

Appendix 7 - Draft 2018/28 LTP Consultation Document



SOUTH
WAIRARAPA
DISTRICT
COUNCIL

LONG TERM PLAN

2018-2028

CONSULTATION DOCUMENT

KAINGA ORA

MAKING SOUTH WAIRARAPA A GREAT PLACE TO LIVE

Welcome to the 2018/2028 Long Term Plan (LTP) Consultation Document. This plan covers the period 1 July 2018 to 30 June 2028.

The theme of this Long term plan is Kāinga Ora – making South Wairarapa a great place to live.

This Consultation Document is underpinned by the ‘supporting information’, which provides more detail in regards to the infrastructure, financial budgets and activities of Council.

While the statutory timeframe for this LTP is ten years, we continue to look much further out, to 30 + years. Our Infrastructure Strategy is required to cover this timeframe, however we have taken a more detailed analysis of our three waters (water supply, wastewater, stormwater) and roading to ensure we have a stable asset base into the very long term.

We have recently completed population and growth forecasts, and the results of this have been included in our thinking.

Our population forecasts indicate steady growth over the next 30 years. Our current population is estimated to be 10,406, this is expected to increase by 1,015 during the term of this LTP to 11,421, and increase by 2,237 by 2043 to 12,733.

Our forecasts indicate our aging population demographic is not changing, with the average age at 2043 forecast to be 49, up from 45.2 currently.

Consultation practices have changed in recent times, the approach is to now incorporate Councils ‘preferred options’ into the published financials, and rates increases, and modify these as a result of consultation.

The percentage increase in rates is 5.99% in year one, and 4.99 % in year two. Business and Economic Research Limited (BERL) economists have predicted an average cost increase for local authorities at 2.3%. This only covers base cost increases, and doesn’t take into account one off projects like our wastewater programme, or changes in focus, like moving towards being more amenity and community focused.

The one off increase will enable the district to change focus and make our district a better place to live, work, and play. Once we have this in place, rates increases are much lower, and less than the average cost increase levels predicted by BERL.

Infrastructure is in a strong, predictable state

It is important to take a long term view of our infrastructural assets, i.e. our roading, water and wastewater networks.

We continue to assess these asset types over the very long term, and the pleasing result of this is our analysis for water and wastewater indicates our current level of expenditure is sufficient to ensure good serviceability out to 2092. This assessment is based on modelling of asset type, closed circuit television (CCTV) review, and knowledge gained during repairs and other direct interventions.

Our assets are required to meet future population changes, and legislative requirements. Our budgets have been prepared to ensure we have the infrastructural and financial capacity to meet these changes over the LTP period and beyond.

In terms of water quality, we anticipate legislative changes in the future as a result of the Havelock North enquiry. We have analysed the findings and have made provision for expenditure. This includes installation of equipment to remove manganese from the Martinborough supply. This will have two benefits; firstly this plant will reduce or eliminate the manganese build up in pipes and hot water elements. Secondly and more importantly the plant will allow chlorine dosing (which the Havelock North plant did not have).

In terms of wastewater, we have commenced implementation of irrigation to land at Martinborough and Greytown in line with the resource consents we have. While we do not have a resource consent for Featherston yet, we are confident one will be granted. The land we purchased included 70 hectares of land in Featherston with irrigation equipment which we will be able to utilise. This will result in Featherston having more land irrigated than both Martinborough and Greytown at an earlier stage.

The biggest risk in irrigation to land is not having sufficient land to irrigate to. Land is the most expensive single element, and often the hardest to secure. We are confident we have sufficient land to complete Councils goal of 100% irrigation to land, except in exceptional circumstances.

As a result of our fundamentals being strong, we are predicting low rates increases from year three onwards.

Depreciation Funding vs Maintenance Funding

By having a clear understanding of our assets condition, and being future-proofed in terms of any anticipated legislative changes (e.g. drinking water standards as a result of the Havelock North enquiry) has allowed us to move away from simply funding asset replacement based on depreciation calculations, to a model where we calculate our rate requirements on our actual renewal needs.

We have taken this approach over the last two years and the approach has worked well. It has allowed us to accelerate our wastewater to land programme without compromising the asset base.

We are very conscious of the need to make sure any revenue that becomes available from the move to renewals funding is applied to that asset type, or applied to assets that are paid for by the same ratepayers.

A better place to live, work, and play

Our sound financial position and understanding of the condition of our assets, and future legislative requirements in relation to our assets allows us to think about making South Wairarapa a better place for our residents to live work and play.

Our local economy is strong, this was confirmed in the Sunday Star Times article during 2017:

‘Outstripping the likes of economic tigers such as Queenstown and Auckland, an unassuming little corner of the North Island is posting economic statistics the envy of the rest of the country.

A dynamic mix of tourism, housing, and good old fashioned farming in South Wairarapa is lifting a district that has long been known as Wellington’s playground.’

Making places better to live in is about amenities and ensuring communities are in good heart.

We received feedback that our communities desire a structured approach to the future, to achieve this we have set aside funds to carry out a spatial planning process. Spatial planning identifies what communities should look like, where growth should occur, and how much growth is desired.

We have set aside funds to promote and enhance our district. To continue to achieve accolades like that quoted by the Sunday Star Times article above, we need to apply contemporary approaches to ensure our district continues to grow in the way we want it to.

We also received feedback that we needed to support our youth, we have budgeted funds for some training and development for youth in our district.

We really look forward to hearing your feedback. We have an opportunity to grow and enhance our district which will require an initial investment. We cannot do this alone, and need your thoughts on how to make our district prosper.



Viv Napier
Mayor

BACKGROUND

As you review the options presented we ask you to take into account relevant background information used in developing this plan.

Council resolved to update the community outcomes and mission and vision for this LTP.

The new Vision, Mission and Values for SWDC are as follows:

South Wairarapa District Council's Vision

'To be an open, energetic and unified community'

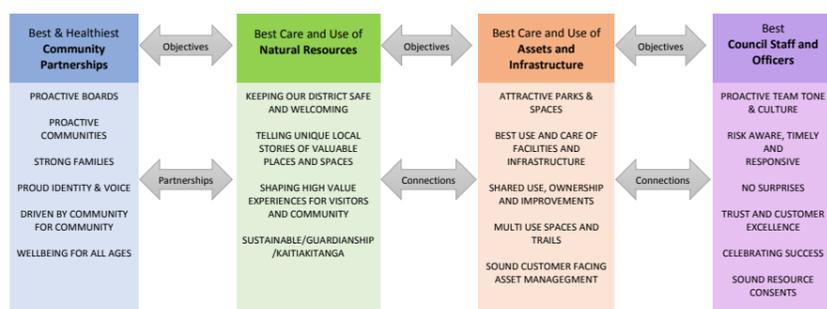
South Wairarapa District Council's Mission

'To be future focused, growth oriented and exercise sound judgement'

South Wairarapa District Council's Internal Values are:

*Rigorous
Listening
Learning & Respecting Teamwork
Community Focussed
Valuing Mana
Uara/Valuing People and Land
Manaakitanga /Caring Society
Freedom & Liberty*

The new Council developed the following outline of the strategic plan for the years ahead. These four pillars have formed the basis for decisions on what to include and what to exclude from this LTP.



This strategic plan is supported by the five community outcomes identified in previous LTPs.

Together they will enable Council to achieve its vision. Council has a role in achieving the community outcomes via significant activities.

South Wairarapa District Council's Community Outcomes are:

*Healthy and Economically Secure People
Educated and Knowledgeable People
Vibrant and Strong Communities
Sustainable South Wairarapa
A place that is accessible and easy to get around*

Our approach to ensuring that we manage our existing assets efficiently and effectively, and invest in new infrastructure assets where demand is certain and long-term is based on the concept of **Kaitiakitanga (Guardianship and conservation)** given the **intergenerational** lifecycle of our assets such as land, three waters, amenities and roads.

