



South Wairarapa District Council
Kia Reretahi Tātau

Public Excluded
27 March 2024
Agenda Item: D1

Adoption of Enhanced Annual Plan 2024-2025 Consultation Document

1. Purpose

The purpose of this report is to seek Council adoption of the 2024-2025 Enhanced Annual Plan Consultation Document.

2. Executive Summary

On 17 February 2024, the Government introduced the Water Services Acts Repeal Bill.¹ The bill contained an additional clause to allow local government authorities to defer their 2024-34 Long-Term Plans (LTP) to 2025-34 and instead develop an Enhanced Annual Plan for 2024-2025, with additional information as per the Water Services Act Repeal Bill.

On 21 February 2024, South Wairarapa District Council resolved to have an Enhanced Annual Plan for 2024-2025 financial year, after support from the Chair of the Assurance, Finance & Risk Committee, and the LTP working group (staff). Noting that significant work and progress that has been completed, which was acknowledged as setting us up very well for a 2025-34 LTP process. The option of deferring the LTP for a year, gives time for substantial change to take place and clarify future direction for local government.

The Enhanced Annual Plan 2024-2025 must be prepared and adopted under the legislative requirements of the Local Government Act 2002 (section 95).²

3. Recommendations

Officers recommend that the *Council*:

1. Adopt the Annual Plan 2024-2025 Consultation Document.
2. Delegate authority to the Chief Executive to approve minor edits that don't change the intent of the content, prior to publication of the Annual Plan 2024-2025 Consultation Document.

¹ [Water Services Acts Repeal Bill 13-1\(2024\), Government Bill - New Zealand Legislation](#)

² [Local Government Act 2002 No 84 \(as at 17 February 2024\), Public Act 95 Annual plan - New Zealand Legislation](#)

3. Note that, under legislation, the 2024-2025 Annual Plan must be adopted by resolution prior to 30 June 2024.
4. Agree that this report and associated minutes stay in public excluded until the Chief Executive determines there are no longer any reasons to withhold the information under the Act.
5. Notes that the withholding of information under the Local Government Official Information and Meetings Act 1987 is necessary to: maintain the effective conduct of public affairs through— the free and frank expression of opinions by or between or to members or officers or employees of any local authority in the course of their duty; or the protection of such members, officers, employees, and persons from improper pressure or harassment – sections 7(2)(f)(i) and 7(2)(f)(ii).

4. Background

Under the Local Government Act 2002 and the Water Services Acts Repeal Bill, Council has chosen to produce an Enhanced Annual Plan for 2024-2025 .

The Enhanced Annual Plan process provides an opportunity to review intended work programmes, levels of service and associated budgets from year four of the current (2021-31) LTP taking into consideration any new information and/or changing circumstances. According to section 95(5) of the Local Government Act 2002 (the Act), the purpose of an annual plan is to:

- a) contain the proposed annual budget and funding impact statement for the year [of the long-term plan] to which the annual plan relates; and
- b) identify any variation from the financial statements and funding impact statement included in the local authority's long-term plan in respect of the year; and
- c) provide integrated decision making and co-ordination of the resources of the local authority; and
- d) contribute to the accountability of the local authority to the community

The Enhanced Annual Plan must also provide the additional information as set out under provisions relating to Water Services Acts Repeal Act 2024, Part 8 (48).³

4.1.1. Enhanced Annual Plan 2024-2025 Key Changes to year 4 of the LTP

There have been some significant level of service changes proposed as part of this Annual Plan, as determined by Councils [Significance and Engagement Policy](#). Based on this, Council has identified three decisions to consider for consultation as part of the 2024-2025 Enhanced Annual Plans:

1. How much should we spend on operating and maintaining our water service?

³ [Water Services Acts Repeal Bill 13-1\(2024\), Government Bill - New Zealand Legislation](#)

2. How should we charge for water use?
3. How should we pay for the replacement of our assets?

4.1.2. Consultation on the Enhanced Annual Plan

Under section 82 of the Local Government Act 2022, Council is required to undertake consultation, unless there are no significant or material differences between the proposed annual plan and what was planned for that year of the LTP.

The proposed 2024-2025 Enhanced Annual Plan contains some differences to what was planned for Year 4 of the 2021-2031 LTP and we know that the current economic environment presents a challenge in delivering for communities. Given the current operating environment, Council has opted to consult on the 2024-2025 Enhanced Annual Plan on three decisions. A Consultation Document (Appendix 1) is being prepared to support public participation in the Enhanced Annual Plan decision making process. The Consultation Document (CD) highlights key changes and budget movements that have influenced the forecast financial performance and revenue required. It also discusses the proposals that Council is seeking feedback on.

4.1.3. Enhanced Annual Plan Consultation Timeline

The 2024-2025 Enhanced Annual Plan consultation period will open on Friday 5 April 2024 and close on Sunday, 5 May 2024. Throughout this time, there will be several opportunities for our community to speak with elected members and council officers regarding the Enhanced Annual Plan and consultation document.

Council will hear submissions on Wednesday, 15 May and Thursday, 16 May 2024, and have an opportunity to deliberate on Wednesday, 22 May 2024.

A Council meeting will be held on Wednesday, 26 June 2024 to adopt the 2024-2025 Enhanced Annual Plan.

5. Options

Option	Advantages	Disadvantages
1. Adopt the 2024-2025 Enhanced Annual Plan Consultation Document with minor amendments (Recommended)	<p>Council will meet the legal obligations required under the Local Government Act 2002, Sections 83 and 95A to adopt a Consultation Document for consultation if consulting on an annual plan.</p> <p>Council will meet the legal obligations to consult required under the Water Services Acts Repeal Act 2024 for an Enhanced Annual Plan.</p> <p>This will enable Council to discuss the Enhanced Annual Plan proposals with our community.</p>	No disadvantages have been identified.

	<p>This will enable an opportunity for our community to provide feedback on the proposals and the new opportunities for consideration.</p> <p>Council will have insight into the views and preferences of the community before making final decisions on the Enhanced Annual Plan.</p> <p>Any further delay in adoption will impact Councils ability to meeting the adoption of the Enhanced Annual Plan by the legal deadline.</p>	
2. Adopt the 2024-2025 Enhanced Annual Plan Consultation Document with significant amendments	No advantages identified.	Any substantial or significant amendments would impact on the agreed project timelines as the budget and/or Consultation Document would need to be revised and brought back to Council for adoption.

Option 1 is recommended as it will enable Council to proceed with community consultation using the Special Consultative Procedure. This will allow Council to receive community feedback to help shape the 2024-2025 Enhanced Annual Plan and meet the deadlines for adoption outlined in legislation. It is also recommended that delegation authority be given to the Chief Executive to approve minor edits that don't change the intent of the content, prior to publication of the Annual Plan 2024-2025 Consultation Document.

6. Summary of Considerations

6.1 Significant risk register

- Relationship with iwi, hapū, Māori
- Climate Change
- Emergency Management
- IT architecture, information system, information management, and security
- Financial management, sustainability, fraud, and corruption
- Legislative and regulative reforms
- Social licence to operate and reputation
- Asset management
- Economic conditions
- Health and Safety

6.2 Strategic, Policy and Legislative Implications

The 2024-2025 Annual Plan is Year 4 of the 2021-2031 Long-Term Plan (LTP). Council is required to undertake consultation in a manner that gives effect to the Principles of Consultation specified in Section 82 of the Local Government Act 2002 unless there are no significant or material differences between the proposed Annual Plan and what was planned for that year of the LTP.

For the 2024-2025 Enhanced Annual Plan, the changes that Council can consult on are assessed as significant and material differences. Consultation must comply with Section 82 of the Local Government Act 2002. This includes the development of a consultation document with viable options for consideration and a hearings process.

For the 2024-2025 Enhanced Annual Plan, the Council must also comply with the provisions set out in the Water Services Acts Repeal Act 2024, Part 8 to provide additional information as part of the Annual Plan process.

6.3 Significance, Engagement and Consultation

Consultation will follow the Special Consultative Procedure as outlined in the Local Government Act 2002. We will ensure that the Consultation Topics and how our community can have their say and present their views is publicly available. The consultation period will run for a minimum of one month. During the consultation period, all relevant documentation, including a submission form and relevant background information will be made available on our website. Physical copies will be available at Council Office and libraries in each of the three wards.

The community can find out about the consultation through several channels. The opportunity to have a say on the proposed 2024-2025 Enhanced Annual Plan will be promoted by print and digital advertising and pop-up events. We will also encourage community partners, representatives, and community groups to promote the opportunity to have a say to their networks.

