



Draft Annual Plan 2024/25

Consultation Document

Submissions close 12pm on Friday 24 May 2024



Waimate
District Council

SETTING THE SCENE

This year's Annual Plan is a little bit different.

It was scheduled to be the first year of the Long Term Plan 2024-34, however due to uncertainty around Government reforms and direction we are producing an Annual Plan for 2024/25 and a nine-year Long Term Plan will be created next year. This re-scheduling was something offered to, and accepted by, many councils in New Zealand.

In February 2024, the new Government scrapped the Three Waters Reform legislation which would have seen our water services transfer to a new organisation in July 2025. The repeal means that the responsibility for managing water infrastructure and services remains with Council. We will find out later this year what Government's Local Water Done Well policy means for this district. By this time next year, when we are finalising the Long Term Plan 2025-34, we should have more clarity and be in a better position to plan for our future. It will also give us time to work with the community to understand how we can best deliver the services you need and want for the next nine years. We will be consulting on our Long Term Plan and you will have the opportunity to give us suggestions on how we could keep the rates down.

Okay, so what is happening this year?

When we first drafted our budget for the 2024/25 financial year it showed an overall rates increase of 19.6%. This was not due to any ambitious projects, but a reflection of the increased costs to our core business. Council

has been working hard for the past few months to produce a budget that meets the needs of the district while considering affordability in the face of current cost of living pressures.

We are proposing an overall rates increase of 13.8% in 2024/25.

The entire country is feeling the pinch, and we are aware that this increase will not be welcome news to our ratepayers and members of the community. Unfortunately, we are not immune and bear the same cost pressures as everybody else.

Costs have increased on all fronts. Water, roading, waste management, and Government compliance, are some of the services which Council needs to provide, and have all become much more expensive.

Among others, software and insurance cost rises have also had a considerable impact.

There is no 'easy way out' or 'magic fix' to reduce these escalating costs. This is a budget which allows us to maintain current levels of service and prioritises looking after our existing assets and essential services. We cannot allow our existing assets to fall into a state of disrepair. We must take care of what we have.

We do have options about how we manage the rates increase. This document contains further information about what they are.

We encourage you to read this document and take the time to have your say on the draft Annual Plan at waimatedc.govt.nz/annualplan



Mayor Craig Rowley (left) and Chief Executive Stuart Duncan (right)

WHAT WE'RE SEEKING FEEDBACK ON

Managing the impact on rates

There are a significant number of contributing factors that determine how we calculate your rates. They can range from something simple, such as the need to repair and maintain our local facilities as they age, to complex issues that stem from global economic pressures like inflation or international shipping costs. This multitude of factors requires a delicate balancing act from Council in an effort to maintain the quality of the services we provide while keeping the cost to residents manageable.

We have seen a worrying rise in decisions made outside of the district that have burdened local governments with the increasing costs of implementation. Costs associated with central government reforms, such as the Water Services Act 2021 and expansions of the waste disposal levy, are playing a significant contributing factor in rising rates. While the Waimate District was relatively resilient to the early impacts of COVID-19, we are now feeling the strain of the economic impact it has had on both national and global markets. High interest rates make it more expensive for Council to borrow money to fund major infrastructure renovations, rising insurance costs are diverting funds away from other important Council activities, and the costs of performing critical maintenance on our roads are being driven up by inflation.

This is why we believe your involvement in guiding Council's future decision-making is critically important. This consultation document aims to provide you with the key information in understanding the challenges facing the district in the coming years and the difficult decisions we are currently faced with.

External factors

These are unprecedented times and in the face of uncertainty and a challenging economic landscape, Council is mindful of trying to balance the proposed rates increase against the impact and affordability for all ratepayers. This Annual Plan consultation is primarily focused on informing residents of the range of factors that have had a major impact on rates, including sweeping central government regulatory reform, inflationary pressures, and interest rates.

Council has put significant efforts into mitigating and adapting to the impacts of these external factors contributing to the rates increase, but

fears these trends are unlikely to change in the short-term.

As councils all over New Zealand grapple with financial challenges, it's critical to recognise that encroaching external factors are poised to exert an increasingly significant influence on the future of rates. Whether it's fluctuations in the national economy, shifts in central government funding policies, or unforeseen crises like natural disasters or pandemics, these external factors are likely to compound existing pressures on local budgets. As such, residents should be prepared for the possibility of regularly increasing rates as local governments seek to maintain essential services while addressing emerging needs in the face of an uncertain future.

What's driving the increase?