This approach favours long-term stability and sustainability over short-term gain and leads to assets being grown carefully.

The management of existing infrastructure assets is therefore one of regular, programmed and prudential maintenance based on quality information and integrated planning for the very long term.

Our current infrastructure has sufficient capacity to meet current demand. We use demand management, workarounds and innovation to manage peak demand.

Our resident population is expected to grow by an average of 0.9% per annum, with Greytown likely to experience the most growth over the period of this LTP.

Our LTP budgets include any additional infrastructure needed to cater for the growth in population, for example we have made provision in future years for new sports and recreation areas as a result of this growth. (\$250,000 in 2021 and 2023).

The median age of residents is predicted to rise to 49 years by 2043. Over time we expect to have more residents with fixed incomes who may not be able to absorb cost increases.

PROPOSED KEY INITIATIVES

We have had considerable feedback from ratepayers that they would like to see planned growth in our district and availability of suitable housing in all three towns. As a result we are proposing preparation of a spatial plan to determine what we want our district to look like in the future, what housing will be needed, where it should be located and provision for commercial growth which will impact on employment options for our residents.

We are also consulting on the following proposed key initiatives:

- Enhancing the lives of the younger people who live in our district.
- Economic development and promoting and enhancing our district.
- Increasing infrastructure for visitors to the district.
- Reducing the amount of waste being sent to landfills.
- Improving water conservation for the district.
- Support for local sporting groups.

CONSULTATION

The Local Government Act requires Councils to consult with their communities on proposed actions if they are considered to be significant in terms of Council's Significance and Engagement Policy. The following commentary lists the significant projects and changes we are proposing for this Long term plan period. It also lists the options we are proposing to resolve any issues and the impact of the proposals on rates, debt levels and levels of service.

As part of our preparation of the LTP, we held a series of meetings with residents to gain information about what they would like the district to look like in the future. The groups we spoke with represented various parts of the community including youth, businesses including tourism, farming, coastal, water race users, sporting groups, Māori/iwi and users of Council services such as architects and planners. Most of the ideas we are consulting on came out of the meetings with these residents.

These proposals have no impact on debt levels. The impacts on levels of service and rates are spelt out in each section. The LTP Budget is based on Council's preferred options as set out below.

When reading these options, please keep in mind that a 1% increase in total rates will impact each ratepayer slightly differently depending on the valuation of their property. The tables on page 5 provide more information on the likely impact on individual ratepayers.

KAINGA ORA – MAKING SOUTH WAIRARAPA A GREAT PLACE TO LIVE

Let's take a look at the projects we must do, makes sense to do or provide a long term benefit to the community.

FUTURE GROWTH AND DEVELOPMENT

A common theme that came through in the meetings with residents was the need for availability of suitable housing, spaces for commercial development and employment. Having considered this feedback, Council sees benefit in preparing a spatial plan for the district.

A spatial plan is a 20-30 year strategy that sets the strategic direction for a community to form a basis for the coordination of decision making, infrastructure, services and investment. It is a means of aligning other council plans, as well as providing a visual illustration of the intended future location, form and mix of residential, rural and business areas, along with the critical transport and infrastructure required to service those areas and any relevant environmental constraints (for example natural hazards).

A full spatial plan is a large and expensive exercise and we need to ensure we get value for money for our ratepayers. The benefits we see from preparing a spatial plan for the district are as follows:

1. Direction for sustainable growth and organisation of the district.
2. Allows the community to get ahead of growth and plan for it rather than respond to it.
3. Allows you to anticipate and respond to risks (e.g. climate change/water supply/transport).
4. Improvement in linkages and connections within the community.
5. Supports consideration of different groups within the community (e.g. youth, elderly).
6. To enable economic growth through siting and connecting business efficiently as well as enhancing our tourism offering.
7. To enable well planned public spaces.

In 2016 the Ministry of Business Innovation and Employment produced a National Policy Statement (NPS) on urban development capacity. The spatial plan would address the requirements of this NPS for our district.

Option one: We want to prepare a spatial plan for the South Wairarapa. This will cost approximately \$300,000 and be funded over a period of 10 years. This has resulted in a 0.23% per annum increase in rates. This is Council's preferred option.

Option two: Continue to allow growth in an unstructured way. This may be detrimental to the district and result in additional costs to Council. This option would have no immediate impact on rates, but could result in higher rates in the future due to less efficient use of Council resources than could be achieved with planned development.

YOUTH TRAINING AND DEVELOPMENT

Another recurring theme from our meetings with residents was the need for more work to be done in the district for youth training and development and for there to be more recreational activities for youth in the district.

Council sees its role in this area as more of facilitation rather than providing these for our youth (apart from our parks, reserves, libraries and swimming pools which are available to our youth for recreational purposes already).

Along with the grants we already provide to the community throughout the year (currently \$157,000 per annum), Council proposes setting aside an annual amount of \$75,000 per annum specifically to support youth training, development and recreational activities. These grants would be targeted at benefiting as many of our younger residents as possible rather than grants to individuals, to enable us to get the best reach possible with our grant spend.

Option one: Council has set aside \$75,000 per annum for grants to support youth training, development and recreational activities. This has resulted in a 0.57% per annum increase in rates. This is Council's preferred option.

Option two: Status quo with no impact on rates.

PROMOTING AND ENHANCING OUR DISTRICT

South Wairarapa residents enjoy a wonderful lifestyle and reside in a district which is the envy of many. In recent years, we have benefitted from considerable private investment which has made the district a sought after place to live. We have attracted many visitors to our district from all over New Zealand and increasingly from around the world. This has a substantial economic impact for the district and its residents.

The future looks positive for our district and Council wants to ensure we maximise future opportunities for growth, economic development and employment for our residents.

We are proposing a number of initiatives in this area and would like your feedback on these.

We would like to invest in future years to promote and enhance our community and increase visitor numbers. These include updating our website, logo, and other initiatives to increase the district's visibility and enhance the reputation of our district.

What would you get for this money?

- Growth - Development for our businesses and residents, employment for our people
- Clarity - a clear vision of what we offer visitors and new residents
- Unity – South Wairarapa is one family made up of a group of flourishing and diverse communities
- Service – by updating our website ratepayers and businesses will be able to access services and information more readily
- Confidence – we know who we are, where we are going and how to make good decisions based on our aspirational goals

Option one: Council proposes spending \$300,000 spread over the next 10 years to promote and enhance our district. The impact on rates is a 0.23% per annum increase. This is Council's preferred option.

Option two: Status quo with no impact on rates.

Option three: Proceed with annual expenditure at a level other than that proposed.

INFRASTRUCTURE FOR VISITORS

New developments such as cycle trails and work with the International Dark Sky Association will no doubt increase visitor numbers to our District in years to come. At this stage it is hard to estimate the number and timing of increased visitor numbers in the future, and the impact on our district.

We recognise there has been a steady increase in visitor numbers over recent years and therefore Council would like to provide more infrastructure for visitors including such things as more public toilets, more drinking fountains or other sources of drinking water, more dumping stations for self-contained travellers and more rubbish and recycling containers for visitors to use.

Option one: Council plans to invest \$50,000 per annum over the next 5 years. The impact on rates is an increase of 0.006% per annum. This rates increase is for depreciation only as these assets will be funded from reserves. This is Council's preferred option.

Option two: Status quo with no impact on rates.

SPORTS COORDINATION

Sports play an important role in our communities through providing social contact and healthier lifestyles. They benefit all age groups and we wish to ensure the extensive sporting facilities that SWDC provides are utilised by as many of our residents as possible on a regular basis. Research has shown children and young adults actively involved in sports lead more productive lives and as a council we want to foster and support that.