6.4 Financial Considerations

The Enhanced Annual Plan will set the work programme and budgets for the 2024-2025 year. It is also the basis on which the Council sets the revenue it collects from rates. A large portion of Council's funding comes from rates on properties, and it is recognised that any proposed increase in rates will be a focus for our community. The proposed 2024-2025 Annual Plan proposed outcomes would result in a total rate increase in rate requirements of 15.3%.

6.5 Implications for Māori

The recommendation to consult will include appropriate engagement and communications with the Māori Standing Committee, iwi, mana whenua and our Māori communities.

6.6 Communications & Engagement

A communications and engagement plan for consultation has been developed.

7. Appendices

Appendix 1 – Draft Annual Plan 2024-2025 Consultation Document (to be tabled)

Contact Officer: Amanda Bradley, General Manager; Policy and Governance

Reviewed By: Janice Smith, Chief Executive Officer

**Appendix 1 – Draft Annual Plan 2024-
2025 Consultation Document (to be
tabled)**



Have your say

Enhanced Annual Plan 2024-25
Consultation document



**SOUTH WAIRARAPA
DISTRICT COUNCIL**
Kia Reretahi Tātau



KEY DATES

5 April 2024
Consultation opens

5 May 2024
Consultation closes

15 & 16 May 2024
Hearings

22 May 2024
Deliberations

26 June 2024
Adoption of
Enhanced Annual Plan

[www.swdc.govt.nz-
enhanced-annual-plan](http://www.swdc.govt.nz/enhanced-annual-plan)

Have your say



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GLOSSARY

We've avoided using technical language where possible and provide a glossary of terms at the end of this document to help you understand some of the concepts. These are highlighted in **lake blue**.

Every three years, Council develops a Long-Term Plan (LTP) that outlines the services we provide, how we maintain our district's infrastructure, our budgets and new projects that will make our district an even better place to live. Our current LTP is for the 2021-31 period, and we were due to sign off the next LTP for 2024-34 in June this year.

However, with a new Government at the helm, there remain considerable unknowns for the future of water reform, with fresh legislation outlining a process for Councils to establish new ways of working over the next 12-18 months. We are faced with other uncertainties; Council is in the process of completing the draft Featherston Masterplan, Waka Kotahi New Zealand Transport Agency (NZTA) will confirm the next three years of roading funding in June, and there is significant work to be done to future proof our Asset Management Plans for the coming decades.

With this uncertainty on our mind, in February this year, Council opted to defer the adoption of the 2024-34 LTP and instead produce an **Enhanced Annual Plan (Enhanced AP)** for 2024-25. The option of deferring the LTP for a year, gives time for any substantial changes to take place and help clarify the future direction of water reform. A reduced nine-year LTP will be produced for 2025-34. Importantly, it will allow us to consult and engage South Wairarapa communities with more certainty about the outcomes and budgets we will be proposing for the 2025-34 LTP.

We want to hear from you about which options in this document you support, and welcome comments on the other areas we're focusing on. Throughout the consultation period there will be different ways for you to provide your feedback, and we encourage you to do this in the way that suits you best.

Visit swdc.govt.nz-enhanced-annual-plan to find out more.

Tēnā koutou katoa, greetings to you all.

Mayor welcome

Te mihi a te koromatua



Melissa Sadler-Futter

The purpose of this consultation is twofold:

- › To set out the proposed budget for the next year, and
- › To provide an opportunity to understand your views on our proposals and other matters you think are relevant.

This year's proposed budget continues a significant operational expenditure programme focused on core infrastructure needs, primarily roading and water services.

There's no denying we've had a tough few years. We've moved into a new normal with Covid19, the impacts of climate change have been felt directly by our communities, and the economy has changed in ways that have been difficult to predict and had a dramatic effect on insurance, interest and **inflation** costs.

The severe weather events we saw in 2023 caused significant damage across our district. Our roads in particular bore the brunt of this, which has had a major impact on our budgets. We have been warned to expect more of these weather events in the future.

Our communities have given us a clear message that rates cannot continue to increase at the pace they have over the last few years. The tension between unavoidable cost increases that are driven by **inflation**, added to our communities needs and wants, led to initially what looked like a staggering rate increase.

It is a complex environment for everyone, including councils, to figure out. In saying this, over the past year, we have been able to continue making progress and finish some key pieces of work through innovation, partnerships, and improved transparency.

Roading improvements have seen successful trials of the Ecoreef system for Cape Palliser, and the remediation of Hinekura Road is almost complete. Community grants continue to help bring to life events and initiatives that the whole district can benefit from. The long-contentious dog pound was completed and is being held up as a cost-effective model that other councils around the motu are taking inspiration from. We continue to work on our relationships with mana whenua and local hapū with the establishment of a Māori Ward for the next local government triennium.



Have your say

Let us know what you think.
Visit www.swdc.govt.nz/enhanced-annual-plan to complete your submission.



HELP US DECIDE

To help Council determine what the next year looks like, we need your feedback on three specific consultation topics;

- › How much should we spend on operating and maintaining our water services?
- › How should we charge for water use?
- › How should we pay for the replacement of our assets?

You can find out more about the options for each decision on page 9.

The online form is the quickest and easiest way to make a submission. Visit swdc.govt.nz and follow the online prompts.

We look forward to getting your responses, thoughts, and suggestions.

While delivering an **Enhanced AP** will support a stronger 2025-34 LTP, our current 2021-31 LTP remains in force and our comparative point is year four of that plan. Due to the changes to our economic conditions this forecasts a different picture to what we're proposing this coming year.

In recent years we have increased our funding of water services, and our budgeted approach is to maintain the current level of investment in our water network. For example, the total operational budget increased from \$2.8m in 2021-22 (excluding one-off stimulus funding) to \$4.8m (plus a one-off \$1m for desludging) in 2023-24 after feedback from our communities that strongly supported an investment increase. In an ideal world, we would continue to increase the level of investment in our water services in line with external advice, but we understand that it is not affordable for most people in the current economic climate.

Yes, our **infrastructure** needs fixing and there are risks associated with not doing more work, but we need to balance how much it costs, with what our communities can pay for.

Funding for road maintenance and **renewal** is planned on a three-year cycle through the Regional and National Land Transport Plans and agreed in the Government Policy Statement for Roads. Because of this, we have worked within the approved operational roading budget for the past three years. However, the Government has heard our views in relation to the funding for the **Special Purpose Road** at Cape Palliser and they will continue to fully fund the road until June 2027. That is great news for our community.

We have also listened to your concerns about the condition of our roads and have developed an asset management plan to support an increase to our roading budget, and we have submitted that plan and funding request to NZTA for approval. We are now waiting to find out if our bid for funding from Government is confirmed. The final level of funding is unlikely to be approved before we adopt the **Enhanced AP**. For this reason, we have budgeted the maximum we have requested for the next three years and if this changes, we will amend the budget accordingly.

We are changing the way we are working, and we are committed to finding ways to deliver the activities that you tell us make the most difference to your wellbeing. Council cannot do everything on its own however – so we will work with others to help find innovative approaches and new ways of thinking to support the activities you value. Whatever changes we encounter in the coming years, our purpose remains to provide the best services possible for our community with the limited resources we have available.



Have your say

Let us know what you think. Visit www.swdc.govt.nz/enhanced-annual-plan to complete your submission.

Proposed rates

Ngā rēti kua whakaarohia



PLEASE NOTE

Individual rates will be affected differently depending on the value, location, and type of property, and whether or not a property can be connected to Council-owned water supply and wastewater systems.

Please see rates examples on page 28.

