

# WESTLAND TODAY

150 YEARS YOUNG AND STILL THE LAST, BEST PLACE.

## 1864 - 2014... 150 YEARS OF WESTLAND DISTRICT



THANKS TO THE HOKITIKA MUSEUM FOR THEIR PHOTOS

### 12.1% RISE IN PLAN

# RATES SET TO CLIMB

Westland Rates may rise 12.1% this year. That's the figure in the Council's Draft Annual Plan but Westland Mayor Mike Havill says "it's not set in stone. 12.1% is a starting point but we won't lock anything in till we've heard from the community. Our job now is to listen."

Mayor Havill says the 12.1% rise comes after councillors "took a hard look at the work we've got to do and the past problems we're still dealing with, and it's what we think we need to get the job done and get our finances sorted. We want to repay debt, rebuild our Future Fund (depreciation) and renew big contracts. Those are the main reasons rates are up 12.1% in the Draft Plan. But as I said before, that's just a starting point. It's where we begin, it may not be where we end. Nothing will be decided until the ratepayers have had their say."

Full copies of the 2014/15 Draft Annual Plan and Submission Forms are at the Council office and the Westland District Library in Hokitika. You can also see the whole Draft Plan and make your submission on our website: [www.westland.govt.nz](http://www.westland.govt.nz)

### WILL EVERYONE'S RATE RISE BE THE SAME?

No, it won't. It never is. 12.1% is a total figure. What it tells you is how much more cash the Council plans to collect through Rates in the 2014/15 year. But it doesn't tell you what that will mean for different ratepayers. That's because different people pay different Rates, based on the services their property gets and other services in their community. Some people get more services than others and they pay separate Rates for those, which may change more or less than 12.1%. That's one reason why rises are never equal. Another is the way the Council's Rating Policy spreads costs. And the third is property values. If a property's value rises, its rates go up too. And rates fall when value drops. So property value changes also affect your rates.



### FLOOD FUNDS BACK

Big floods can do a lot of damage and clean up bills are often very high. The Arahura flood in January 2013 cost us around \$60,000. And we never know when the next big one will hit.

So it makes sense to have a fund to draw on when the worst happens. Last year, no money went into the Flood Damage Fund. But the Council wants to put an extra \$100,000 in this year.

Only \$42,000 will come from Rates. The other \$58,000 will be paid by the New Zealand Transport Agency - if there's a flood and money needs to be spent.

The \$58,000/\$42,000 split is how costs are shared, with the government's Transport Agency paying 58% and Council paying the other 42%.

It's like an insurance policy. We've got to help ourselves if we want them to help us. We may need the money. We may not. The Council thinks it's smart to be prepared. If you agree, let us know. If you don't, we need to know that too.



### SEAWALL EXTRAS ON HOLD

Hokitika's new seawall may stay as it is for another 12 months. The Council wants to work with the community to get a plan and find grants and other outside cash to pay for planting, walkways, seats and artwork to improve the area. But there's no money in this year's Plan for those extras.

The cost of plans and other work would be about \$30,000 and the only way Council could pay for that this year would be through rates. So it's your call. Should the work start now? Or are you happy to wait? Either way, let us know.



# RATES MAKEOVER THIS YEAR

You want it. We want it. And it will happen. Later this year, the spotlight goes on Rates when the Council takes a fresh look - and a hard look - at who pays and how much. We know people want changes because they've been telling us they don't think the way rates are charged now is fair. It's got to be sorted. And it will be. That's what the Rates Review is all about.

It will look at how we set rates and how much different groups of ratepayers are charged. For some Council services, everybody pays the same General Rate. But for others, different people pay different Rates, based on where they live or what ratepayer group they belong to.

The way we set rates may need to change to make sure everyone's paying a fair share - not too much and not too little. But who decides what is too much or too little? That's simple. You do. Nothing will change till you've had your say.

That's because any change could affect a lot of people, with some rates rising and others going down. So, when Councils hold Rates Reviews, they're legally bound to spell out any possible changes clearly so every ratepayer can make their views known. The new Council is 100% committed to a Rates Review. It will happen this year and changes will start in 2015.

# WESTLAND DISTRICT COUNCIL DRAFT 2014/15 ANNUAL PLAN SUMMARY

WESTLAND  
DISTRICT COUNCIL



# THE BIG 3

*There are 3 main reasons why we start out with a proposed Rates rise this year of 12.1%. Here's what's pushing Rates up...*

## DEPRECIATION

### \$430,000 more for future funds

That's what 'depreciation' is. It's a future fund, built up year by year, so there's money on hand to pay for major work we know is coming up at some stage because, sooner or later, everything needs to be replaced, overhauled or upgraded.

It's like that with the things we own - cars, computers, washing machines, even houses. And it's the same with Council. Drains, mains, pipes, roads, bridges, water plants, sewerage schemes - they wear out too. And when they do, they need to be overhauled, upgraded or replaced.

The bad news is that kind of work can cost millions of dollars. The good news is we know when it will need to be done and what the price will be.