We had considerable feedback from our meetings with residents that there needs to be more support and coordination of our sporting groups. A number of people mentioned that sports clubs often struggle to find people with the time to carry out administrative tasks such as applications for grants.

Option one: Council have decided to use this consultation process to ask residents if they want some central coordination of sport across the district from SWDC (or an independent body). The estimated cost would be \$50,000 per annum. The impact on rates would be a 0.38% per annum increase.

Option two: Council's preferred option is the status quo, with no impact on rates. This is slightly outside Council's normal scope of business, and previous work in this area has had limited uptake. However, before we finalise our decision in this area, we'd like to gauge the level of interest from the wider community.

REDUCING WASTE GOING TO LANDFILLS

The councils of the Wellington region are working together to reduce waste. Following a review of their waste management practices, the councils developed a new draft Wellington Region Waste Management and Minimisation Plan (WMMP).

After reviewing the plan, the three Wairarapa councils have set a primary target for minimising waste being sent to landfills, to aim for a reduction of total waste sent to landfill from 600 kg per person per annum to 400 kg. The three Wairarapa councils wish to consider how to further protect the environment, reduce waste and improve services. To do so the following ideas being investigated and consulted on with the community:

- Food waste
- Kerbside recycling
- E-waste i.e. discarded electronic devices
- Recycle/Recovery Centres

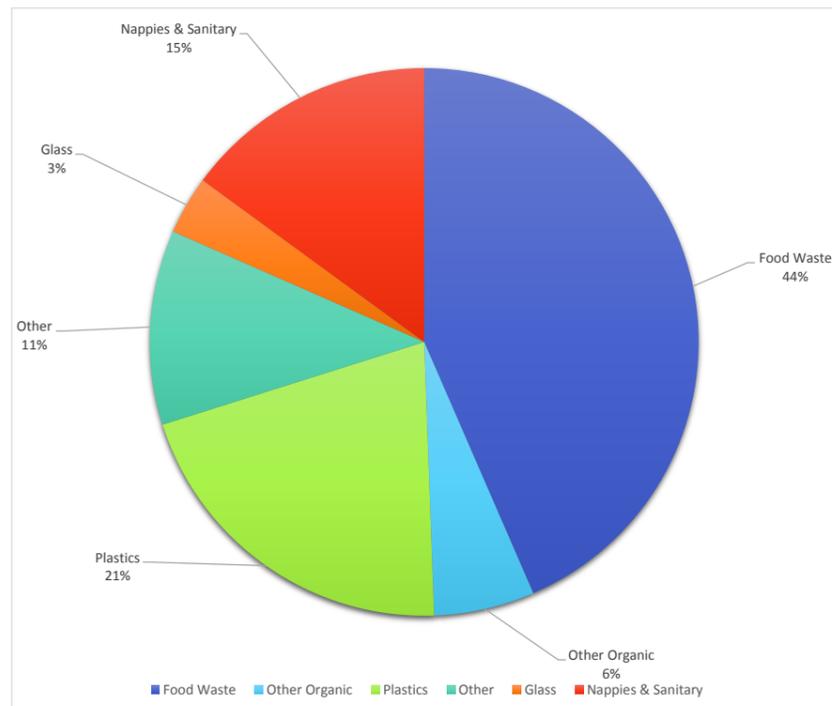
Each of these options would result in a reduction of waste going to landfills.

We now seek your input on whether Council should:

- Set up a system of kerbside **food waste collections**. Estimated cost to set up: \$29,900. This would result in a one off rates increase of 0.23%. Ongoing costs: \$72,600 per annum, this would result in a 0.55% per annum rates increase.
- Consider **kerbside recycling with 240 litre wheelie bins** for co-mingled recycling (i.e. paper, plastics and cans all in one bin rather than separate bins for paper and plastics) and still utilise the crates, for example, for glass on alternate weeks. Estimated cost: \$32,000 per annum, this would result in a 0.24% per annum rates increase. As well as reducing the amount of waste going to landfills by making it easier to recycle more, this option would also stop recycling being blown along our streets on windy days.
- Consider **an e-waste service at transfer stations** or an advertised collection service scheduled throughout the year. Estimated cost: \$7,000 per annum, this would result in a 0.05% per annum rates increase.
- Consider a **recycling/recovery centre at a transfer station** where the general public can **dispose of their useable goods for resale**, to divert from landfill. Estimated cost: \$14,000 per annum, this would result in a 0.11% per annum rates increase.

These ideas are not mutually exclusive, Council could adopt more than one of them, depending on feedback from ratepayers. Please note if the other Wairarapa councils do not support any one of the initiatives there may be cost implications for South Wairarapa which will trigger some reconsideration.

It is difficult to predict how much waste would not go to landfills as a result of each of the above ideas. The graph below gives information on the current make up of waste in rubbish bags for South Wairarapa residents which gives some idea of the potential opportunity to reduce waste being sent to landfills.



Council do not have a preferred option with regard to the ideas listed above and are seeking input from ratepayers to decide which of these initiatives to progress. Because of this, the cost of these options is not included in the LTP budgets at this stage.

The impact on rates from going ahead with these waste reduction ideas will depend on which ideas Council proceeds with. For example, if feedback from ratepayers results in all four ideas going ahead, the rates increase in year one would be 6.94% (currently the proposed rates increase is 5.99% based on Council's preferred options for other consultation proposals). By comparison, if we only introduced 240 litre wheelie bins for kerbside recycling, the rates increase would be 6.23%.

WATER CONSERVATION

Water is a scarce resource which we all need to conserve as much as possible. Climate change predictions indicate that water storage and conservation will be big issues for coming generations. Council wants to take a lead in this area to conserve water for future generations.

Option one: Council could investigate ways in which we can reduce water usage if opportunity arises e.g. install underground water tanks to harvest rainwater to be used to irrigate our parks and reserves to conserve the town water supply. We would need to do a feasibility study to establish the cost and practical aspects of this idea. A feasibility study would cost \$50,000 (one off) which would result in a 0.38% per annum rates increase (one off for 2018/19 year). This amount has not been included in the LTP budgets. Once the feasibility study was completed we would consult with the community before going ahead with any major expenditure.

Option two: Continue Council's current approach to water conservation i.e. educate and encourage users to reduce their water usage where possible, conserve water, reuse grey water etc. This approach could be regarded as 'education not regulation'. These costs would be covered by current LTP budgets. There would be no increase in rates. This is Council's preferred option.

Option three: What other options would you like Council to investigate to conserve water in our district?

ASSUMPTIONS AND SUPPORTING DOCUMENTS

This Consultation Document has been prepared using the best information available including strategies, policies and future forecasts. As with any future planning, there are assumptions made about how it will unfold.

Supporting documents help you to understand this plan including assumptions and financial budgets.

Supporting documents may be viewed at or obtained from the following locations:

- South Wairarapa District Council website www.swdc.govt.nz
- South Wairarapa District Council Office, 19 Kitchener Street, Martinborough
- Featherston Library, 70 Fitzherbert Street, Featherston
- Greytown Library, 89 Main Street, Greytown

YOUR VIEWS

We value your input and encourage you to take the time to get involved in this one in three year opportunity to comment by reading through the options presented in this document and telling us what you think by:

Emailing: ltip@swdc.govt.nz

Making an online submission: www.swdc.govt.nz

Filling in the form at the end of this document; and

- Posting to SWDC PO Box 6 Martinborough 5741, or
- Dropping it into a South Wairarapa library, or
- Dropping it into the SWDC Office at 19 Kitchener St, Martinborough

You are invited to attend and discuss the background and content of this Consultation Document with Her Worship the Mayor, Viv Napier, councillors and community board members at informal public workshops throughout the district:

LOCATION	VENUE	TIME/DATE
Featherston	Kiwi Hall	7pm, 10 April 2018
Greytown	Greytown Town Centre	7pm, 11 April 2018
Martinborough	Council Chambers	7pm, 12 April 2018

Written submissions close at 10am Monday 23 April 2018

If you wish to comment you can remove the form at the end of this document or visit www.swdc.govt.nz and complete your submission online. The submission can be completed on your own behalf or on behalf of an organisation, group or business (note: you must be authorised to speak on their behalf).