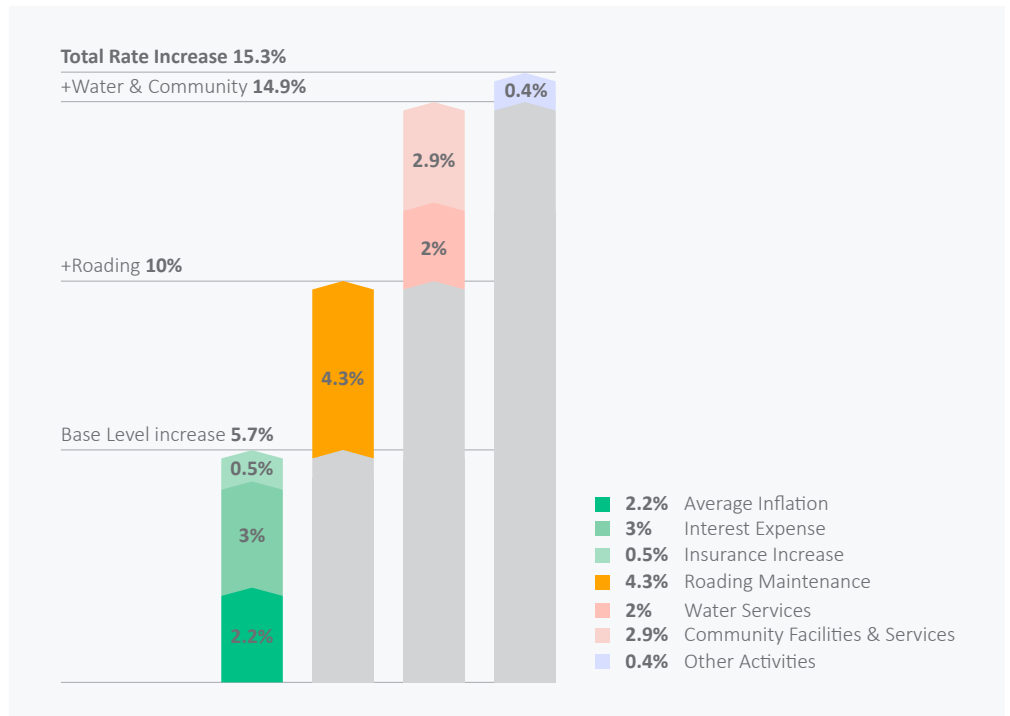
The **Enhanced Annual Plan** is based on year four of the 2021-31 Long Term Plan. The strategies and assumptions in the 2021-31 Long Term Plan will remain, therefore, we need to review significant changes to critical underlying assumptions.

Council is proposing a total rate increase of 15.3% for the 2024-25 year.

This is an increase on the projected 10.97% rise originally forecast in year four of the 2021-31 LTP.

The following table shows the budget increases that cover the basic issues, such as **inflation** and interest, before reviewing the amount we allocate to roading and water services or other amenity projects.

Total rates increase



Have your say

Let us know what you think. Visit www.swdc.govt.nz/enhanced-annual-plan to complete your submission.

NZTA **Special Purpose Rooding** funding was due to expire Year four of the LTP. This has been extended for a further three years and has been included in the 2024-25 **Enhanced AP**

*increase on year three

Critical underlying **assumptions** - updates to year four of the Long Term Plan

	LTP Year four 2021-31*	Enhanced AP 2024-25
Amended inflation factors		
Inflation - Insurance	3.0%	19.8%
Local Government Cost Index (LGCI)	2.5%	3.9%
Interest Rates		
Interest Income - Term Deposits	1.5%	5.0%
Interest Payable - Borrowings	2.3%	4.8%

A 15.3% **total rates** increase is based on the budgeted options in our consultation questions and the final increase will depend on the decisions Council takes in response to your feedback.

This proposed total rate increase is necessary to ensure the continued provision of **infrastructure**, services, and activities that South Wairarapa communities rely on, and includes ongoing increases in insurance and **inflation**.

In calculating the proposed budget, it is important to note that, based on our total rate income, a 1% increase in 2024-25 rates is roughly equal to \$250k. This means that a small change in our operating requirements has a much bigger impact compared with larger councils.

Changes to how rates are calculated

The rates that apply to each property will also be affected by our proposed new rating model – which uses **capital value** instead of **land value** to set rates. These will be based on the property valuations which are currently planned to be distributed in April 2024. This doesn't change the overall **total rates** requirement – just how rates are calculated for each property.

Find out more on page 28.



Have your say

Let us know what you think. Visit www.swdc.govt.nz/enhanced-annual-plan to complete your submission.

Income and spending

Whiwhinga pūtea me te whakapaunga utu

Our main source of funding is from rates. We try to maximise our use of available Government subsidies and grants and have adopted a “user pays” policy through fees and charges and targeted rates. The bulk of our operational services are funded by rates.

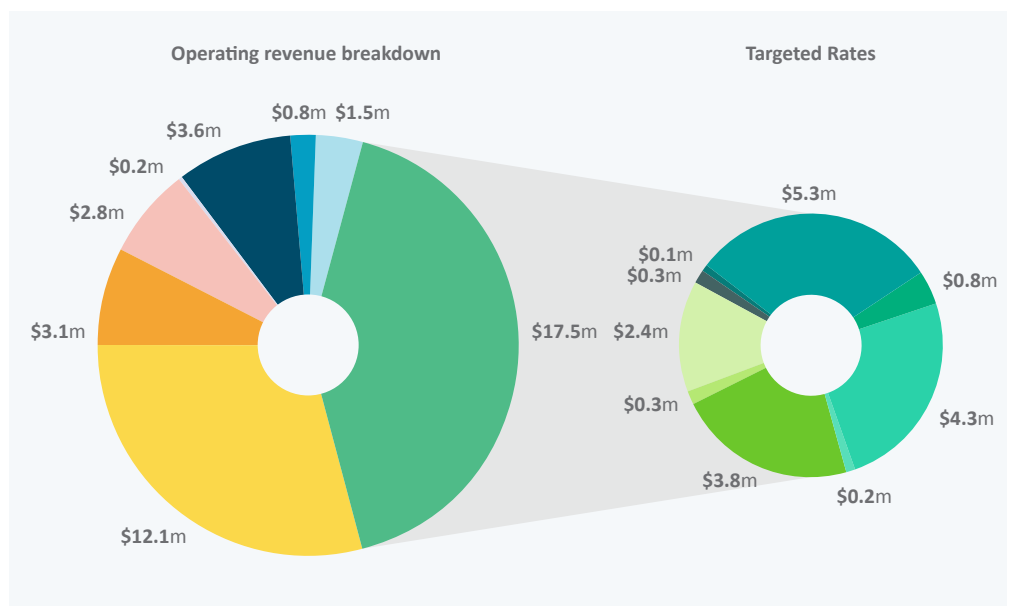
Operating revenue breakdown

- \$12.1m General Rates
- \$3.1m User Levies & Fees
- \$2.8m Grants Subsidies & Donations
- \$0.2m Miscellaneous
- \$3.6m Capital Grants & Subsidies
- \$0.8m Rental/Hire
- \$1.5m Contributions
- \$17.5m Targeted Rates

Targeted Rates

- \$5.3m Water Supply
- \$0.8m Storm Water
- \$4.3m Wastewater
- \$0.2m Water races
- \$3.8m Roading
- \$0.3m Infrastructure Resilience
- \$2.4m Refuse & Recycling
- \$0.3m Economic Development
- \$0.1m Footpaths

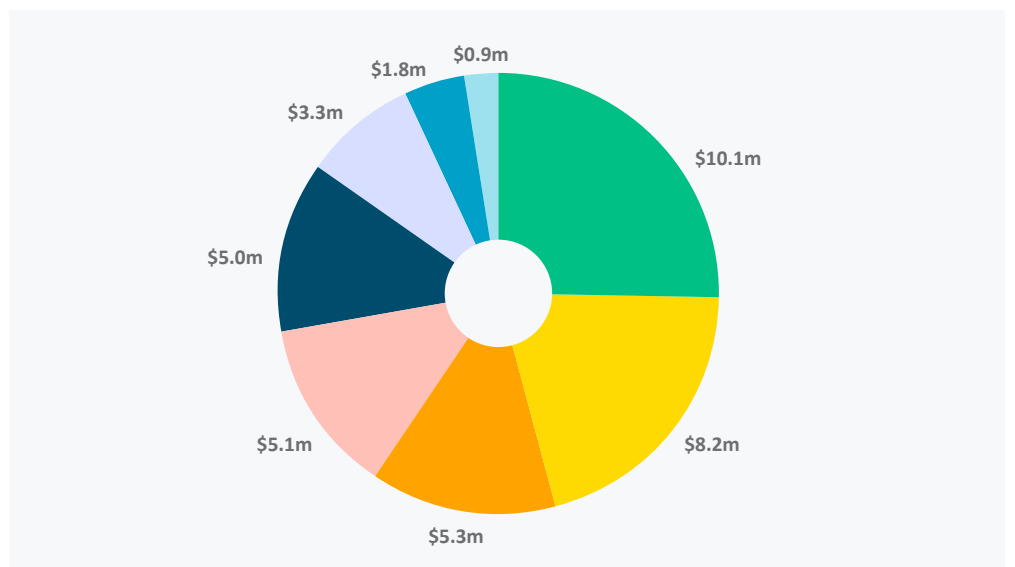
Operating revenue breakdown - 2024-25 \$m



Operating costs breakdown

- \$10.1m Community Facilities & Services
- \$8.2m Land Transport
- \$5.3m Water Supply
- \$5.1m Finance & Corporate Support
- \$5.0m Wastewater
- \$3.3m Planning & Regulatory Services
- \$1.8m Democracy & Engagement
- \$0.9m Stormwater

Operating costs breakdown - 2024-25 \$m



Some income is used to fund reserves, with specific purposes, e.g. financial contributions from developments are ringfenced into a reserve to pay for growth in [infrastructure](#).