Waste Management +2.2%

The kerbside rubbish and recycling programme was introduced three years ago, and Council has received very favourable feedback from its implementation. In this time, there have been multiple factors that have contributed to the rising cost of this service including contractor costs, government levies, and disposal costs.

Climate change remains a significant concern to central government and the need to reduce landfill waste has been a driving factor in efforts to reduce New Zealand's carbon footprint. One of these efforts is through the waste disposal levy which imposes a fee on waste disposal to fund recycling programmes. Since 2021, the Ministry for the Environment has progressively raised the waste disposal levy by 500%. This means that the cost of disposing 1 tonne of household waste has increased from \$10 in 2020 to \$60 in 2024.

Roading +2.9%

The costs of maintaining our roads are always increasing. The cost of building and maintaining transportation infrastructure has risen nationally by 27% over the past three years. The need for usable and safe roads that are fit for purpose comes at a significant price as the cost of labour and materials rise.

As our roads, kerbs, and footpaths age they require more frequent maintenance. The need for increased amounts of rehabilitation and renewal of our roads stems from years of under investment.

The cost of this maintenance has grown rapidly in the last few years due to factors like inflation, shipping costs, and the price of oil. Since 2020, most bitumen, a key material in road maintenance, has needed to be imported from countries like Australia and Malaysia. The significant volatility in the price of oil and international shipping costs has meant that acquiring bitumen for roading projects is increasingly more expensive. This is further compounded by the increased cost of contractors performing road maintenance.

The increased cost of roading work illustrates the need to maximise our efforts in work that is partially subsidised by the New Zealand Transport Agency Waka Kotahi (NZTA). With an increased subsidy we have the opportunity to receive additional funding crucial to our roading work by increasing our roading budget. This means that for every \$1 we spend on approved projects NZTA contributes \$0.68. Our aim is to appropriately increase the roading programme to adequately fund its maintenance.

Rural water scheme upgrades +2.0%

Council is committed to ensuring our rural water schemes comply with the New Zealand Drinking Water Standards. Changes to these standards in previous years have imposed significant costs in infrastructure upgrades to maintain compliance. Mandatory monitoring systems, water treatment upgrades, and infrastructure expansion represent significant costs to Council in our efforts to meet increased scrutiny on drinking water. The implementation of these changes are particularly costly in upgrading rural water schemes. "One size fits all" solutions produced by central government reforms have had a disproportionately expensive result on small rural water infrastructure.

Urban water scheme upgrades +1.2%

As the Waimate urban area continues to grow, the expansion of its infrastructure must grow with it. The need to extend our water network is crucial in maintaining the services people expect, including treatment, extraction, delivery, and even firefighting capabilities.

Sewerage and stormwater enhancement +0.9%

Expansions to urban stormwater systems are necessary to help mitigate future flooding events.

Ageing infrastructure requires the replacement of urban sewerage pipes. Both projects are to meet a growing demand.

All other general increases +4.6%

These costs involve general overhead expenses of council operations, including the interest on Council's existing borrowing, the depreciation of valuable assets, personnel expenses, changes in the value of Council's investments, and insurance costs.

Efforts to cut costs

Over the past few months, Council staff have worked under an "adequate but conservative" directive to produce a budget that meets the needs of the district while considering affordability in the face of current cost of living pressures.

Early draft budgets presented to Council showed an initial rates increase of 19.6% for 2025, 8.0% in 2026, and 1.7% in 2027. This was then further reduced, with assistance from Council's elected members, through careful financial analysis and strategic planning to identify areas of potential savings without compromising essential services.

The budget presented in this consultation document was produced through a series of difficult decisions. Balancing fiscal responsibility with the need to maintain critical services requires careful consideration and sometimes necessitates making tough calls that may not please everyone. Given these circumstances, it is unlikely that rates increases will slow, requiring more challenging decisions in future budgets which may impact the levels of service.

How your rates are calculated

Your annual rates are determined by several factors, such as the type of property you own – residential, rural or commercial – its location within the district and the services received.

Waimate District Council sets two types of rates – general rates and targeted rates. General rates are paid by all ratepayers, while targeted rates are paid only by those who receive a specific service, such as kerbside rubbish and recycling.



Rates examples

A selection of properties from throughout the Waimate District are summarised below to provide a guide of the value and percentage change to rates for that property, from the 2023/24 year to 2024/25. It is important to note that these

properties are examples from the rates database and they do not cover all situations for ratepayers in the district. Depending on the specific targeted rates and services received, individual properties will vary from the samples below. Environment Canterbury Rates collected on behalf of Environment Canterbury are excluded from these values.