We urge you to consider:

- Keeping responses simple
- Using bullet points
- If you wish to speak to the submission

If you are applying for a grant, please complete the grant application form which is available on our website or at the addresses listed above.

Hearings and deliberations open to the public will be held in the Council Chambers, **19 Kitchener Street, Martinborough, commencing at 9.00am on the 14 & 15 May 2018, with a reserve day 16 May from 1pm.**

CONSIDERING YOUR COMMENTS

The councillors receive a summary of all points raised by submitters and carefully consider them. We will consider all submissions but if you suggest a new idea not covered in this consultation document we may not be able to implement it until we have gone through another consultation process. We will record all new ideas for consideration in the next annual plan.

Consideration of submissions will allow us to make a decision on the projects outlined in this document. Long Term Plans are often altered following consideration of submissions. However, we are not able to meet all requests for reasons of affordability, relevance, practicality, or legislation requirements.

We ask you to frame your submission in terms of “must haves” and “nice to haves” and within the scope of the Long Term Plan.

The 2018/28 Long Term Plan will be adopted by Council on Wednesday 27 June 2018.

RATES AFFORDABILITY

The biggest single challenge we face as a district is paying for essential public services (needs) and balancing the ratepayers and Councils desire to keep rates affordable. To manage this, we utilise a mixture of available tools:

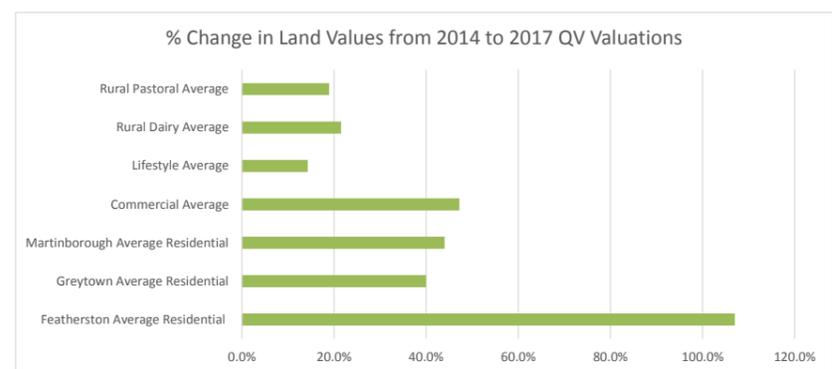
- Set rates increases at no more than 2% above Local Government Cost Index
- Staged investment to stagger the impact on rates
- Raising loans for the life of the asset
- Reviewing fees and charges annually
- Planning to ensure projects are completed “right the first time”
- Ensuring services match our population base

The following tables show indicative rates for a number of properties based on an average 5.99% rates increase for the 2018/19 year.

The three yearly revaluation of the district’s properties can have a significant impact on how the general rate is paid for. During the valuation, properties have their current land value reviewed by Quotable Value NZ (QV) based on a number of factors. The revaluation also determines the total district wide land value.

The table and graph below show the average land value change in our district for the 2017 revaluation for different types of properties.

Revaluation 2017 - Change in Average Land Values			
	Average LV 2014	Average LV 2017	% Change
Featherston Average Residential	\$ 61,353	\$ 127,000	107.0%
Greytown Average Residential	\$ 178,571	\$ 250,000	40.0%
Martinborough Average Residential	\$ 136,806	\$ 197,000	44.0%
Commercial Average	\$ 150,815	\$ 222,000	47.2%
Lifestyle Average	\$ 262,467	\$ 300,000	14.3%
Rural Dairy Average	\$ 2,139,918	\$ 2,600,000	21.5%
Rural Pastoral Average	\$ 1,623,213	\$ 1,930,000	18.9%



A general rate applies to every rateable property in the district. There are three different levels of general rate for each of: urban residential, urban commercial and rural properties. The general rate is based on the land value of the property.

As well as the general rate, targeted rates are applied in line with our Revenue and Financing Policy. The following table summarises the targeted rates for SWDC for the current rating year and for the first year of the LTP period.

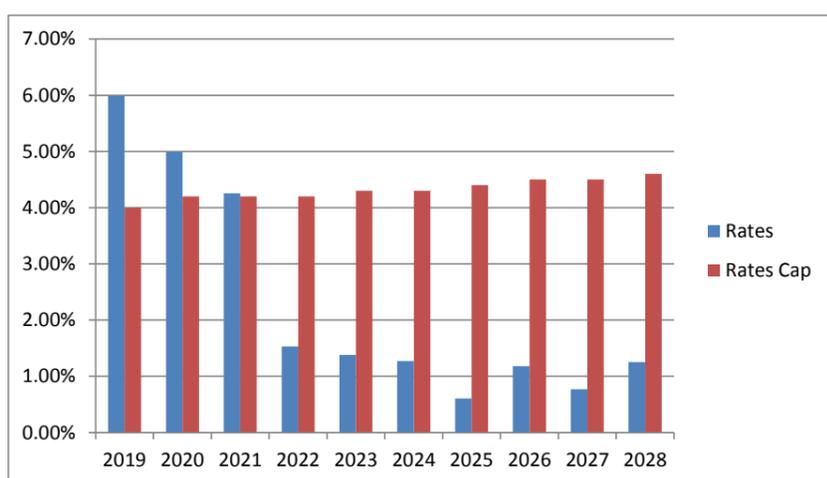
Targeted Rates (including GST)				
	2017/18 \$	2018/19 \$	CHANGE %	CHANGE \$
Targeted Rates - Urban:				
Uniform Annual General Charge (UAGC)	\$ 495	\$ 517	4.4%	\$ 22
Reserves & Civic Amenities – Urban	\$ 402	\$ 426	6.0%	\$ 24
Water Charge	\$ 562	\$ 563	0.2%	\$ 1
Wastewater Charge	\$ 546	\$ 546	0.0%	\$ -
Refuse Collection Levy	\$ 182	\$ 185	16%	\$ 3
Total Urban Targeted Rates:	\$ 2,187	\$ 2,237	2.3%	\$ 50
Targeted Rates - Rural:				
Uniform Annual General Charge (UAGC)	\$ 495	\$ 517	4.4%	\$ 22
Reserves & Civic Amenities – Rural	\$ 210	\$ 224	6.7%	\$ 14
Total Rural Targeted Rates:	\$ 705	\$ 741	5.1%	\$ 36

The following table gives examples of the expected average rates for different properties in the District, using average land values for each town or category of ratepayer.

It is important to note that these are indicative rates, and the change you see for your property is likely to be different.