Consultation topics

He whakataunga kaupapa

This is where we need your help to make some important decisions. We've outlined each decision and our thinking behind them, including the impacts on rates.

We want to hear whether you agree or disagree with the priorities we've outlined and why. The online form is the quickest and easiest way to make a submission. Visit swdc.govt.nz and follow the online prompts.

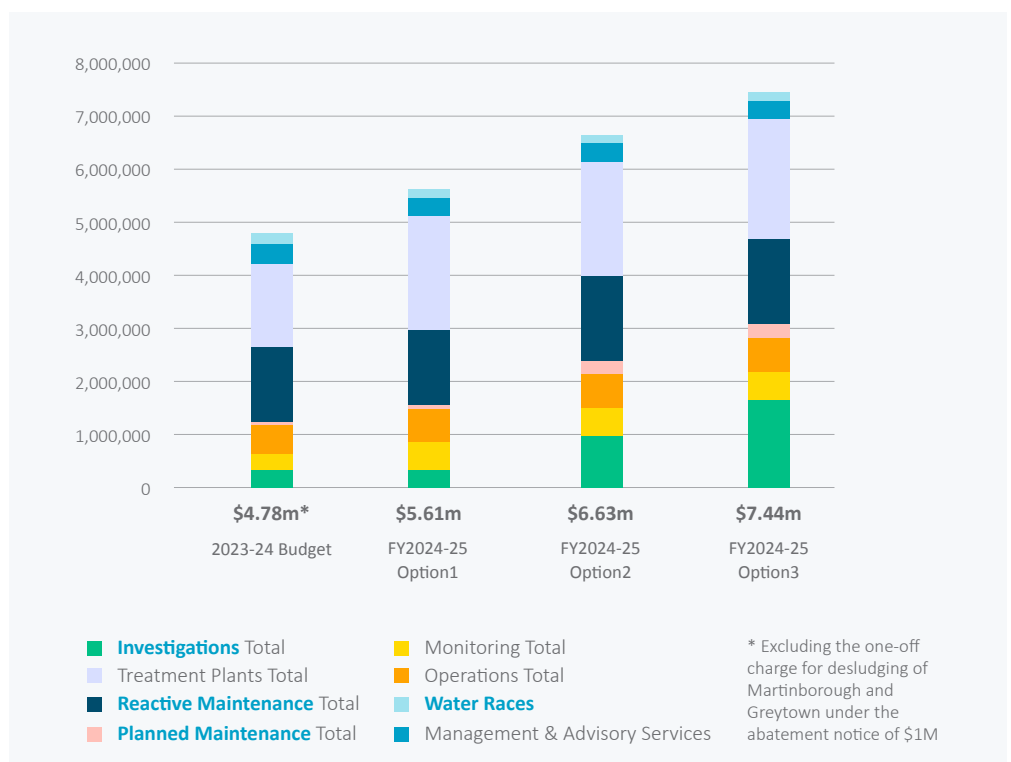
FIRST DECISION

How much should we spend on operating and maintaining our water services?

There are three options to consider;

- Option 1 Maintain the current level of funding with an increase for unavoidable extra costs (see page 12)
- Option 2 Maintain the current level of funding with additional priorities to increase planning and resilience (see page 15)
- Option 3 The highest level of investment for planning and resilience (see page 17).

Your options by budget area



FIRST DECISION

How much should we spend on operating and maintaining our water services?



WHO DOES THIS IMPACT?

Water, wastewater, stormwater, and water races are paid for by targeted rates. If you are not charged for these rates this will not impact you.



FIRST DECISION

How much should we spend on operating and maintaining our water services?



WHO DOES THIS IMPACT?

Water, wastewater, stormwater, and **water races** are paid for by **targeted rates**. If you are not charged for these rates this will not impact you.

Context

We have a smaller population than most council districts, and our settlements are widespread. This means our **infrastructure** is multiplied throughout the area as opposed to metro areas where services are typically centralised into one large asset. We have:

- › four water supply systems in Martinborough, Featherston, Greytown and Pirinoa
- › four wastewater systems in Martinborough, Featherston, Greytown and Lake Ferry
- › stormwater systems in our urban towns
- › two **water race** networks for supply of drinking water for stock (which is non-potable- of a lower quality than is safe for humans to drink) and paid by targeted rates.

In the 2023-24 financial year we made a big step up in the level of investment in our water services from the 2021-31 LTP budget, and Option 1 cements that increased base level funding for next year.

Council owns and pays for the operation and replacement of these assets, and Wellington Water Ltd manages them on behalf of the Council. The new Government's decisions on how water services will be managed and funded are not yet known, so at this stage we are assuming that Council will continue to own and operate these assets at least for the next year.

We pay for the day to day operation and maintenance of these assets through **targeted rates**, as part of the operational budget. There is very little scope for making savings here. We also have legal obligations to meet the standards in the Water Services Act 2021, and to monitor and comply with the conditions of any resource consents we have in place to operate these assets.

Paying for delivery of safe, compliant, and reliable water services is a bottom line for our health and environment obligations. All three of our options build on our investments and include a fixed operational budget for the essentials: monitoring, treatment plant and network operations, paying the Wellington Water Ltd management fee, and operating the **water races**.



FIRST DECISION

How much should we spend on operating and maintaining our water services?

The differences between the three options relate to how much we spend on: **investigations**, **planned maintenance**, **reactive maintenance**, and treatment plant maintenance.

Better and strategic forward planning, more proactive maintenance to protect the longevity of our assets, quicker resolution of issues, and better data management will incrementally improve under Options 2 and 3 compared to Option 1.

Last year we also made a one-off charge to ratepayers, matched 50:50 by **Better-off funding** from the Government, for the desludging of the Martinborough and Greytown wastewater treatment ponds. It is our intention to include regular desludging for all treatment plants in all our budgets going forward.

Challenges

Paying for water services for the small populations living in our three distinct urban areas and select rural areas is our biggest challenge and has the largest impact on rates increases. The more we invest in **investigations** and planning studies today, the more we will create opportunities and efficiencies in the future and avoid situations that would limit development opportunities within our district. However, these activities must occur well in advance of any tangible results and are often overlooked as an important part of providing water services.



WHO DOES THIS IMPACT?

Water, wastewater, stormwater, and **water rates** are paid for by **targeted rates**. If you are not charged for these rates this will not impact you.





FIRST DECISION

How much should we spend on operating and maintaining our water services?

OPTION 1

Continue the current level of funding with an allowance for unavoidable extra costs. **\$5.61m**



This is our budgeted option and is included in the proposed 15.3% rates rise.



WHO DOES THIS IMPACT?

Water, wastewater, stormwater, and **water rates** are paid for by **targeted rates**. If you are not charged for these rates this will not impact you.

OPTION 1

Continue the current level of funding with an allowance for unavoidable extra costs.

\$5.61m

While this option involves the least proactive approach to the maintenance and operations of our assets, it will ensure we continue to keep the current level of funding as 2023-24 with an increase for unavoidable costs. In an ideal world, we would continue to increase the level of investment in our water services, but we understand this is not affordable for most people in the current economic climate.

Option 1

Description	Impact on proposed rates	Impact on debt	Impact on Levels of Service
Maintain current budget with an allowance of \$830k for unavoidable extra costs	Included in the proposed total rates increase	None – this is operational expenditure	Maintain

What is included:

- › Critical **investigations** to ensure the water supply and wastewater services meet the minimum regulatory standards set by the Water Services Act 2021.
- › All monitoring activity will be carried out to comply with our consent conditions.
- › Running of automated control systems that are critical to the core operation of the water networks.
- › Limited **planned maintenance** activities on the highest priority assets only, such as ultra-violet treatment in our wastewater plants.
- › The current rate of **reactive maintenance** budget to respond to a base level of unplanned events within normal hours, under the existing prioritisation process.
- › Operational costs at the water supply and wastewater treatment plants such as chemicals and staff.
- › Limited maintenance at the wastewater treatment plants (including desludging on a five-yearly cycle).



FIRST DECISION

How much should we spend on operating and maintaining our water services?