Proposed rates changes for example properties in the Waimate District	General Rate Zone	Capital Value	2023/24 Total Rates	2024/25 Proposed Total Rates	Proposed Annual Change	Proposed Weekly Change	% increase (decrease)
Waimate Residential	Urban	\$280,000	\$2,950	\$3,285	\$335	\$6.45	11.36%
Waimate Residential	Urban	\$380,000	\$3,077	\$3,433	\$356	\$6.85	11.58%
Waimate Residential	Urban	\$550,000	\$3,291	\$3,684	\$393	\$7.55	11.93%
Waimate Residential	Urban	\$880,000	\$3,201	\$3,594	\$393	\$7.56	12.29%
Waimate Commercial	Urban	\$140,000	\$2,394	\$2,771	\$378	\$7.26	15.78%
Rural Commercial (+ Dwg)	Rural 1	\$430,000	\$2,654	\$2,971	\$317	\$6.10	11.94%
St Andrews Residential	Rural 1	\$400,000	\$3,013	\$3,286	\$273	\$5.25	9.06%
Pareora Farm (171 ha)	Rural 1	\$3,550,000	\$8,533	\$9,414	\$881	\$16.95	10.33%
Pareora Farm (200 ha)	Rural 1	\$8,740,000	\$18,234	\$20,349	\$2,115	\$40.68	11.60%
Hook Farm (163 ha)	Rural 1	\$4,225,000	\$5,703	\$6,536	\$832	\$16.01	14.60%
Hook Farm (172 ha)	Rural 1	\$6,020,000	\$6,781	\$7,820	\$1,039	\$19.98	15.32%
Hook Lifestyle Block (7 ha)	Rural 1	\$690,000	\$2,284	\$2,543	\$259	\$4.98	11.34%
Makikihi Residential	Rural 1	\$320,000	\$2,472	\$2,772	\$300	\$5.76	12.13%
Makikihi Farm (143 ha)	Rural 1	\$3,180,000	\$5,877	\$6,696	\$818	\$15.74	13.93%
Makikihi Farm (260 ha)	Rural 1	\$7,620,000	\$12,829	\$14,714	\$1,885	\$36.26	14.70%
Morven Farm (62 ha)	Rural 1	\$2,260,000	\$6,146	\$6,970	\$824	\$15.85	13.41%
Morven Farm (145 ha)	Rural 1	\$7,030,000	\$16,549	\$19,552	\$3,003	\$57.75	18.15%
Glenavy Residential	Rural 1	\$350,000	\$2,193	\$2,492	\$300	\$5.77	13.68%
Glenavy Farm (247 ha)	Rural 1	\$5,990,000	\$6,752	\$7,798	\$1,046	\$20.11	15.49%
Ikawai Farm (284 ha)	Rural 1	\$5,470,000	\$16,000	\$18,122	\$2,122	\$40.81	13.26%
Hakataramea Residential	Rural 2	\$245,000	\$1,377	\$1,494	\$117	\$2.26	8.53%
Hakataramea Farm (1624 ha)	Rural 2	\$6,600,000	\$9,069	\$10,219	\$1,151	\$22.13	12.69%
Hakataramea Valley Farm (670 ha)	Rural 2	\$4,390,000	\$7,208	\$8,058	\$850	\$16.34	11.79%
Electricity Generator	EGOTP*	\$48,000,000	\$64,522	\$74,616	\$10,094	\$194.12	15.64%
Large Industrial	LI**	\$23,750,000	\$25,218	\$29,221	\$4,003	\$76.98	15.87%
Forestry - Small (43ha)	FOFB***	\$225,000	\$1,685	\$1,921	\$236	\$4.53	13.98%
Forestry Operator	FOFB***	\$960,000	\$6,101	\$6,975	\$874	\$16.81	14.33%

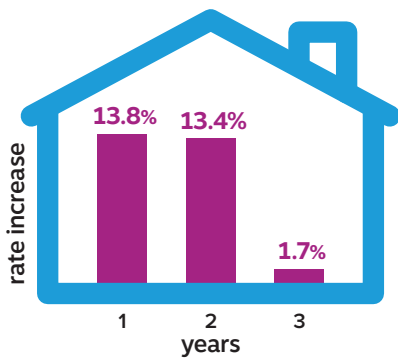
*EGOTP = Electricity generators and other transmission providers