Rates Examples (Including GST)			
	2017/18	2018/19	% Increase
Featherston Average Residential			
Land Value	\$ 61,353	\$ 127,000	107.0%
General rate	\$ 145	\$ 262	80.4%
Targeted rates	\$ 2,187	\$ 2,237	2.3%
	\$ 2,332	\$ 2,499	7.2%
Estimated increase per week:	\$	\$ 3.21	
Greytown Average Residential			
Land Value	\$ 178,571	\$ 250,000	40.0%
General rate	\$ 423	\$ 516	22.0%
Targeted rates	\$ 2,187	\$ 2,237	2.3%
	\$ 2,610	\$ 2,753	5.5%
Estimated increase per week:	\$	\$ 2.75	
Martinborough Average Residential			
Land Value	\$ 136,806	\$ 197,000	44.0%
General rate	\$ 324	\$ 407	25.5%
Targeted rates	\$ 2,187	\$ 2,237	2.3%
	\$ 2,511	\$ 2,644	5.3%
Estimated increase per week:	\$	\$ 2.55	
Commercial Average			
Land Value	\$ 150,815	\$ 222,000	47.2%
General rate	\$ 714	\$ 916	28.3%
Targeted rates	\$ 2,187	\$ 2,237	2.3%
	\$ 2,901	\$ 3,153	8.7%
Estimated increase per week:	\$	\$ 4.84	
Lifestyle Average			
Land Value	\$ 262,467	\$ 300,000	14.3%
General rate	\$ 558	\$ 583	4.5%
Targeted rates	\$ 705	\$ 741	5.1%
	\$ 1,263	\$ 1,324	4.8%
Estimated increase per week:	\$	\$ 1.18	
Rural Average Dairy Farm			
Land Value	\$ 2,139,918	\$ 2,600,000	215%
General rate	\$ 4,549	\$ 5,055	11.1%
Targeted rates	\$ 705	\$ 741	5.1%
	\$ 5,254	\$ 5,796	10.3%
Estimated increase per week:	\$	\$ 10.41	
Rural Average Pastoral Farm			
Land Value	\$ 1,623,213	\$ 1,930,000	18.9%
General rate	\$ 3,451	\$ 3,752	8.7%
Targeted rates	\$ 705	\$ 741	5.1%
	\$ 4,156	\$ 4,493	8.1%
Estimated increase per week:	\$	\$ 6.48	

The following graph shows the proposed rates increases, and the “rates cap” as set in our Financial Strategy. This rates cap is set at the Local Government Cost Index (LGCI) plus 2%.



The rates increases for the 2019, 2020 and 2021 financial years exceed the internally set rates cap. This rates cap is a flag to indicate further review is needed rather than a maximum level of rates increase that cannot be exceeded.

The rates increase for the 2019 year of 5.99% is driven by a combination of increased levels of service in wastewater (1.7%), new initiatives included in this consultation document (1%), additional staffing to deal with increased activity in all areas at SWDC (1.2%) and additional running costs for SWDC due to growth in the district (2%). The 2020 financial year rates increase of 4.99% is a result of Inflation (2%), new initiatives (1%), and additional levels of service in wastewater (1%). The 2021 financial year rates increase of 4.25% is a result of Inflation (2.2%), new initiatives (1%), and additional levels of service in wastewater (1%).

WHAT ELSE IS HAPPENING?

In keeping the community informed of what has and may be considered we are including the following topics that are not subject to consultation at this time but have been in the past or have the potential to be in the future. You are welcome to provide comments on any of these topics in your submission.

WATER INFRASTRUCTURE

We have reviewed the outcome of the Havelock North water enquiry and have made provision in the LTP budget to improve the quality of the drinking water in our three towns and have projects planned for future years to address this. We are expecting new legislation as a result of the enquiry and will await the outcome of that before proceeding with the planned works to ensure we meet the new requirements once they are known. (\$161,000 in 2019, \$126,000 in 2020, \$430,000 in 2021 and \$176,000 in 2022).

WASTEWATER

Government released its National Policy Statement on freshwater prior to our last LTP being approved. This policy statement clearly signalled that discharging to freshwater was no longer an acceptable solution. Greater Wellington Regional Council revised their resource management environmental standards accordingly. These changes reflected the feeling of key stakeholders including the community, Department of Conservation and iwi. SWDC responded to these by proposing a plan to discharge wastewater to land rather than to waterways where able.

We are in the process of doing this by progressively reducing discharge to waterways in a sustainable and affordable way. We will use irrigation systems to help discharge treated wastewater onto land, particularly over the drier summer months. This has the additional benefit of using the wastewater as a valuable resource to boost productivity of land.

Work has progressed on the three projects to discharge the majority of our wastewater to land and reduce the discharge to our waterways. The 35 years consents for Greytown and Martinborough have enabled us to progress these two projects and the first discharge to land occurred in Martinborough in November 2017. Greytown is on target to be completed by May 2018. We continue to work with Greater Wellington Regional Council to obtain the consent for the Featherston project.

Growth in Greytown due to a number of large subdivisions means we need to provide for increased infrastructure, particularly wastewater. This includes a new wastewater main for Greytown at a cost of \$588,000 in the 2018/19 financial year.

LAND TRANSPORT

We currently obtain funding from the New Zealand Transport Agency (NZTA) to assist us in maintaining the roads in the district. For most roads the funding from NZTA is 52% of the cost of maintenance. For the Cape Palliser Road, this funding is currently 100%. NZTA are proposing reducing the funding on this road by 8% per year starting from the 2018/19 year until it reaches the same level of funding as other roads (52% in 2023/24). Council are in discussions with NZTA regarding the financial impact of this change. There will be no impact on rates in the foreseeable future as this cost increase will be funded by the rural roading reserve.

BILINGUAL SIGNAGE

Te reo Māori is an official language in New Zealand. Council would like to increase the visibility of Te reo Māori in the district to recognise the importance of the language to our district.

As a local authority the Council is responsible for a large amount of signage which is required in the management of the infrastructure and amenities of the district.

New or replacement signs will be considered for the bilingual approach on a case-by-case basis. We intend to manage these costs within current budgets.

POLICIES, STRATEGIES, FEES & CHARGES

Our strategies, policies, asset management plans and fees and charges together help inform the decisions made in the long term plan. This section of the Consultation Document provides a brief summary of our key documents. For full copies of these documents visit www.swdc.govt.nz, or one of our libraries, or the council office in Martinborough.

FINANCIAL STRATEGY - BALANCING THE FUTURE

As part of the LTP we are required to have a Financial Strategy setting out our current financial position, where we are heading over the next 10 years, and the financial limits we are committed to working within.

The focus of this Financial Strategy is to ensure the long term sustainability of our infrastructure. We need to make sure our assets, such as pipes, roads, and treatment plants, meet new environmental and health standards (such as the water quality standards). Asset renewals and replacements are expensive and we need to make sure that any increases in our income (which primarily comes from rates and fees and charges) are affordable and meet our communities' needs, while also working towards our overall goal of having a balanced budget in the future. This combination makes for a challenging environment but we aim to:

- Deliver affordable rates to the community
- Minimise borrowing
- Optimise capital spending
- Have a balanced budget
- Maintain intergenerational equity (i.e. current ratepayers should not subsidise the benefits that future ratepayers will receive and vice versa)

Spending on assets

Our policy is to maintain our asset base in a manner that results in long-term serviceability. Deferring this work could result in an inability to maintain current levels of service and spending and incur additional expenditure in the future due to infrastructure failure. We set aside sufficient funds each year to maintain long term serviceability and affordability.

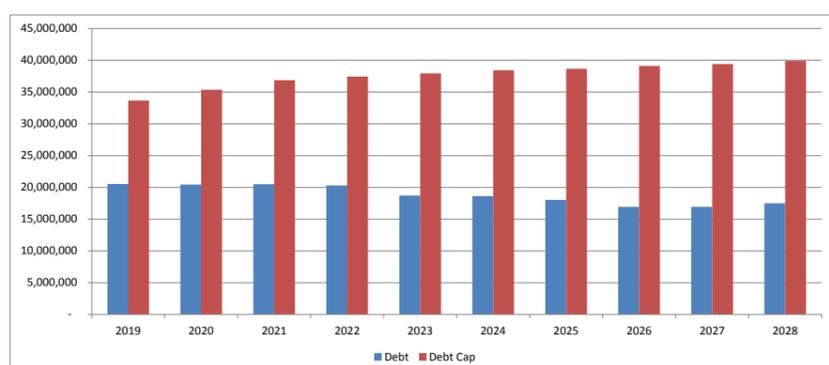
Debt

Our debt has increased from \$18.9 million forecasted as at 30 June 2018 to \$20.5 million as at 30 June 2021, and is projected to be \$17.5 million as at 30 June 2028. This is primarily because we have been borrowing money to replace wastewater and water supply assets, choosing to fund the assets over their life cycle rather than increasing rates.