OPTION 1

Continue the current level of funding with an allowance for unavoidable extra costs. **\$5.61m**



This is our budgeted option and is included in the proposed 15.3% rates rise.



WHO DOES THIS IMPACT?

Water, wastewater, stormwater, and **water races** are paid for by **targeted rates**. If you are not charged for these rates this will not impact you.

- › Management and advisory services – covering Wellington Water Ltd staff costs and overheads such as insurance, rent and IT.
- › Management and operation of the two **water race** networks.

Implications of Option 1

Investigations

This option includes funding for carrying out the highest priority **investigations**, such as where there is potential to lead to issues with the reliability of water supplies. We would do less to prepare for growth and eliminate or slow down delivery of studies. Key risks would not be addressed, for example, we would not make further progress on the Featherston Stormwater Catchment Plan to reduce the impacts of future flood events. The outcome would be responding to flooding events after they occur rather than planning in advance to reduce the impacts. This approach will put pressure on our **reactive maintenance** budgets until plans are developed and implemented.

Fewer **investigations** would also mean having less accurate information to make plans and set budgets for future works. The outcome of this would be lost opportunities and inefficiencies in major projects delivery in future years.

Reactive maintenance (excluding treatment plants)

A core budget will cover the minimum running costs for the water services maintenance team, including paying for labour, vehicles, treatment plants, and buildings. It does not include any contingency funding if costs increase during the year. This means we will deliver less for the same amount of money if **inflation** leads to more cost increases. It would pay for the day-to-day activities we need to do to respond to unplanned (but not unexpected) maintenance of the networks only.





FIRST DECISION

How much should we spend on operating and maintaining our water services?

OPTION 1

Continue the current level of funding with an allowance for unavoidable extra costs. **\$5.61m**



This is our budgeted option and is included in the proposed 15.3% rates rise.



WHO DOES THIS IMPACT?

Water, wastewater, stormwater, and **water rates** are paid for by **targeted rates**. If you are not charged for these rates this will not impact you.



Planned maintenance for networks (excluding treatment plants)

Less spending on **planned maintenance** would make us more reliant on **reactive maintenance** of our pump stations, reservoirs, and other key network assets.

With a minimal **planned maintenance** spend, there is an increased risk that we would suddenly need extra money for an asset that fails due to a lack of ongoing maintenance. The likelihood of not meeting consent conditions would also increase as reliably maintained and functioning equipment is a key part of consent compliance e.g., ensuring discharges consistently meet quality requirements before entering the environment.

Treatment plants

This option represents a base level of **planned maintenance** in our water and wastewater treatment plants such as regular desludging.

There is a minimal budget for unplanned or **reactive maintenance**.

Environmental improvements such as planting of vegetation around the treatment operations would be deferred for a year.



FIRST DECISION

How much should we spend on operating and maintaining our water services?

OPTION 2

Maintain the current level of funding with additional priorities to increase planning and resilience.



This is not included in our budgeted option and would add 4.1% to the proposed total rates increase.



\$1.02m



WHO DOES THIS IMPACT?

Water, wastewater, stormwater, and water rates are paid for by targeted rates. If you are not charged for these rates this will not impact you.

OPTION 2

Maintain the current level of funding with additional priorities to increase planning and resilience.

\$6.63m

Option 2 increases the number and speed of **investigations** and the budget for reactive and **planned maintenance**.

This option has lower risks than Option 1 because it includes more:

- › asset management planning activities to support better data management, better service planning, and planning for replacement and enhancement of assets.
- › **investigations** and strategies to support growth.
- › **planned maintenance** activities on a greater number of key assets; and
- › **reactive maintenance** budgets to allow for the application of additional resources (time and-or personnel) to address unplanned works.

Option 2

Description	Impact on proposed rates	Impact on debt	Impact on Levels of Service
Moderate increase in current budgets to pay for more maintenance and planning for growth	+ \$1.02m or 4.1% added to proposed total rates increase	None this is operational expenditure	Increase

What is included

Investigations

- › **Growth and capacity planning** would be undertaken to support an efficient capital expenditure programme. Efficiency comes from being able to coordinate and spread the costs and timing of work to match available resources. The desired outcome of this investment would be continuing to meet level of service targets and planning well for future growth.
- › Wastewater **investigations** and studies, including the first part of an **infrastructure** planning study for Greytown and capacity studies for all three urban wastewater treatment plants to meet the needs of population growth.



FIRST DECISION

How much should we spend on operating and maintaining our water services?

OPTION 2

Maintain the current level of funding with additional priorities to increase planning and resilience.



This is not included in our budgeted option and would add 4.1% to the proposed total rates increase.



\$1.02m



WHO DOES THIS IMPACT?

Water, wastewater, stormwater, and **water rates** are paid for by **targeted rates**. If you are not charged for these rates this will not impact you.



- › Water supply **investigations** and studies such as water treatment plant documentation to update the Operations and Maintenance Manual, improvements to our asset register and management planning, and planning for required upgrades to the water treatment plants to meet the Taumata Arowai Drinking Water Assurance Rules released in July 2022.
- › Stormwater studies to complete flood hazard mapping and a Stormwater Management Plan for Featherston.

Reactive maintenance

- › An increased core budget for **reactive maintenance**. This would cover the minimum running costs for the operation of the services including labour, vehicles, plant and building costs, and allow for future cost increases due to **inflation** within the year (contingency). It includes the day to day activities to respond to unplanned maintenance of the network.
- › **Reactive maintenance** at this level, which is recommended by Wellington Water Ltd, would avoid a backlog of issues to fix, and would provide enough ongoing work for subcontractors to invest in optimising their services for the district.

Planned maintenance

- › Additional budget for **planned maintenance** for all three water services will allow us to follow manufacturer's recommendations (best practice). It also includes the maintenance of open stormwater channels. This increased budget will help our assets to last longer with less need for **reactive maintenance** or urgent responses to issues over the lifetime of the asset.

Treatment plants

- › Everything in Option 1 plus a certified riparian planting plan for our Greytown Wastewater Treatment Plant.



FIRST DECISION

How much should we spend on operating and maintaining our water services?

OPTION 3

The highest level of investment for planning and resilience.



This is not included in our budgeted option and would add 7.3% to the proposed total rates increase.



\$1.83m



WHO DOES THIS IMPACT?

Water, wastewater, stormwater, and water rates are paid for by targeted rates. If you are not charged for these rates this will not impact you.

OPTION 3

The highest level of investment for planning and resilience

\$7.44m

This is Wellington Waters recommended approach that covers all important activities.

This level of spending would provide for all legislative requirements, ensure current levels of service can be met, and pay for **investigations** to improve drinking water quality, reduce flooding risks, and further plan for growth.

This is the option with the least risks, as it involves more investment in condition assessments, **growth planning**, and more focus on sustainability, health and safety, and long-term replacement of assets.

Option 3

Description	Impact on proposed rates	Impact on debt	Impact on Levels of Service
Large increase in current budgets to pay for more investigations and planned maintenance .	+\$1.83m or 7.3% added to proposed total rates increase	None – this is operational expenditure	Increase





FIRST DECISION

How much should we spend on operating and maintaining our water services?

OPTION 3

The highest level of investment for planning and resilience.



This is not included in our budgeted option and would add 7.3% to the proposed total rates increase.



\$1.83m



WHO DOES THIS IMPACT?

Water, wastewater, stormwater, and **water rates** are paid for by **targeted rates**. If you are not charged for these rates this will not impact you.

What is included

Investigations

The additional budget would allow us to:

- › Carry out planning and assessments for the Featherston reservoir and Boar Bush Dam (the latter is required by new Dam Safety Regulations).
- › Develop a Martinborough reservoir replacement plan and a water supply operating strategy.
- › Develop a Sustainable Water Supply Strategy to identify and address water losses throughout the district and ensure we have access to sufficient water in future, considering climate change, safe drinking water, and growth.
- › Improve health and safety by eliminating hazards rather than controlling them e.g. removing a hazard rather than using barricades or signs to alert people to it.
- › Complete condition assessments for all water assets.
- › Finalise **growth planning** for Greytown (part two) and for our other small communities such as Lake Ferry and Pirinoa.

Reactive maintenance

- › No increase over Option 2.

Planned maintenance

- › Additional budget for **planned maintenance** on drinking water pump stations which should lead to better reliability.
- › Treatment Plants
- › An additional budget for treatment plant maintenance to reduce the risk of non-compliance and overflows.



THE OPTION WE THINK WORKS BEST

Council considers the best option is Option 1. This provides a consistent level of investment in water assets by continuing the investment included in 2023-24.