**LI = Large industrials

***FOFB = Forestry operators and forest blocks

IT'S TIME TO MAKE A DECISION

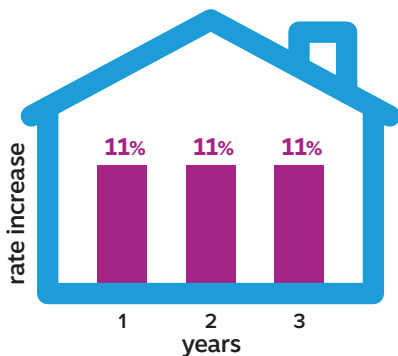
We do not have control over many of the factors that have contributed to the rates increase, however, we do have control and options on how we manage the impact. We are presenting three options with Option 1 being to accept the challenges up front meaning a larger rates increase in 2024/25 and cost the least in the long run. Options 2 and 3 propose to “smooth” the impact over three years and five years respectively using borrowings (loans) to ensure we continue to provide the services you expect. Options 2 and 3 result in interest costs and cost more in the long run.



OPTION 1 Unsmoothed (preferred option)

The Annual Plan 2024/25 is proposing a 13.8% overall rates increase. Draft longer-term budgets are signalling another 13.4% overall increase for 2025/26, followed by 1.7% overall rates increase for 2026/27. This is a total of 28.9% rates increases over the next three years.

This option is preferred because it means we are facing our challenges up front and not putting it off for another day (which costs more in the long run). If we have any future cost increases that put pressure on rates, we are not compounding this problem by being in catch up mode (from putting it off for another day).

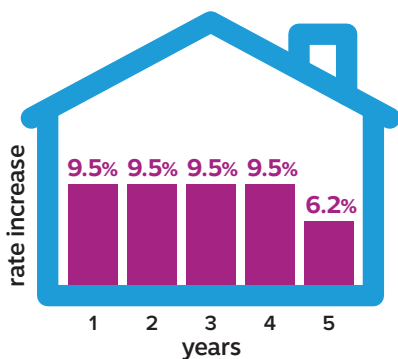


OPTION 2 Smooth the impact over three years

Council could choose to smooth the rates impact over three years by using borrowings (loans) to pay for expenditure. This comes at a cost. To smooth over a three-year period would mean an 11% overall rates increase for 2024/25, with draft longer-term budgets signalling another 11% overall rates increase for 2025/26, followed by another 11% overall rates increase for 2026/27. This is a total of 33% rates increases over the next three years.

This option means we would need to borrow \$1.2 million and this will add \$170,000 extra interest costs for that borrowing. That equates to just over an extra 4% of rates over the three-year period.

The risk with this option is that if we have future cost increases that put pressure on rates, we will be compounding these problems by being in catch up mode (from putting it off for another day).



OPTION 3 Smooth the impact over five years

Council could choose to smooth the rates impact over five years by using borrowings (loans) to pay for expenditure. This comes at an even higher cost than Option 2. To smooth over a five-year period would mean a 9.5% overall rates increase for 2024/25, with draft longer-term budgets signalling another 9.5% overall rates increase for the next three years and a 6.2% overall rates increase for year five. This is a total of 44% rates increases over the next five years.

This option means we would need to borrow \$2.1 million and this will add \$402,000 extra interest costs for that borrowing. That equates to an

extra 7.4% of rates over the five-year period.

The risk with this option is that if we have future cost increases that put pressure on rates, we will be compounding these problems by being in catch up mode (from putting it off for another day). The longer we put off the rates increases, the more it costs us all.

MAJOR PROJECTS

Below is a list of major projects Council will be working on throughout the year.

Water Supply Group

Project	Projected spend	Project description
Hook/Waituna rural water - survey design and consenting	\$109,000	Complete a topographical survey for the proposed water main connecting the Otaio/ Makikihi and Hook/Waituna Rural Water Supplies. Includes reports to support any resource consent applications required.
Rural water schemes - source/water treatment plant generators	\$102,000	Auto start-up emergency generators to facilitate continuous operation of water treatment plants during power outages.
Rural water schemes - pH online analysers	\$133,000	Continuous chlorine and pH monitoring within the reticulation network to provide cost effective and efficient compliance monitoring.
Downlands – capital projects	\$168,000	Various capital works managed by Timaru District Council. This reflects Council's 14% share of the Downlands Rural Water Scheme.
Waimate urban water - Bakers/Courts/Hunts/ Fitzmaurice Roads extension	\$540,000	Extension of the urban water supply to the extended residential zone and to provide firefighting capacity.
Waimate urban water - Te Kiteroa main, booster and reservoir	\$708,000	Extension of the urban water supply to the extended residential zone and to provide firefighting capacity.