- Our maximum forecast debt during this LTP is \$20.5 million.
- Our maximum debt allowable under our current policy is \$31.8 million based on gross interest expense not exceeding 12% of total rate revenue.

One of the ways we can reduce debt is to sell some of our non-core assets and use the proceeds to reduce or avoid further loans. Any future asset sales would be consulted on with the community separately from this Long Term Plan process.

The following graph shows the projected level of debt, and council's debt cap, over the term of the LTP.



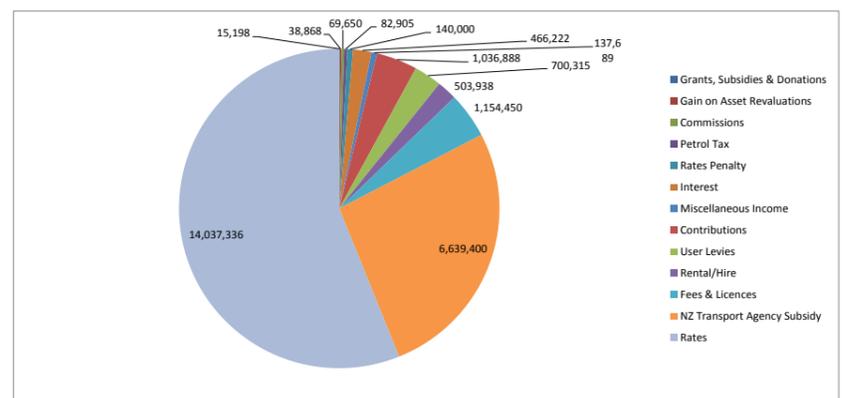
The following graph shows the operating surplus for the years 2018 to 2028.



The large surplus in 2019 is due to the NZTA subsidy for two bridge replacements on the Cape Palliser Road. This subsidy will be used to fund the Capital expenditure for the two bridges. Capital expenditure is not included in the operating surplus calculation.

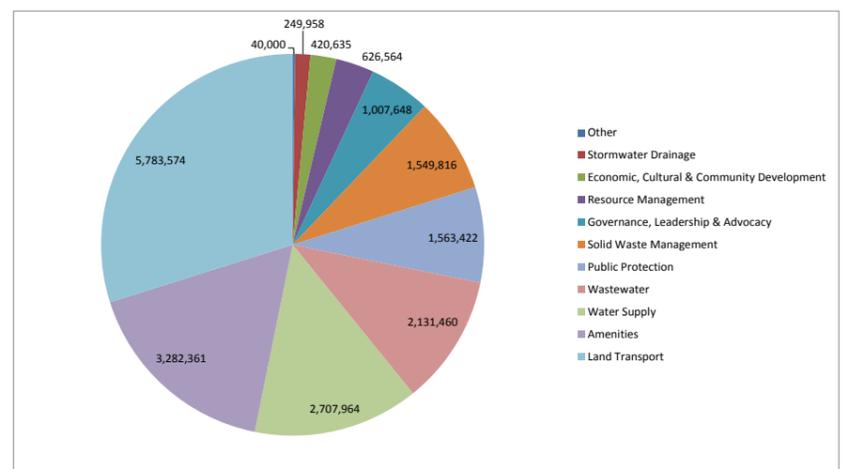
WHERE DO WE GET OUR INCOME?

The following pie chart shows the make up our income in the first year of the LTP.



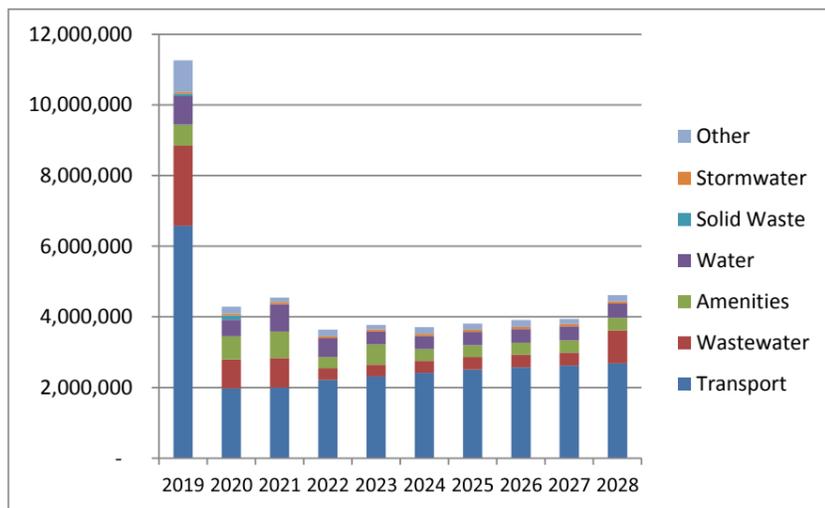
WHAT DO WE SPEND OUR MONEY ON?

The following pie chart shows how our expenditure is split between the various activity areas for Council in the first year of the LTP.



Building and maintaining quality infrastructure is a critical component in having a resilient, growing economy. The following graph shows the breakdown of our proposed capital expenditure by activity for the 10 years of the LTP.

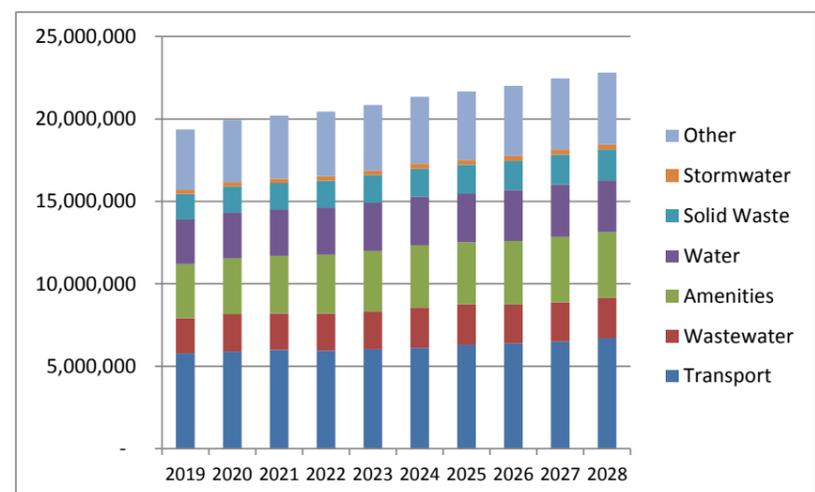
CAPITAL EXPENDITURE



The large level of capital expenditure in land transport in 2019 includes two bridges on Cape Palliser Road at a total cost of \$4.5 million. The majority of this expenditure (92%) will be funded by NZTA.

OPERATING EXPENDITURE

The following graph shows the breakdown of our operating expenditure by activity for the ten years of the LTP.



INFRASTRUCTURE STRATEGY

This Strategy provides part of the framework for managing our biggest budget items sustainably while allowing us to achieve identified infrastructure objectives over the next 30 years.

The key purpose of the Infrastructure Strategy (the Strategy) is to provide a high level plan for maintaining the current levels of service and identifying gaps in our core infrastructures (water, wastewater, stormwater, roading and footpaths). The proposed infrastructure work programme identifies significant expenditure concentrated on renewal work to maintain the infrastructure and levels of service, and how to fund this. The options for sourcing income (whether from rates or loans) for this work programme are discussed in more detail in the Financial Strategy Section of this document. Asset management plans have also been developed for water, wastewater and land transport providing more detailed operational plans.