SECOND DECISION

How should we charge for water use?

SECOND DECISION

How should we charge for water use?

Water is a precious resource. Currently, an average household in our district uses about 150m³ of their 350m³ **allocated water quota** before additional charges kick in. Compared with other councils, our **allocated quota** is higher, and our additional charges are lower. This means that people who use less water are paying for more than they use and slow leaks are not identified and fixed early.

There are two options to consider;

- Option 1 Reduce the **allocated quota** to 250m³ of water provided to all users (household or commercial) and increase the excess water charges to \$2.50 per m³ for water used above this.
- Option 2 Maintain the current **allocated quota** (350 m³) of water provided to all users, and the current user charges (\$1.84 per m³) for litres of water used above this.



WHO DOES THIS IMPACT?

Water is a **targeted rate**. If you are not connected to town supply water, this will not impact you.



SECOND DECISION

How should we charge for water use?

Context

We carry out yearly water meter reading for all properties connected to Council-owned water supplies.

Water use of up to 350 cubic metres (m³) per year is paid for through fixed water supply rates, and any water use above this level is charged at \$1.84 per cubic metre (which is called an excess water charge). This is charged via invoice following the yearly reading, with funds put back into our water services. The average household (excluding commercial) uses around 150 m³ per year.

Your water usage depends on factors such as the number of people living in your household, how often you water your garden, if you have a pool, run a business, or have a leak on your property. Understanding and monitoring your water use has benefits for everyone.

Water use is a **targeted rate** which is set each year during the Long-Term or Annual planning process.

Challenges

We recognise that our current approach to paying for water usage does not encourage people or businesses to conserve water or to fix water leaks on their properties.

With the increasing impacts of climate change, we have invested in more resilience for periods of drought with the Waiohine Treated Water Reservoir providing an extra two days (8 million litres) of water storage capacity for Greytown and Featherston.

There's a lot more work to be done. Council and Wellington Water Ltd are working collaboratively to address water losses from the water supply networks within the boundaries of what is affordable for our small ratepayer base. Wellington Water Ltd continue to focus on fixing leaks and we are addressing unauthorised consumption to reduce water loss across the network.



WHO DOES THIS IMPACT?

Water is a **targeted rate**. If you are not connected to town supply water, this will not impact you.



SECOND DECISION

How should we charge for water use?

OPTION 1

Maintain the current allocated quota of water provided to all users, and the current user charges for litres of water used above this.



This is our budgeted option.



WHO DOES THIS IMPACT?

Water is a **targeted rate**. If you are not connected to town supply water, this will not impact you.

OPTION 1

Maintain the current **allocated quota** of water provided to all users, and the current user charges for litres of water used above this.

Disadvantages of this approach include:

- › most people use less water than they are allocated.
- › it doesn't promote efficient use of water, which leads to taking more water from the environment than is necessary. This leads to a need to increase the capacity of water supply systems to provide for growth; and creating more risk of water shortages (and water restrictions) during dry weather.

Option 1 – current approach

Description	Impact on proposed rates	Impact on debt	Impact on Levels of Service
Base water allocation: 350 m ³ per year Excess water charge: \$1.84 per cubic metre	No change to current proposed rate – status quo	None – this is an operational charge	None





SECOND DECISION

How should we charge for water use?

OPTION 2

Reduce the **allocated quota of water** provided to all users (250 m³) and increase the excess water charge (\$2.50 per m³) for water used above this.

OPTION 2

Reduce the **allocated quota of water** provided to all users (250 m³) and increase the excess water charge (\$2.50 per m³) for water used above this.

Benefits of this change in approach:

- › It encourages more careful usage of water.
- › It is fairer, because people and businesses which use a lot of water will pay more of the costs of running the water supply systems.
- › It would reduce the fixed water supply rates by \$0.25 million, funding this through increased excess water charges instead.
- › The targeted water supply rate would reduce by approximately \$50 per household which will be reflected in the targeted water supply rate.
- › Our approach will be consistent with other councils.
- › When applying for resource consents to take water for water supplies, we will be able to demonstrate we are making more efficient use of water (as required by the Resource Management Act 1991 and the National Policy Statement for Freshwater Management 2020).

Option 2

Description	Impact on proposed rates	Impact on debt	Impact on Levels of Service
Base water allocation: 250 m ³ per year Excess water charge: \$2.50 per cubic metre	Reduction in the targeted water supply rate by approximately \$50 per user per year (reflected in targeted water supply rate).	None – this is an operational charge	None



WHO DOES THIS IMPACT?

Water is a **targeted rate**. If you are not connected to town supply water, this will not impact you.



THE OPTION WE THINK WORKS BEST

While option 1 is what's included in the proposed budgets, we prefer moving to option 2 as it's a more equitable distribution of this limited precious resource within the community.



THIRD DECISION

How should we pay for the replacement of our assets?

THIRD DECISION

How should we pay for the replacement of our assets?

There are two options to consider;

- Option 1 Manage debt through **cashflow analysis** and only borrow what is needed as it is needed. Continue to fund an appropriate level of **depreciation** to fund future **renewals**.
- Option 2 Continue to charge rates to fund both a loan reserve (to pay for the existing assets) and **depreciation** (for future replacement of the assets).

Context

Like every other council, we are faced with rising costs related to:

- › insurance (due to climate change)
- › **depreciation** (as the cost to replace assets in future increases)
- › **inflation** (which increases the cost of materials and labour).

Unlike individual property owners, who take out a mortgage to pay off a house, with the aim of becoming mortgage-free, councils maintain a level of debt over time. Having ongoing debt is appropriate because it ensures that all the generations who will use the assets over 50, 100 or more years will contribute to paying for them.



WHO DOES THIS IMPACT?

Everyone



THIRD DECISION

How should we pay for the replacement of our assets?



Challenges

Council is aiming to integrate both cashflow management and borrowing into its overall financial strategy. Effective cashflow management can reduce reliance on borrowing and help to minimise debt related impacts on our operating budgets. Cashflow management ensures day to day operational stability and uses borrowing to address larger financial challenges. A well-balanced approach that integrates both strategies is crucial to the financial health of Council.

We have reviewed our current approach of saving money to repay debt and help alleviate the financial pressures on our communities. We currently set aside money in a reserve fund, to replace our assets in the future, as well as paying for the **depreciation** of our existing assets. Essentially, that means asking the ratepayers of today to not only repay the loan for the existing assets but also to contribute to a fund for the future replacement of the assets. This does not consider fairness between different generations who benefit from the asset. It means that the people living in the present are paying for things that will benefit both them and future generations, without those future generations contributing their share.



WHO DOES
THIS IMPACT?

Everyone



THIRD DECISION

How should we pay for the replacement of our assets?

OPTION 1

Manage debt through cashflow analysis and only borrow what is needed as it is needed. Continue to fund an appropriate level of depreciation to fund future renewals



This is our budgeted option.



WHO DOES THIS IMPACT?

Everyone

OPTION 1

Manage debt through **cashflow analysis** and only borrow what is needed as it is needed. Continue to fund an appropriate level of **depreciation** to fund future **renewals**.

This option provides the balance between cashflow management and borrowing that is required for the stable financial health of Council. This has allowed us to keep the **total rates** required increase down by 10%.

One implication of this approach is that when we were originally planning for a 2024-34 LTP, we realised we are likely to reach our **debt limit** within the first three years of the LTP. However, applying for a credit rating will enable us to increase the **debt limit** and provide sufficient headroom for the next ten years.

Option 1

Description	Impact on proposed rates	Impact on debt	Impact on Levels of Service
<p>Manage debt through cashflow analysis and only borrow what is needed as it is needed.</p> <p>Continue to fund an appropriate level of depreciation to fund future renewals.</p>	Included in the proposed total rates increase	Debt will be used to manage cashflow rather than for individual projects	None





THIRD DECISION

How should we pay for the replacement of our assets?

OPTION 2

Continue to charge rates to fund both a loan reserve (to pay for the existing assets) and **depreciation** (for future replacement of the assets).



This is not included in our budgeted option and would add 10% to the proposed **total rates** increase.



\$2.5m



WHO DOES THIS IMPACT?

Everyone

OPTION 2

Continue to charge rates to fund both a loan reserve (to pay for the existing assets) and **depreciation** (for future replacement of the assets).

Funding a loan reserve means putting aside rates money over time to pay off debt. Council currently saves this money as an investment and uses it to pay off a loan related to an asset at the end of the loan period.

