions?
- Is there a legal requirement to engage with the community? Does the matter involve a strategic asset?

If a proposal or decision is affected by a number of the above, then it is more likely to have a higher degree of significance. In general, the more significant an issue, the greater the need for community engagement. The diagram below illustrates this.



We'll still use the special consultative procedure as set out in Section 83 of the Local Government Act 2002 for some things, such as bylaw reviews and adoption of our strategic plans, e.g. Long Term Plan, Annual Plan etc.

## Engagement

Community engagement provides an opportunity for our community to express their view on the decision or proposal being considered by Council. These views are considered and taken into account by Council when making a final decision on the issue, along with other information such as costs and benefits, legislative requirements and technical advice.

We've included a Community Engagement Guide in the policy which identifies the form of engagement Council may use to respond to some specific issues. It also provides examples of types of issues and how and when communities could expect to be engaged in the decision making process.

It will not always be appropriate or practicable to conduct processes at the 'collaborate' or 'empower' end of the spectrum. Many minor issues will not warrant such an involved approach. Time and money may also limit what is possible on some occasions.

The full Significance & Engagement Policy can be read on our website, [www.greycdc.govt.nz/ltip](http://www.greycdc.govt.nz/ltip).



# How to have your say

## Where to find more information

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

We've made the Consultation Document widely available in different locations around Greymouth. You can pick one up from:

- Council offices, 105 Tainui Street
- Grey District Library, Albert Mall
- Runanga Service Centre, Carroll Street
- Grey District Aquatic Centre, High Street

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

- Consultation Document
- Draft Plan
- Infrastructure Strategy
- Financial Strategy
- Community Economic Development Strategy
- Examples of rates under the Draft Plan
- Our policies and bylaws

## What happens next?

The consultation period will close at **5pm on Monday 13 April 2015**.

After that time, Council will meet on Thursday 14 May 2015 to hear and consider submissions. If you have chosen to speak in support of your submission, you will be contacted with a time to come along and speak to Council.

After hearing and considering all submissions, Council will make any necessary changes to the Draft Plan and adopt the final Long Term Plan 2015-2025 on 9 June 2015. It will come into effect from 1 July 2015.









# 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 13 April 2015** 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: Your name, organisation and feedback will be made public. All other details will remain private.)

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

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

Do you wish to be heard in support of your submission?  Yes  No

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

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

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

## FEEDBACK ON THE TOP FOUR KEY ISSUES - Please indicate your preference

### KEY ISSUE 1:

How should we manage our ageing water and stormwater network?

- Option 1:** Status quo
- Option 2:** Undertake all critical replacements in year 1
- Option 3:** Carry out condition assessments in years 1 to 3 so a prioritisation plan can be made

Comments \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

### KEY ISSUE 2:

How should we ensure the financial sustainability of the Port?

- Option 1:** Status quo
- Option 2:** Increase rates and Port user fees from year 1
- Option 3:** Small rates increase from year 1 combined with increased Port user fees/industry contribution

Comments \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

### KEY ISSUE 3:

Reduced funding from NZTA for roading

- Option 1:** Increase rate funding now
- Option 2:** Find cost savings in roading programme and increase rates from year 5

Comments \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

### KEY ISSUE 4:

Should the kerbside collection service be extended to the rest of the District (note: excludes Moana and Te Kinga)?

- Option 1:** No
- Option 2:** Yes

Comments \_\_\_\_\_

\_\_\_\_\_

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