Stormwater Group

Project	Projected spend	Project description
Park Road catchment investigation	\$154,000	Initial investigation and design engineering to reduce peak flows in the Park Road catchment.
Rapid soakage devices	\$50,000	To reduce flows within the existing network to satisfy consent requirements and to create network capacity.

Roading and Footpaths Group

Project	Projected spend	Project description
Roading and footpaths capital programme	\$3,931,000	Ongoing replacements and upgrades for targeted roads and footpaths throughout the district.

Organisation and Governance Group

Project	Projected spend	Project description
AV conferencing system for Council Chambers	\$75,000	Upgrades to the Council Chambers technology to facilitate recording and online streaming of meetings.

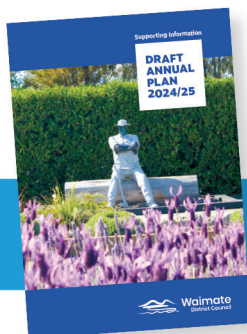
District Planning and Regulatory Services Group

Project	Projected spend	Project description
District Plan Review	\$100,000	The District Plan is reviewed every 10 years. The budget is set aside to progress the next District Plan Review, though will be subject to the outcome of the Resource Management Act Reforms.

Community Facilities Group

Project	Projected spend	Project description
Learn to ride area	\$180,000	A safe and accessible space in Bolland Park for people to learn and practice cycling skills with tracks, obstacles, and educational signage. Government is funding \$130,000 from the Water Services Reform Programme Better Off Fund*.
Property - Waimate Regent Theatre upgrades	\$24,000	Modernise the existing fire alarm system to a Type 4 zoned system.
Property - Museum building (old Courthouse) upgrade	\$67,000	External painting of the Museum building.
Community housing - roofing to healthy homes standards, stage two	\$90,000	Stage two of re-roofing and insulation project of Kennedy Crescent community housing.
Public toilets - Waimate urban	\$445,000	Install new public toilets in Seddon Square to replace existing toilet block on Queen Street.
Public toilets - Glenavy and St Andrews	\$448,800	Replace aged infrastructure with modern equivalents. Fully funded from Government's Water Services Reform Programme Better Off Fund*.

*Money from the Water Services Reform Programme Better Off Fund means it is not funded through rates.



→ If you want to know what other projects are planned, you can view the full list in the **draft Annual Plan**.

SUPPORTING INFORMATION

The draft Annual Plan is available on waimatedc.govt.nz/annualplan

Key dates

- Tuesday 23 April to Friday 24 May**
Community consultation – when we want to hear from you
- Tuesday 11 June**
Submission hearings – your chance to talk about what you've told us
Decisions – Mayor and Councillors consider all the feedback from the community
- Wednesday 12 June**
Letting you know what the Mayor and Councillors decided
- Thursday 27 June**
Mayor and Councillors adopt the Annual Plan 2024/25
- Monday 1 July**
The Annual Plan 2024/25 becomes operational

→ How do I make a submission?

All submissions must be received by 12pm on Friday 24 May 2024

Online: waimatedc.govt.nz/annualplan

Email: Scan and email your submission to submission@waimatedc.govt.nz
(*'Submission: Annual Plan 2024/25'* in subject field)

Post: Submission: Annual Plan 2024/25,
Waimate District Council,
PO Box 122, Waimate 7960

Deliver: To Council reception,
125 Queen Street,
Waimate

SUBMISSION FORM

Personal details

First name _____ Last name _____

Organisation _____

Postal address _____

Home phone _____ Mobile _____

Email _____

Privacy

A full copy of all submissions will be made publicly available. Yes No
Would you like your contact details withheld?

Speak to your submission

Do you wish to speak to your submission at the Submission Hearing on Tuesday 11 June 2024? Yes No

If yes, please ensure your daytime phone number is recorded above so we can contact you to arrange a suitable time.

Your feedback

Which rates option do you prefer? (please tick one)

<input type="checkbox"/> Option 1	<input type="checkbox"/> Option 2	<input type="checkbox"/> Option 3
Unsmoothed	Smoothed over 3 years	Smoothed over 5 years
13.8% overall rates increase with no additional borrowings (Council's preferred option)	11% overall rates increase with additional borrowings of \$1.2 million compared to option 1, plus an extra \$170,000 in interest costs	9.5% overall rates increase with additional borrowings of \$2.1 million compared to option 1, plus an extra \$402,000 in interest costs

Do you have any other feedback on the draft Annual Plan 2024/25?

Need more room? You can add extra pages if there's not enough space on this form.



Waimate District Council

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