A disadvantage of this approach is that the interest earned on the money being saved as an investment is not as much as the interest being charged on the original loan. It also means that the current ratepayers are bearing an unfair burden by paying for both repayment and replacement at the same time.

Option 2 – current approach

Description	Impact on proposed rates	Impact on debt	Impact on Levels of Service
Charge rates to fund both a loan reserve (to pay for the existing assets) and depreciation (for future replacement of the assets).	+ \$2.5m or 10% added to the proposed total rates increase	Debt will increase, as will investments, and it is unlikely that interest earned will totally offset interest paid	None



THE OPTION WE THINK WORKS BEST

We think Option 1 works best as this will allow both current and future generations to pay off assets as they use the assets, as well as reducing rates by 10% by managing debt requirements through **cashflow analysis** and only borrowing when we need to.

What else is happening?

He aha kei tua?

The following projects influence the activities and budgets in our **Enhanced AP**. Previous engagement and feedback from our communities has contributed to the recent decisions, and we are at the early stages of the upcoming review.

Animal control services

We are amending animal control services to 9-5pm from Monday to Friday. The Police will continue to respond if a serious incident occurs outside of office hours (e.g., dog bites or cows wandering on roads).

Future work plans

- › Library service: We will consider how our assets and services can be structured to maximise the benefits that libraries provide to the community.
- › Housing strategy: Council will review its role in housing and the assets that it owns, how they are managed and identify opportunities to improve outcomes related to the provision of this service.
- › Asset management plan: We will also carry out a high-level strategic review of how all our assets are being used and develop our asset management information and plans.
- › Review of a range of policies and bylaws including the sale of alcohol and alcohol licensing fees.

Representation review

Councils are required to review their representation arrangements at least once every six years and we have begun this work which is due for completion by April 2025. This review must consider the following;

- › The number of elected members
- › The boundaries and names of each Ward
- › How many Wards there are
- › The number of members that will represent each Ward
- › Community Boards and number of elected members on them

Visit our website for further information [swdc.govt.nz/governance-representation-and-elections-](https://www.swdc.govt.nz/governance-representation-and-elections-)



Have your say

Let us know what you think. Visit www.swdc.govt.nz/enhanced-annual-plan to complete your submission.

Rating review

Arotake rēti

We recently reviewed and consulted on our rating model. The Revenue and Financing Policy guides how decisions are made to set rates in the Long-term and Annual Plans. The draft policy is available to view on our website. You can also view our Funding Impact Statement for Rates which outlines the effects of the new policies.

Amendments

- › We are proposing a change to how general rates are calculated, to be based on **capital value** of a property rather than its **land value**. **Capital value** considers the improvements on the land as well as the **land value**. This means that the distribution of the rate burden across the district is more reflective of total property value and moves some of the rating impact away from bare land or land with minimal improvements. It does not change the total amount of rates collected.
- › We are proposing the following changes to targeted rates:
 - › The **Amenities targeted rate** would be removed (funding to come from the general rates).
 - › An Economic Development targeted rate would be added, to be levied on commercial properties and providers of short stay accommodation.
 - › A Footpaths **targeted rate** would be added, to be levied on urban zoned properties. (This change recognises that urban people benefit more from footpaths than those who live rurally.)
 - › The Roding **targeted rate** would be replaced with a broader **targeted rate** to cover more than just rural roads, and it will apply to all properties. (This money will go into an **Infrastructure** Emergency Resilience Fund, to be used to repair **infrastructure** that cannot be funded by central government following an emergency event. This change recognises that rural roads have benefits for the whole community through tourism, recreation, and farming.)
 - › A Stormwater **targeted rate** would be added, which will apply to all properties within the stormwater asset network.
 - › An **Infrastructure** Resilience **targeted rate** would be added, which will apply across the district. This rate will help fund repairs to water, roading, and **amenities infrastructure** assets that are damaged in emergency events such as major weather events, and earthquakes.



Have your say

Let us know what you think.
Visit www.swdc.govt.nz/enhanced-annual-plan to complete your submission.

Rates examples (including gst)

He taurira rēti

					Old Rating Model 2023-24 Valuations & Rates	Old Rating Model 2024-25 Valuations & Rates	New Rating Model 2024-25 Valuations & Rates		
Residential Urban examples					Total Rates	Total Rates	Total Rates		
Area	Old Land Value	Old Capital Value	New Land Value	New Capital Value				Annual Change	Weekly change
Featherston - average value property	\$214,000	\$471,000	\$246,000	\$508,000	\$4,329	\$4,990	\$4,578	6%	\$4.79
Greytown - average value property	\$363,000	\$725,000	\$434,000	\$817,000	\$4,685	\$5,375	\$5,249	12%	\$10.85
Martinborough - average value property	\$333,000	\$651,000	\$468,000	\$775,000	\$4,614	\$5,444	\$5,158	12%	\$10.48
Commercial & Industrial examples					Total Rates	Total Rates	Total Rates		
Area	Old Land Value	Old Capital Value	New Land Value	New Capital Value				Annual Change	Weekly change
Featherston - average value property	\$236,000	\$456,000	\$308,000	\$563,000	\$4,945	\$5,747	\$5,472	11%	\$10.14
Greytown - average value property	\$397,000	\$885,000	\$571,000	\$1,174,000	\$5,714	\$6,824	\$7,640	34%	\$37.04
Martinborough - average value property	\$353,000	\$746,000	\$520,000	\$1,014,000	\$5,504	\$6,615	\$7,072	28%	\$30.16
Industrial	\$290,000	\$380,000	\$485,000	\$711,000	\$1,961	\$2,415	\$1,900	-3%	-\$1.17
Rural Residential & "Lifestyle" examples					Total Rates	Total Rates	Total Rates		
Note: "Lifestyle" blocks as categorised by QV	Old Land Value	Old Capital Value	New Land Value	New Capital Value				Annual Change	Weekly change
Rural Residential & Lifestyle properties NOT connected to Water Supply & Wastewater with Rubbish & Recycling collection									
Rural residential- average value property	\$254,000	\$669,000	\$293,000	\$776,000	\$1,882	\$2,042	\$2,019	7%	\$2.63
Lifestyle - average value property	\$448,000	\$1,019,000	\$517,000	\$1,229,000	\$2,307	\$2,477	\$2,844	23%	\$10.33
Rural Residential & Lifestyle properties connected to Water Supply & Wastewater with Rubbish & Recycling collection									
Rural residential - average value property	\$254,000	\$669,000	\$293,000	\$776,000	\$4,096	\$4,689	\$4,889	19%	\$15.25
Lifestyle - average value property	\$448,000	\$1,019,000	\$517,000	\$1,229,000	\$4,521	\$5,125	\$5,714	26%	\$22.95
Rural examples					Total Rates	Total Rates	Total Rates		
Type of property (use based on data from QV)	Old Land Value	Old Capital Value	New Land Value	New Capital Value				Annual Change	Weekly change
Pastoral - Grazing - average value property	\$2,279,000	\$2,666,000	\$2,887,000	\$3,328,000	\$9,826	\$10,952	\$10,539	7%	\$13.71
Pastoral - Finishing - average value property	\$2,396,000	\$2,787,000	\$3,071,000	\$3,513,000	\$10,262	\$11,557	\$11,122	8%	\$16.55
Dairying - milk - average value property	\$2,735,000	\$3,239,000	\$3,636,000	\$4,257,000	\$11,526	\$13,412	\$13,235	15%	\$32.87
Horticultural - Vineyard - average value property	\$995,000	\$1,727,000	\$1,423,000	\$2,451,000	\$3,505	\$4,238	\$5,070	45%	\$30.11
Horticultural Stone Fruit - average value property	\$597,000	\$1,054,000	\$784,000	\$1,350,000	\$2,633	\$2,996	\$3,065	16%	\$8.29
Horticultural Pip Fruit - average value property	\$1,722,000	\$3,407,000	\$2,310,000	\$4,167,000	\$5,097	\$5,961	\$8,197	61%	\$59.62
Forestry- Exotic- average value property	\$2,559,000	\$2,826,000	\$3,924,000	\$4,195,000	\$6,929	\$9,097	\$12,281	77%	\$102.93
Forestry- native- average value property	\$456,000	\$490,000	\$593,000	\$631,000	\$2,324	\$2,625	\$1,755	-25%	-\$10.96

Visit our website for more examples of how rates for your property are calculated.

How to have your say

Me pēhea koe e whai reo ai?



**Please
get your
feedback
to us by
Sunday 5
May 2024.**

We want to hear from you about which proposals you support, and welcome comments on the other areas we're focusing on.

Supporting information including the FAQs and draft policies can be found on our website.