Let's say a water treatment plant will need an upgrade in 20 years and the cost will be \$1.5 million. Putting \$75,000 aside every year for the next 20 means ratepayers won't get hit with a huge bill when the upgrade happens.

Last year, Council cut its future funding in half to help ratepayers already facing big rises. But the Council knew it couldn't keep doing that so it said it would bring future funding (Depreciation Rates) back to 60% this year and reach 100% in 2017/18.

The new Council wants to stick with that and plans to collect \$430,000 extra for Depreciation this year. \$275,000 will be put aside to help pay for planned future work on new assets and the other \$160,000 will bring our overall future funding back to 60% of what it should be. There will be rises for the next 3 years till we're back to the 100% level.

## DEBT

### \$250,000 more to reduce debt

The new Council thinks debt is too high. In the past, the Council had borrowed \$7m to pay for its own projects plus another \$8m linked to its investment in Westland Holdings Ltd. That makes a total debt of \$15m.

This year alone, the interest bill for this outside debt is \$700,000.

The new Council wants to get debt down with a 20 year repayment plan. And they want to start now. They've voted to add \$250,000 to this year's Draft Annual Plan. This means a 2.5% Rates rise. The money will be used to cut the debt associated with Westland Holdings from \$8,695,000 to \$8,445,000.

## DOING THE WORK

### \$160,000 for new contracts

Running our Water and Wastewater plants, looking after stormwater and sewerage systems, and keeping parks and reserves up to scratch is all work the Council has contracted different companies to do.

Every long term contract runs for a set period, usually 5 to 7 years, with extensions agreed if both parties are happy.

On July 1 this year, some of our biggest contracts are up for renewal. And there will be price rises due to rising costs and some changes in the work the Council wants done.

The total price rise for the 3 waters contracts and the parks and reserves contract is \$160,000, or 1.6% in Rates. We've also had to add an extra \$164,000 onto Rates for landfill funding, not because the contract price has gone up but because the income from users has gone down.

## A Message from the Mayor



As a new Council, we've thought hard about what to put in our first Draft Annual Plan. What's clear to us is that the Council's accounting systems, monitoring and reporting have not been good enough in the past. The result has been years of losses which have meant the Council has had to borrow to pay some of its costs.

That's why the 2013 'Getting Real' plan brought in cutbacks and savings. And it was a step in the right direction. But the reality is we need to do more to make the Council's finances secure over the next 5 to 10 years. We have to front up and tackle the issue of debt. We have to fund depreciation properly so we can repair and replace existing infrastructure without more borrowing. And we need to make sure that our income is greater than our spending.

That's why this year's **Draft Annual Plan** has an overall **12.1%** Rates rise. 8.6% of that is to cover depreciation and repay debt. We can't put these things off. We only have a limited opportunity to put WDC on a more stable and viable financial footing. Your Councillors realise this and are going to adopt some guiding principles to make it happen.

We've also said we'll have a Rates Review this year, which will look closely at who pays what and how Rates are spread between groups. We want to make sure we've got 'fairness' in our Rating system. I've asked for comparisons between our Rates in Westland and those in similar Councils so you can compare the value of your Rates with that of your neighbours.

Continuing as we have in the past is not an option for Westland District. Sustainability starts now.

Mike Havill  
Mayor

## Public Meetings

Where	When	Time
Heli Services Theatre, Main Road, <b>Franz Josef</b>	Thursday, 1st May	12pm
Haast Hall, 9 Pauareka Rd, <b>Haast</b>	Thursday, 1st May	7pm
St John's, 134 Stafford St, <b>Hokitika</b>	Monday, 5th May	7pm

### Timetable

10th April	Council adopts Draft Annual Plan
16th April	Summary of the Draft Annual Plan distributed in the <i>West Coast Messenger</i>
17th April	Consultation starts
1st May	Public meetings in Franz Josef and Haast
5th May	Public meeting in Hokitika
17th May	Consultation finishes
28th May	Submission Hearing
29th May	Council meets to consider submissions
12th June	Final Council debate
26th June	Adopt Annual Plan

All meeting and hearings in the timetable above are open to the public

**All together, contract price rises (and landfill income drop) plus the extra \$250,000 to repay debt related to Westland Holdings and the \$430,000 rise in Depreciation funding adds up to \$1,004,000 or 83% of the total rates increase.**

**So those are our Big 3 this year - DEPRECIATION, DEBT AND CONTRACTS (including the drop in Landfill income). Together, they make up 10.1% of the 12.1% Draft Annual Plan rates rise.**

**Now it's time for your say. We said last year that future funding (Depreciation) would go up in 2014. And it has. But is it too much? Or not enough?**

**Should the Debt Reduction Plan start now? Can it wait? If it doesn't start now, are you happy that the interest bill will keep going up?**

**Changing contracts or cutting costs could mean you get less services. Would you be happy with that? Do you have any other thoughts on our Contracts and the services they provide?**

**Make sure you have your say - whether it's a pat on the back or a flea in the ear. To make a submission go to our website [www.westland.govt.nz](http://www.westland.govt.nz) All the details are there, including a full copy of the Draft Annual Plan.**