Some levels of service are legislatively set and we do not have any flexibility in what we provide. For example, the drinking water standards monitored by Department of Internal Affairs (DIA) and Ministry of Health (MOH).

WHAT ARE THE GOALS OF THE INFRASTRUCTURE STRATEGY?

The role of infrastructure is to support, promote and achieve our community outcomes described earlier in the Consultation Document.

The main aims of the Strategy are to:

1. Ensure adequate infrastructural capacity to meet the demands of current and future generations while being affordable to the community.
2. Increase the reliability and resilience of existing and future infrastructure.
3. Ensure sustainable use of resources and protection of critical environmental values.
4. Ensure assets are utilised for their full lifecycle and maintained in the very long term.

In achieving these aims, the Infrastructure Strategy has identified the:

1. Significant infrastructure issues and the actions required to address the gaps in both the shorter and longer term,
2. Options and associated expenditures for managing them over the period covered by the Strategy taking into account a range of factors that impact on the nature and cost of infrastructure provision, and
3. The key planned projects to deliver the infrastructure in order to enable growth within the district.

WHAT HAVE WE CONSIDERED?

A large amount of the district's infrastructure was built in the 1960's and 1970's. Our asset management programme has been designed to ensure the asset base remains serviceable in the long term, and we are aware of and can anticipate and fund any peaks in maintenance expenditure.

It is important to balance the levels of maintenance costs versus renewal costs to get the best benefit for ratepayers without risking failure of infrastructure assets that could result from delaying maintenance or renewal expenditure.

The maintenance, renewal, and capital expenditure programme for our core assets is based on the information in our Asset Management Plans. This information is the best information available to us about these assets. For some assets (e.g. underground pipes) the information around age, type, and quantity is very reliable. We continue to work on improving the information we hold regarding the condition of these assets. During the 2017 year we commissioned a report from Wellington Water Limited which gave us more information to improve our knowledge of our water and wastewater infrastructure assets. We have used this information to update changes to the costs and timing of planned expenditure.

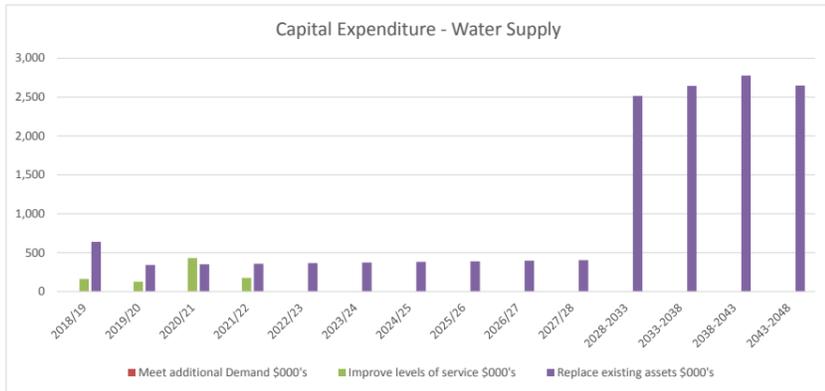
In the long term it is predicted that climate change will have an impact upon the South Wairarapa district. There may be an increased risk from severe natural hazards, and a gradual change in environmental conditions such as rainfall and tide levels. Sea level rise may generate additional issues along coastal roads from rising tides and coastal erosion from storm surge. The assessed impact on infrastructure from coastal change is negligible in the 30 year horizon and there is no immediate response to these risks presented in this strategy. However Council will keep abreast of reports on these issues.

INFRASTRUCTURE SUMMARY

Water Supply

Providing a water supply system that complies with changing legislative requirements is one of the main issues affecting our supplies. We expect to see new legislation in this area in the near future as a result of the Havelock North drinking water enquiry and we have factored this into our Infrastructure Strategy, Water AMP and LTP documents and budgets.

Below is a summary of the amounts budgeted for water supply capital expenditure over the period of the infrastructure strategy (IS), broken down by the reason for the capital expenditure.

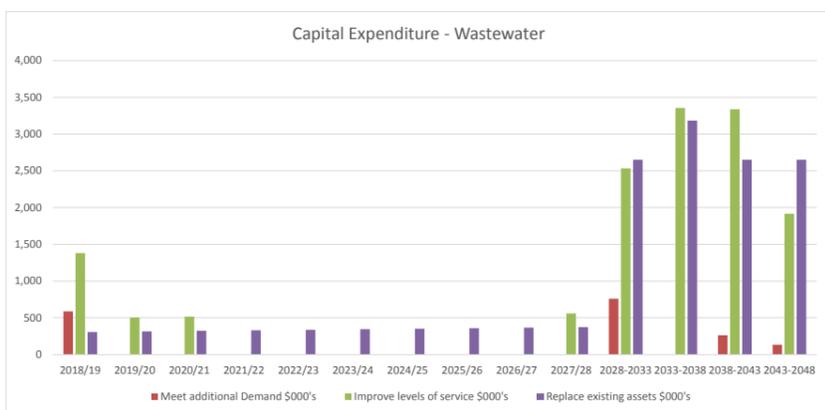


Wastewater

Changing the disposal of our wastewater from waterways to land is our major project for the next 35 years at a total cost of \$29 million. This will result in all urban wastewater being irrigated to land, complying with the new consent requirements. We had spent \$11.45 million at 30 June 2017, of which \$7.8 million was for land purchases. The remainder will be spent over a period of 23 years.

There is also a focus on reducing inflow and infiltration. Inflow is the direct discharge of stormwater by property owners into the sewer system. This is from low-lying gully traps, yard drains, roof downpipes and cross-connections from stormwater drains. Inflow reduces the network capacity, increases the cost associated with extra wastewater pumping and treatment and can lead to the contamination of private properties. We are continually maintaining the sewer system to minimise these overflows and ask owners to not discharge stormwater into the sewer mains. Infiltration is stormwater or groundwater that enters the wastewater system through defects, cracks and joints in the pipes or manholes caused mainly by age-related deterioration, tree roots, loose joints or damage.

Below is a summary of the amounts budgeted for wastewater capital expenditure over the period of the IS broken down by the reason for the capital expenditure.

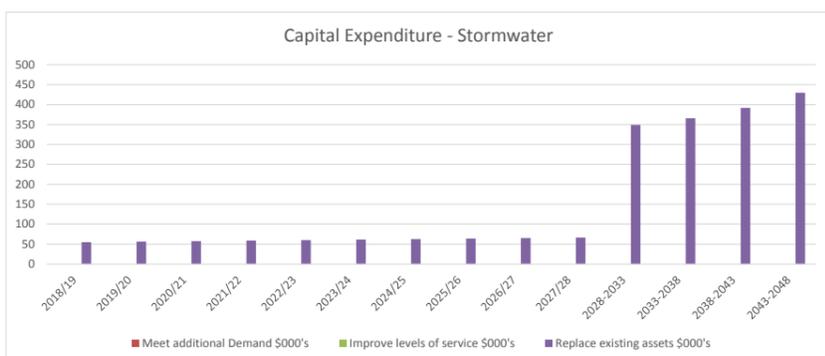


Stormwater

Our policy is that all stormwater from buildings is disposed of onsite through soak pits. We envisage no major change and we will continue to monitor the situation and service levels as part of the annual plan to ensure the approach is effective.

The kerb and channel on our roads are an important part of our stormwater system and are used to allow water to flow through our townships to our waterways. In times of heavy rainfall the use of 'bubble up pits' ensure the water flows along the road, preventing individual properties from flooding.

Below is a summary of the amounts budgeted for stormwater capital expenditure over the period of the IS broken down by the reason for the capital expenditure.