How to provide your feedback

Anyone can make a submission online at www.swdc.govt.nz-enhanced-annual-plan or by completing paper submission form. These can be printed off our website or picked up at the Martinborough Council office or any of our libraries, and returned to us via;

- › **In person:** drop into to any of our libraries or to Council office at 19 Kitchener Street, Martinborough
- › **Post:** PO Box 6, Martinborough 5741
- › **Email:** submissions@swdc.govt.nz

You can present your feedback verbally at a hearing (with or without making a written submission first) – in person or via technology (which can be a live or recorded statement).

Informal feedback can be provided at community engagement events or via social media. Please note that formal submissions (written and-or spoken at a hearing) with names-addresses attached will be given greater weight than informal feedback.

Visit us at one of the community workshops we're hosting

Greytown Saturday 6 April | 10.30am - 12pm
| Greytown Town Centre/Library

Martinborough Saturday 13 April | 10.30am - 12pm
| Waihinga Centre

Featherston Saturday 20 April | 10.30am - 12pm
| Featherston Community Centre

We'll be popping up at other locations around South Wairarapa throughout the consultation period. Find out where, along with further information about the community workshops at www.swdc.govt.nz-enhanced-annual-plan



Have your say

Let us know what you think.
Visit www.swdc.govt.nz-enhanced-annual-plan to complete your submission.

Submission and feedback form

Name _____ Phone _____
Email _____ Organisation _____
Address _____

Do you wish to speak to your submission at the public hearings scheduled for 15 & 16 May 2024?

- Yes (in person)
- Yes (online)
- No

Is your home or place of residence either connected or able to be connected to water services?

- Yes
- No

It is a requirement that all submissions are made available to the public. As a result, your name and feedback will be available to the public on the Council’s website following consultation. However, contact details will remain private.

FIRST DECISION

How much should we spend on operating and maintaining our water services?

More information about this on page 8

- \$5.61m: Maintain the current level of funding with an allowance for unavoidable extra costs. This is our budgeted option for the proposed **total rates** increase of 15.3%.
- \$6.33m: Maintain the current level of funding with additional priorities to increase planning and resilience. This is an additional 4.1% added to the proposed **total rates** increase.
- \$7.44m: The highest level of investment for planning and resilience. This is an additional 7.3% added to the proposed **total rates** increase.

Do you have any additional comments about the first decision?

SECOND DECISION

How should we charge for water use?

More information about this on page 18

- Maintain the current **allocated quota** (350 m³) of water provided to all users, and the current user charges (\$1.84 per m³) for litres of water used above this.
- Reduce the **allocated quota** to 250m³ of water provided to all users (household or commercial) and increase the excess water charges to \$2.50 per m³ for water used above this.

Submission and feedback form

Do you have any additional comments about the second decision?

THIRD DECISION

How should we pay for the replacement of our assets?

More information about this on page 22

- Manage debt through **cashflow analysis** and only borrow what is needed as needed. Continue to fund an appropriate level of **depreciation** to fund future **renewals**.
- Continue to charge rates to fund both a loan reserve (to pay for the existing assets) and depreciation (for future replacement of the assets).

Do you have any additional comments about the third decision?

Rating review feedback

Do you have any feedback that has not been raised previously?

More information about this on page 27-28

Do you have any additional comments on other areas we're focusing on?

Thank you for taking the time provide feedback about the **Enhanced Annual Plan**.

Glossary

Kuputaka

Enhanced Annual Plan (Enhanced AP)

Council was due to produce a Long-Term Plan (LTP) for the 2024-34 period that would forecast our budgets and activities over the next ten years. Noting the significant changes ahead for local government, legislation was passed on 13 February 2023 that enabled councils to opt to complete an Enhanced Annual Plan instead of an LTP (Sections 48-53 of the Water Services Acts Repeal Bill).

The media release for this decision is on our website here: <https://swdc.govt.nz/media-releases/south-wairarapa-district-council-opts-for-enhanced-annual-plan-for-2024-25/>

Total rates

When we calculate a proposed rates increase, we do so based on the total rates collected for the whole of the district. Therefore, if the total rates required to deliver all services across the district needs to increase from \$30m to \$33m, this would be a total rates increase of \$3m or 10%. This does not mean that individual rates will increase by 10% across all types of properties. Your individual rates will depend on other factors, like the type of property you own, whether you can be connected to water services, or have your rubbish collected by council. It gives one generic measure of rates increases.

Renewal

Renewal is capital investment (expenditure) that relates to the replacement of existing assets.

Special Purpose Road

This is a local road or carriageway that for a number of years received very high funding assistance rates from the NZTA. Some special purpose roads are local roads that currently receive a higher funding assistance rate than other local roads managed by SWDC.

Assumptions

These are forecasts based on a variety of trends which enable Council to predict future needs in our district. They can be regarding population, the economy, climate change, or political trends. The assumptions we prepared for the 2021-31 LTP have limited value considering the major economic and climate upheaval we have experienced over recent years. The Enhanced AP must use the assumptions in year four of the 2021-31 LTP which require statements as to why we are making changes.

NOTE: we had prepared an Environmental Scan for the 2024-34 LTP that considered some of the very high level assumptions we are now facing and can be found on our website here: <https://swdc.govt.nz/wp-content/uploads/DCAgendaPack-27Sept23-Part-3.pdf>

Infrastructure

Usually refers to major public assets like roads, bridges, water supplies, sewers, electrical supply, and telecommunications. Social infrastructure also includes assets to help improve people's lives and wellbeing, like community centres, libraries, parks, walking and cycling trails, and playgrounds.

Inflation

Describes the rise of average prices across the economy meaning that money is losing its value, meaning that you can buy less with the same amount of money.

LGCI

Describes the Local Government Cost Index, which is an alternate inflation factor for Local Government based on activities Councils undertake rather than the standard basket of household goods that is used for the Consumer Price Index (CPI).

Capital value

The total value of your property including all improvements like buildings, vines, and fruit producing trees.

Land value

The value of your property excluding any improvements like buildings, vines, and fruit producing trees.

Water race

Water races are small canal-like waterways found on some properties in the Wairarapa. Water is diverted into them and animals drink from them. Over time, they've become part of the ecosystem around them – providing homes for fish and aquatic plants, along with vital drinking water for stock.

Better-off funding

Central government provided an opportunity for councils to apply for funding during the initial process of water reform to be used to improve amenities and outcomes for our communities.

Growth planning

The process for planning for future population and economic changes to ensure that Council decision making considers the housing, infrastructure, transport, and amenities needs of future communities in our district.

Allocated water quota

Each South Wairarapa household connected to the water supply pays an amount of their rates specifically for serviced water and is given an allocation of 350m³ – or 350,000 litres – of water per connection annually. All users, household or commercial, pay the same rate and get the same annual allocation.

Cashflow analysis

A process to enable good financial management by looking at the cash that's available to pay bills and make purchases over a specific period. It informs decision making about opportunities for investment in assets and services and the financial stability of the organisation.

Amenities

Includes the land, parks, playgrounds, senior housing, campgrounds, venues, toilets and cemeteries, that we provide and care for on behalf of our communities.

Depreciation

Depreciation is an accepted accounting method of spreading the cost of assets over their useful life.

Planned maintenance

Planned or preventative maintenance is a maintenance approach focused on minimising unplanned equipment downtime and returning to uptime as soon as possible and is carried out in a planned way.

Reactive maintenance

Responding to unplanned asset failures such as burst water mains, flooding and sewer overflows.

Investigations

Locating the cause or causes of failures with a view to improve the performance or life of equipment or assets.

Capital investment

Sometimes referred to as capital expenditure or capex, capital investment is money Council spends on new assets or upgrading existing assets. It includes critical infrastructure like roads, pump stations, and water pipes. It does not include operational expenditure.

Operating expenditure

Also called opex, is the money council spends on delivering the wide range of services to our communities like fixing potholes, repairing leaks, maintaining our buildings, and running our libraries. It also includes costs that may not be visible to the public like insurances, depreciation, and tax. It does not include capital expenditure.

Targeted rate

A specific rate charged to a group of ratepayers who receive a service e.g. water rates for those who can be connected to water services.

Debt limit

A limit of how much debt Council can have, described as a percentage of Council's operational revenue. Our financial strategy must include a statement about the quantified limits on borrowing (Section 101A(3)(b)(i) of the Local Government Act (LGA)). Councils can choose what limits to set but it is common to set the limit at the same level as the Local Government Funding Agency, which is 175% of revenue for a Council without a credit rating and 280% of revenue for a Council with a credit rating.