Land Transport

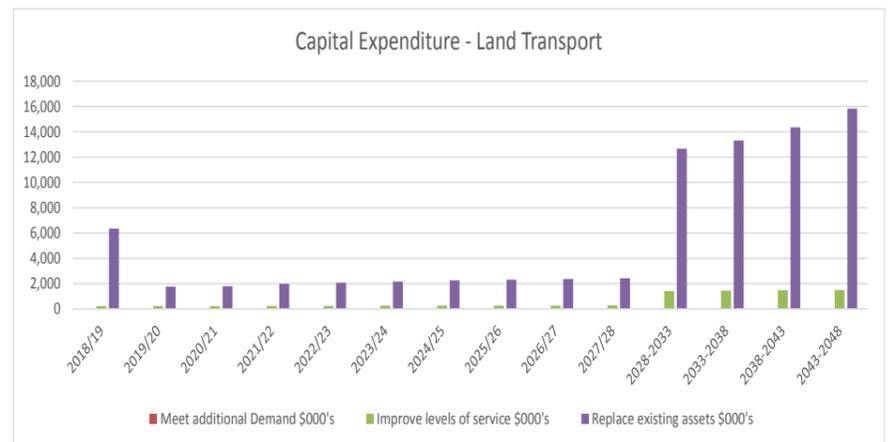
Roading is a vital element to enable social and economic development. With 400.9 km sealed and 268 km unsealed road network and limited funds, consideration needs to be given to sustainability of maintaining roads over the long term. We

will continue to focus on applying for maximum subsidies in the areas of drainage, bridging, road safety and maintenance. Roothing is historically the highest spend and this is expected to continue.

The main change in the land transport area over the period of the IS is the proposed reduction in the NZTA subsidy for the Special Purpose Road (Cape Palliser Road). We are currently discussing the proposed funding change and the financial impact on SWDC.

Below is a summary of the amounts budgeted for land transport capital expenditure over the period of the IS broken down by the reason for the capital expenditure. These costs are the gross cost to SWDC. A minimum of 52% of these costs are reimbursed to SWDC by NZTA as part of our funding agreement with them.

The expenditure to improve levels of service is the cost of seal extensions and new footpaths. These two activities do not attract a subsidy from NZTA and are fully funded by SWDC.



POLICY REVIEWS

The following policies are required to be reviewed as part of the LTP process: Significance and Engagement, Financial and Development Contributions Policy, Revenue and Financing Policy, Liability Management Policy, Investment Policy, Rates Remissions and Postponement Policies, Postponement of Rates, Remission of Rates Policy, Remission and Postponement of Rates on Māori Freehold land.

Some minor changes are proposed for these policies.

FEES & CHARGES

We have reviewed our fees and charges with a view to more closely aligning these to our Revenue and Financing Policy. In general this states they should not be subsidised by rates. This review has resulted in a number of recommended changes effective 1st July 2018, summarised below:

The key changes from 2017/18 to 2018/19 are:

- Building fees and food hygiene fees will rise 2% in line with inflation.
- Rentals in our pensioner housing will increase by \$10 per week to enable us to cover the costs of providing this service. Having researched the market, we have established that the pricing for our pensioner housing is well below that charged by other providers even after this increase.

A full list of proposed fees and charges inclusive of GST can be found on our website www.swdc.govt.nz.

LEVELS OF SERVICE

The budgeted proposals in this consultation document are in line with maintaining the current levels of service. In some areas we plan to increase levels of service, for example, we anticipate increased regulation regarding drinking water as a result of the Havelock North enquiry hence increased service level in this area. Increased levels of service in the wastewater activity relate to increasing disposal of wastewater to land rather than disposing to our waterways.

The proposed infrastructure work programme identifies a concentration of renewal work that we want to undertake to ensure that current levels of service are maintained. The proposed programme to maintain the infrastructure and

levels of service will require significant expenditure, which raises the issue about how to fund this. The options for sourcing income (whether from rates or loans) for this work programme are discussed in more detail in the Finance Strategy Section of this document. Asset Management Plans have also been developed for Water, Wastewater and Land Transport providing more detailed operational plans and are available from the Council, Libraries and www.swdc.govt.nz

Some levels of service are legislatively set and we do not have any flexibility in what we provide. For example, the drinking water standards from DIA and MOH.

If the Community wished for increased service levels, an upgrade or works to be brought forward then this would require either a higher level of income from rates or more loans taken out (increasing debt levels). Alternatively, we could reprioritise projects so that one is moved forward in time and a corresponding project is moved back. This may affect the service levels for the latter and/or increase the risk of infrastructure failure and therefore may result in increased expense.



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

I am the Auditor-General's appointed auditor for South Wairarapa District Council (the Council). Section 93C of the Local Government Act 2002 (the Act) requires an audit report on the Council's consultation document. I have carried out this audit using the staff and resources of Audit New Zealand. We completed this audit on **XXXX** 2018.

Opinion

In my opinion:

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

Basis of Opinion

We carried out our work in accordance with the Auditor-General's Auditing Standards, relevant international standards and the ethical requirements in those standards.¹

We assessed the evidence the 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 Council's systems and processes applying to the preparation of the consultation document.

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

Responsibilities of the Council and auditor

The Council is responsible for:

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

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

Independence

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 Council or any of its subsidiaries.

A handwritten signature in blue ink, appearing to read "Phil Kennerley".

Phil Kennerley
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

¹ 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*.

SHARE YOUR VIEW ON OUR FUTURE

Feedback must be received by 4pm Monday 23 April 2018.

Please read the consultation document before providing your feedback. You can get your feedback to us in the following ways:

Email: ltf@swdc.govt.nz
Online: www.swdc.govt.nz
Fax: (06) 306 9373

By Post: South Wairarapa District Council
 PO Box 6
 Martinborough 5741

In Person: Drop this form to your local library or the Council office in Martinborough

Your name and feedback will be public documents. All other personal details will remain private.

Name: _____
 Email Address: _____
 Phone: _____

Postal Address: _____

Ratepayer: Urban Rural Commercial Non rate payer
Age: 15-24 25-34 35-44 45-54 55-64 65+

Yes I/we would like to speak to this submission:
Speaking Preference: May 14th May 15th

Organisation: _____
(Only if authorised to submit on behalf of organisation, one per organisation)

Rates Affordability

Do you agree with the proposed overall average rates increase for the next 10 years, enabling the proposed expenditure outlined in this document?

Agree Disagree

If not what general rates increase do you support?

3% (inflation only) 5% Other _____

If you ticked 'disagree' which activity areas do you think we should spend less on?

Future Growth and Development

Option One: Do you support Council's initiative to prepare a spatial plan for the South Wairarapa as outlined on page 3? Cost: \$300,000 over 10 years. Impact on rates: 0.23% per annum increase.

Yes No

Option Two: Continue to allow growth based on actions of developers rather than setting strategic direction for infrastructure, services and investment.

Yes No

If you have any views on this project please comment below:

Youth Training and Development

Do you support Council's initiative to provide grants to support youth training and development and to provide recreational activities as outlined on page 3? Cost: \$75,000 per annum. Impact on rates: 0.57% per annum increase.

Yes No

If you have any views on this project please comment below:

Promoting and Enhancing our District

Do you support Council's initiative to promote and enhance our district as outlined on page 3? Cost: \$300,000 over 10 years. Impact on rates: 0.23% per annum increase.

Yes No

If you have any views on this project please comment below:

Infrastructure for Visitors

Do you support Council's initiative to provide more infrastructure to visitors (e.g. more public toilets, drinking fountains, motor caravan dumping stations, better rubbish and recycling facilities) as outlined on page 3? Cost: \$50,000 per annum for 5 years. Impact on rates: 0.006% per annum increase.

Yes No

If you have any views on this project please comment below:

