



A G E N D A

Council

Council Chambers
Wednesday
26 February 2014
commencing at 1.00 pm

His Worship the Mayor, M.T. Havill (**Chairperson**)
Deputy Mayor P.M. Cox
Cr. J.H. Butzbach, Cr. M.S. Dawson, Cr. D.G. Hope,
Cr. A.R. Keenan, Cr. L.J. Martin, Cr. M.D. Montagu, Cr. C.A. van Beek

SPECIAL COUNCIL AGENDA

NOTICE IS HEREBY GIVEN THAT A SPECIAL MEETING OF THE WESTLAND DISTRICT COUNCIL WILL BE HELD IN THE COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA ON WEDNESDAY 26 FEBRUARY 2014 COMMENCING AT 1.00 PM

Tanya Winter
Chief Executive

21 February 2014

Council Vision

"Westland will, by 2030, be a world class tourist destination and have industries and businesses leading through innovation and service.

This will be achieved by:

- *Involving the community and stakeholders*
- *Having inspirational leadership*
- *Having expanded development opportunities*
- *Having top class infrastructure for all communities*
- *Living the '100% Pure NZ' brand*

"Westland, the last best place"

Purpose:

The Council is required to give effect to the purpose of local government as prescribed by section 10 of the Local Government Act 2002. That purpose is:

(a) To enable democratic local decision-making and action, by and on behalf of, communities; and To meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses

1. MEMBERS PRESENT AND APOLOGIES:

1.1 Apologies.

Cr Dawson for lateness.

1.2 Register of Conflicts of Interest.

2. BUSINESS:

2.1 Draft 2014/15 Annual Plan: Omnibus Report

(Pages 4-33)

The meeting will adjourn at 1.45pm to attend a presentation at Westland Milk Products at 2.00pm, regarding Westland Milk Products contribution to the Region.

Report



DATE: 26 February 2014

TO: Mayor and Councillors

FROM: Group Manager: Planning, Community and Environment

2014/15 DRAFT ANNUAL PLAN: OMNIBUS REPORT

1.0 SUMMARY

- 1.1 The purpose of this report is to provide Council with sufficient information to enable decisions to be made about what should be included in the Draft Annual Plan 2014-15.
- 1.2 This issue arises from work that has come out of the Annual Plan workshop held on 17 February 2014.
- 1.3 The Council is required to give effect to the purpose of local government as prescribed by section 10 of the Local Government Act 2002 Amendment Act 2012. That purpose is:
- (b) To enable democratic local decision-making and action, by and on behalf of, communities; and
 - (c) To meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.
- 1.4 Council seeks to meet this obligation and the achievement of the district vision set out in the Long Term Plan 2012-22. The matters raised in this report relate to those elements of the vision identified in the following table.

Vision's Objectives	Achieved By
Involving the community and stakeholders Having inspirational leadership Having expanded development	An accurate, timely and readily understood Annual Plan that is subject to a Special Consultative Procedure

opportunities Having top class infrastructure for all communities Living the '100% Pure NZ' brand	
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1.5 Section 95 of the Local Government Act 2002 requires Council to prepare and adopt an Annual Plan each financial year. The purposes of the Annual Plan are provided for in Section 95 (5) of the Act.

1.6 This report concludes by recommending that Council:

A. Instruct the Chief Executive to bring further reports as required by Council to the 12 March 2014 meeting.

B. Adopt the recommendations herein for the purposes of giving direction to the Chief Executive.

2.0 BACKGROUND

2.1 Council has been briefed on the financial situation identified in the 2011/12 and 2012/13 Annual Reports.

2.2 In July 2013 Council adopted the "Getting Real" Annual Plan 2013-14. That process involved a complete review of the operational budgets, adoption of a new financial strategy, and a re-examination of all the capital projects identified in the Long Term Plan 2012-22.

2.3 Council proposed a range of budget cuts, and reduced service levels in a number of areas to eventually settle on an overall rates increase of 12.8%.

2.4 Central to the financial strategy was the adoption of the Austerity Depreciation Funding Policy.

3.0 CURRENT SITUATION

3.1 At the Council meeting on 30 January 2014 a timetable was adopted for the Annual Plan process. The first milestone was achieved with a workshop held on 17 February 2014.

3.2 The timetable for the rest of the Annual Plan process is:

26 February	Formal meeting to debate financial strategy and recommended changes from LTP.
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27 February	Ordinary Council Meeting: Consultation Plan to be confirmed.
12 March	Formal meeting to consider the impact of the decisions from Debate#1 and conclude amendments.
27 March	Ordinary Council Meeting: To confirm document for consultation, no debate.
4 April to 4 May	Consultation.
14 May	Hearing of submissions.
15 May	Consideration of submissions.
29 May	Formal Meeting to debate final Annual Plan amendments.
27 June	Ordinary Council Meeting to adopt the 2014-15 Annual Plan.

3.3 The objective of that workshop was to review the detailed operational budgets, and the project/capital works programme, discuss any key issues for consultation and identify further information required for the meeting today.

3.4 From that workshop further information was requested by elected members on the following items:

- 3.4.1 Austerity Depreciation Funding Policy
- 3.4.2 West Coast Wilderness Trail
- 3.4.3 Neil's Beach Refuse
- 3.4.4 Hokitika Water Supply
- 3.4.5 MDI Funding

3.5 The purpose of today's meeting is to publicly debate items for inclusion in the Draft Annual Plan which will go out for public consultation in early April.

4.0 OVERALL RATES INCREASE

4.1 The overall rates increase for 2014-15 is currently sitting at 9.46%. Of this, 5.2% is the unwinding of the Austerity Depreciation Funding Policy and depreciation associated with new assets that will have been completed at the end of 2013-14. This is against the indication in the "Getting Real" Annual Plan 2013-14 of 5.9%.

4.2 This increase will be different for each ratepayer depending on what services are provided.

5.0 CORE BUDGETS

5.1 A copy of the 2014-15 core operating budgets is attached as **Appendix 1**.

5.2 Management advice is that the core operating budgets be reviewed in detail.

5.3 Recommendation:

THAT the core operating budget be approved.

6.0 PROJECTS

6.1 Attached as **Appendices 2A and 2B** are two A3 spreadsheets detailing all operating and capital projects to be included in the 2014-15 Draft Annual Plan:

- **Appendix 2A** is the project list that Council discussed at the workshop on 17 February 2014.

- **Appendix 2B** is a revised version that excludes some projects.

Recommendation:

THAT the operating and capital projects attached as **Appendix 2B** are approved for inclusion in the 2014-15 Draft Annual Plan.

7.0 INTEREST AND DIVIDEND

7.1 The projected dividend from Westland Holdings Ltd for 2014-15 has remained at what was included in the Long Term Plan: \$497,000.

7.2 Council has indicated it would like to investigate joining the Local Government Funding Agency (LGFA) in 2014-15 and therefore it is prudent to retain debt on floating interest rates at this time.

Recommendations:

THAT the dividend from Westland Holdings Ltd be budgeted at \$497,000 for 2014-15.

THAT Council loans be retained on current floating interest rates pending a decision on joining the Local Government Funding Agency from 1 July 2014.

8.0 DEBT OVERVIEW

- 8.1 The following table depicts Council's current and forecast debt position; incorporating funding requirements from the proposed budget. It is assumed that assets under construction for 2013-14 will be completed and capitalised by 30 June 2014.

Debt										
Description	Start Date	Investment Debt	Asset Debt	Total Debt	Amount	Type	Rate	Interest 2014	Repayments	Year End Loans
Woodland Holdings		8,695,000		8,695,000	5,000,000	Swap	4.95%	249,500		5,000,000
					3,000,000	Swap	4.52%	135,600		3,000,000
					695,000	Swap	4.55%	31,623		695,000
Waste Management	1/07/2013		3,069,700	2,968,891	1,805,000	Swap	4.55%	82,128	39,703	1,785,297
	1/07/2013				1,163,891	Floating	5.86%	59,972	23,312	1,145,579
Water Supply	1/07/2013		3,223,853	3,110,853	2,500,000	Swap	4.77%	118,095	53,295	2,446,795
					610,853	Floating	5.86%	31,465	12,231	598,422
Operational Debt			510,000	-	-					
Projected Debt 30 June 2014		8,695,000	6,803,353	14,774,544	14,774,544			708,382	128,530	14,046,034
Asset Debt (project worksheet)	1/01/2014		1,365,000	1,365,000	1,342,451	Floating	5.80%	39,734	22,549	1,319,803
Possible Debt 30 June 2014		8,695,000	8,168,353	16,139,544	16,139,544			747,716	151,079	15,045,816
Forecast Debt 2014										
Asset Debt (project worksheet)	1/01/2015		1,290,000	1,290,000	1,290,000	Floating	5.86%	37,797	22,549	1,267,451
Forecast Debt 30 June 2015		8,695,000	9,458,353	17,429,544	17,406,995			785,513	173,628	17,233,367

At 1 July 2013 loan finance amounted to \$17.774m and is forecast to increase to \$17.233 million by 31 June 2015. Council's adopted debt ceiling is \$19.5 million.

Recommendation:

THAT the information be received.

9.0 AUSTERITY DEPRECIATION FUNDING POLICY (ADFP)

9.1 SUMMARY

- 9.1.1 During the 2014-15 Annual Plan Workshop on 17 February 2014 an evaluation of the rates impact of extending the period of ADFP was requested.

9.2 BACKGROUND

- 9.1.1 In March 2013 Council adopted a policy of not funding a proportion of the annual depreciation on certain classes of assets, commencing in 2013-14 and gradually unwinding until full funding is restored in 2017-18.

- 9.1.2 The intention was to alleviate the rates burden on the community as Council rectifies shortfalls in its operating budgets and consequential constraints on service.

- 9.1.3 The effect of this policy is to create a funding shortfall of \$7 million over a five year period; with no plans to redress this position and negligible depreciation reserves available to draw upon. [See 4.1]
- 9.1.4 The implication of this shortfall is that, until 2018, any asset renewals, replacements or enhancements will require alternative sources of funding, namely debt. This will bring additional interest costs into operating expenditure which must be recovered through rates. Council debt is already forecast to reach \$16 million by 30 June 2014. Per the LTP 2012-2022 it's official borrowing limit is \$19.5 million.
- 9.1.5 The cost of borrowing is forecast to be 6%. Therefore, at current operating levels, every \$1 million borrowed requires a 0.6% increase in rates requirement.
- 9.1.6 This risk is exacerbated by the absence of robust asset management plans for much of Council's infrastructure.
- 9.1.7 The policy that was originally proposed and adopted has already been revised and extended as part of the 2013-14 Annual Plan process [Appendix 3]. The audit management report for the year ended 30 June 2013 commented on the ADFP as follows:
- 9.1.7.1 *"Part of the intended strategy, for improving the Council's financial situation, is an austerity depreciation programme which means that funding of depreciation, for some groups of activities, is reduced over the next four years. However, this is a short term solution that does not address the underlying issue that income needs to be set to viably to sustain the levels of service needed to be set based on a viable long term sustainable basis."* [Audit NZ]

10.0 ANALYSIS AND OPTIONS

- 10.1 Per the Annual Plan 2013-14 the total balance of Council Created Reserves is forecast to be \$829,000. Of this \$680,000 is specifically designated for Three Waters renewals. The projects element of the proposed budget for 2014-15 includes \$1,065,000 of essential renewals in these areas. Most of the remaining \$149,000 is also nominally allocated.
- 10.1.1 The Council is at a tipping point with regards to debt. As described above in **6.0 Debt Overview**, current borrowing levels allow minimal repayments of principle [\$151k forecast for 2014].
- 10.1.2 There are three options with regards to ADFP [Also modelled in **Appendix 4**]:

- 10.1.2.1 Option 1 – Continue with existing policy
Rate increase of 2.8% provides \$279,000 of funding to support essential and emergency renewals
- 10.1.2.2 Option 2 – Defer unwind for one year and fund 2014-15 at 2013-14 levels
Overall funding shortfall increases to \$9m; rates increase of 2.8% deferred from 2014-15
- 10.1.2.3 Option 3 – Re-phase and extend funding profile by one year
Overall funding shortfall increases to \$8.8m; rates increase in 2014-15 reduced from 2.8% to 1.2% with the difference spread over future years.

10.2 **Recommendation**

THAT Council continues with the existing austerity depreciation funding policy to ensure that some funding is available for essential asset renewals and to mitigate exposure to further increases in debt.

11.0 WEST COAST WILDERNESS TRAIL

Maintenance

- 11.1 Construction of the West Coast Wilderness trail is likely to be complete by end of June 2014. This has been funded externally mainly through grants from the NZ Government and Development West Coast.
- 11.2 It was envisaged that once the trail was operating, ongoing costs like maintenance and marketing would be covered through businesses providing services to the trail charging a small fee to those they provide services to. This includes the Council operated I-site who are providing trip booking services to people using the trail, and the Official Partners Programme. The reality is revenue is going to take some time to build to sustainable levels, and may never be enough to fully support the trail.
- 11.3 NZ Cycle Trails Inc, the national governing body for all 24 trails estimate that ongoing maintenance for most trails will require approximately \$1,000 per km pa. The West Coast Wilderness Trail is 135km long, with approximately 100km in the Westland District. Of that approximately 25km is on existing Department of Conservation land which they will take responsibility for maintaining, and 25km is on Council road reserve, which is maintained from Council's existing road maintenance budgets. This leaves 50km to be maintained.
- 11.4 The trail is a capital project and it is proposed that depreciation be funded from 2014-15. A sum of \$52,542 is in the draft operational budgets to cover this.

Marketing and managing the trail

- 11.5 In 2013-14 Council allocated \$30,000 for marketing the cycle trail. This was funded from the Tourism Promotions Rate. Most of this has been used for the opening event on 23 November 2013, and website development. Marketing the trail is ongoing.
- 11.6 At the moment there are a number of staff at Westland and Grey District Councils who are involved in marketing and managing the cycle trail. The trail is a significant asset that spans two districts. It requires one point of contact, and one organisation responsible for ensuring it is promoted. Grey and Westland staff are currently investigating an appropriate management model for the trail and it is expected this would be implemented in 2014-15.

- 11.7 A sum of \$40,000 was included in the operational budgets for this purpose. However staff have now reviewed the budgets and this sum will be funded from the extra \$1m that the Government and Development West Coast approved in late 2013.

Conclusion

- 11.8 Maintaining and marketing the trail are connected. The trail must be maintained and kept in good condition. If it is not well maintained word will spread, the trail will get a bad reputation and will not be used.
- 11.9 The more people that know about the trail, the more use it will get, and the higher the economic benefit to the community.

Recommendation:

THAT Council include \$52,542 depreciation in the 2014-15 draft Annual Plan for maintaining the West Coast Wilderness Trail.

12.0 NEILS BEACH REFUSE

- 12.1 Elected members have indicated that they wish to include a solid waste collection service option for the residents of Neils Beach.
- 12.2 Council does not have a collection service for the southern district beyond the township of Ross.
- 12.3 Disposal facilities are available through the transfer stations located in Harihari, Whataroa and Fox Glacier. A landfill site is operating in Haast. These facilities are managed under a management contract with South Westland Rubbish Removals based in Franz Josef, who also operate a private transfer station.
- 12.4 Council staff as a result of 2013-14 Annual Plan process, under the direction of Council consulted on various options available for residents of Otira. This consultation was outside the Annual Plan process.

Consultation on Options with Neil's Beach

- 12.5 A proposal to include a collection service for Neils Beach residents will be an additional level of service which will affect the targeted collection rate.
- 12.6 Also reinstating a refuse trailer at Neils Beach will result in the same issues, like free disposal from tourists and unaccounted disposal of waste.

- 12.7 One option available is a weekly/fortnightly mobile bin to be placed for prescribed hours at Neil's Beach. This means that a contractor will cart and stay on site with the bin for the residents to bring in waste and dispose it for a fee. This will be a fully controlled operation with no risk of free/unaccounted dumping of waste.
- 12.8 Council staff recommend that a consultation process be undertaken with the residents of Neil's Beach on this and any other options they have identified. This consultation can be done outside the special consultative process for the Annual Plan with Council staff having an advisory role in the process.

Recommendation:

THAT Council undertakes a consultation process with the residents of Neils Beach to assess to the possibility of providing a mobile trailer bin service at a targeted cost to Neils Beach residents.

13.0 HOKITIKA WATER SUPPLY

- 13.1 Westland Milk Products (WMP) – a major consumer for Hokitika Water Supply, have approached Council with a request to draw more water for their business. It is public knowledge that WMP is experiencing positive growth.
- 13.2 The current water treatment plant located at Blue Spur is at capacity and capital expansions will be required to meet this demand. WMP has indicated that they are prepared to pay for any capital expenditure by way of a targeted water rate.
- 13.3 This proposal and request is in preliminary stages, however initial assessments have indicated the costs to upgrade the Hokitika Water Supply to meet the demand will be in the vicinity of \$4m.
- 13.4 A detailed analysis is yet to be undertaken for what could be a potential Private-Public Partnership (PPP). While the plant is scheduled for some upgrades there are operational benefits to explore this PPP arrangement further. A number of partnership/funding models could be explored and a benefits realised, including having a dedicated supply of water, and having an expanded treatment capacity at the plant. There is also the risk that Council ends up with redundant capacity at the plant should WMP decide to go self-sufficient.
- 13.5 WMP is prepared to partner with Council to prepare a business case for the proposal and present this to Council.

Recommendation:

THAT Council gives approval to commence a business case in association with Westland Milk Products for assessing a Private-Public-Partnership arrangement for expansion of Hokitika Water Treatment Plant to meet the future water demand.

14.0 MDI FUNDING.

14.1 In the past MDI has gone to or is committed to the following places:

In Hokitika	MDI funds
Hokitika Regent Theatre Stage 1	\$340,000 completed
Westland Library	\$489,390 completed
Westland i-Site	\$296,952 completed
Westland Boys Brigade Hall	\$247,349 completed
Hokitika Regent Theatre Stage 2	\$570,000 completed
Total	\$1,943,691
Outside of Hokitika	
Hokitika Gorge Upgrade	\$82,014 completed
Okarito Donovan's Store Refurbishment	\$78,375 work in progress
Franz Josef Health Centre	\$100,000 completed
Harihari Community Centre	\$455,000 about to commence
Fox Glacier Community Centre	\$1,000,000 resolved by Council-not applied to DWC
Total	\$1,715,389

14.2 The key criteria for MDI funding are sustainability, self-sufficiency, an emphasis on capital projects only, a need for all projects to be identified and prioritised in the Annual Plan and an awareness that Development West Coast will not fund any ongoing costs after a project is completed.

14.3 There is a planning process which requires that key information and local inventory information is collected, evidence is shown of consultation and there is the establishment of a local control group which should consist of representatives of the stakeholders plus Westland District Council representatives to manage the process.

14.4 Four projects have come to Council's attention requesting MDI funding in the 2014-15 year. They are:

- Ross Community Hall Re-roof
- Okarito Broadband
- Kumara and Ross Chinese Gardens

- Hokitika RSA Building.
- 14.5 At the moment Council does not have a documented process in place to call for expressions of interest or assess which projects are worthy of approval.
- 14.6 Council has a number of options available to it. These are:
- Fund all four projects. (Ross Hall reroof, Okarito Broadband, Chinese Gardens and RSA)
 - Fund one or two of the above projects.
 - Don't fund any at present but hold the funding for a major project in Hokitika.
 - Advertise and call for expressions of interest from all Westland communities.

Recommendation:

- A. **THAT** Council indicates which of the four projects it supports and would like to see included in the draft Annual Plan 2014-15.
- B. **THAT** Council instructs the Chief Executive to advertise and call for expressions of interest from all Westland communities.

15.0 SIGNIFICANCE AND CONSULTATION

15.1 At this time the significance of the 2014-15 Draft Annual Plan is low as Council is yet to finalise the contents and the Plan will then proceed to the special consultative procedure and adoption.

16.0 RECOMMENDATIONS

- A. **THAT** Council instruct the Chief Executive to bring further reports as required by Council to the 12 March 2014 meeting.
- B. **THAT** Council adopt the recommendations herein for the purposes of giving direction to the Chief Executive.

Jim Ebenhoh

Group Manager: Planning, Community and Environment

- Appendix 1: Core Operating Budgets
 Appendix 2: Operating and Capital Projects
 Appendix 3: Revision to ADFP
 Appendix 4: ADFP Scenarios

Core Operating Budgets

SUMMARY OF ACTIVITIES RATES REQUIREMENT

ACTIVITIES	2013/14 ANNUAL PLAN BUDGET	2014/15 DRAFT ANNUAL PLAN BUDGET	Change in % from 2013/14 Annual Plan to Draft
Library	394,817	394,342	0%
Museum	238,664	249,228	4%
I-Site	140,049	142,751	2%
Events	(447)	(13,245)	
Corporate Planning	0	290,496	100%
Swimming Pool Hokitika	229,000	229,000	0%
Swimming Pool Depreciation	0	0	
Ross Swimming Pool	24,653	25,688	4%
Elderly Housing	0	0	0%
Community Halls & Buildings	92,054	108,643	18%
Parks & Reserves	362,052	326,143	-10%
Cemeteries	83,634	110,268	32%
Safer Community Council	13,615	0	
Community Assistance	231,576	223,500	-3%
Community Development	65,546	113,236	73%
Inspections & Compliance	236,516	199,416	-16%
Resource Management	273,830	353,296	29%
Animal Control	21,507	20,883	-3%
Emergency Management	103,864	106,348	2%
Cycletrail	30,000	52,542	75%
Transportation	1,416,143	1,402,100	-1%
Water Supply	1,978,681	2,245,605	13%
Wastewater	674,370	720,443	7%
Stormwater	405,565	405,350	0%
Solid Waste Management	1,311,116	1,465,254	12%
Community Township Development	424,087	441,374	4%
Land & Buildings	106,761	107,425	1%
Public Toilets	208,583	213,613	2%
Democracy	962,640	834,402	-13%
Interest & Dividends	-65,529	-88,049	-34%
	0	225,500	
Total	9,963,348	10,905,554	9%

OVERHEAD ACTIVITIES	2013/14 ANNUAL PLAN BUDGET	2014/15 DRAFT ANNUAL PLAN BUDGET	Change in % from 2013/14 Annual Plan to Draft
Chief Executive	541,244	398,284	-26%
IT	274,982	270,601	-2%
Corporate Services	1,172,454	990,424	-16%
Headquarters	189,843	196,055	3%
Operations Administration	260,031	259,073	0%
In House Professional Services	545,169	750,810	38%
Planning & Regulatory Manager	161,680	144,311	-11%
Total	3,145,403	3,009,558	-4%

ANNUAL PLAN OPERATING INCOME AND EXPENDITURE BY ACTIVITY

	Library		
	2013/14	2014/15	2014/15
	Annual Plan Budget 2013/14	Draft Budget 2014/15	Net Rates Increase
	\$	\$	%
Operating Revenue	28,673	28,440	
Less Operating Expenditure	423,490	422,782	
Net Rates Requirements	394,817	394,342	0%

	Museum		
	2013/14	2014/15	2014/15
	Annual Plan Budget 2013/14	Draft Budget 2014/15	Net Rates Increase
	\$	\$	%
Operating Revenue	41,000	34,000	
Less Operating Expenditure	279,664	283,228	
Net Rates Requirements	238,664	249,228	4%

	I-site		
	2013/14	2014/15	2014/15
	Annual Plan Budget 2013/14	Draft Budget 2014/15	Net Rates Increase
	\$	\$	%
Operating Revenue	171,000	150,289	
Less Operating Expenditure	311,049	293,040	
Net Rates Requirements	140,049	142,751	2%
	Events		
	2013/14	2014/15	2014/15
	Annual Plan Budget 2013/14	Draft Budget 2014/15	Net Rates Increase
	\$	\$	%
Operating Revenue	451,500	415,500	
Less Operating Expenditure	451,053	402,255	
Net Rates Requirements	(447)	(13,245)	
	Corporate Planning		
	2013/14	2014/15	2014/15
	Annual Plan Budget 2013/14	Draft Budget 2014/15	Net Rates Increase
	\$	\$	%
Operating Revenue	0		
Less Operating Expenditure	0	290,496	
Net Rates Requirements	0	290,496	100%

	Hokitika Swimming Pool		
	2013/14	2014/15	2014/15
	Annual Plan Budget	Draft Budget	Net Rates Increase
	2013/14	2014/15	
	\$	\$	%
Operating Revenue	-	-	
Less Operating Expenditure	229,000	229,000	
Net Rates Requirements	229,000	229,000	-

	Ross Swimming Pool		
	2013/14	2014/15	2014/15
	Annual Plan Budget	Draft Budget	Net Rates Increase
	2013/14	2014/15	
	\$	\$	%
Operating Revenue	0	0	
Less Operating Expenditure	24,653	25,688	
Net Rates Requirements	24,653	25,688	4%

	Eldery Housing		
	2013/14	2014/15	2014/15
	Annual Plan Budget	Draft Budget	Net Rates Increase
	2013/14	2014/15	
	\$	\$	%
Operating Revenue	-	-	
Less Operating Expenditure	0	0	
Net Rates Requirements	0	0	0%

	Community Halls & Buildings		
	2013/14	2014/15	2014/15
	Annual Plan Budget 2013/14	Draft Budget 2014/15	Net Rates Increase
	\$	\$	%
Operating Revenue	12,780	12,780	
Less Operating Expenditure	104,834	121,423	
Net Rates Requirements	92,054	108,643	18%
	Parks & Reserves		
	2013/14	2014/15	2014/15
	Annual Plan Budget 2013/14	Draft Budget 2014/15	Net Rates Increase
	\$	\$	%
Operating Revenue	6,900	7,350	
Less Operating Expenditure	368,952	333,493	
Net Rates Requirements	362,052	326,143	-10%
	Cemeteries		
	2013/14	2014/15	2014/15
	Annual Plan Budget 2013/14	Draft Budget 2014/15	Net Rates Increase
	\$	\$	%
Operating Revenue	35,900	33,000	
Less Operating Expenditure	119,534	143,268	
Net Rates Requirements	83,634	110,268	32%

	Safer Community Council		
	2013/14	2014/15	2014/15
	Annual Plan Budget	Draft Budget	Net Rates Increase
	2013/14	2014/15	Increase
	\$	\$	%
Operating Revenue	20,400		
Less Operating Expenditure	34,015		-
Net Rates Requirements	13,615	0	-100%

	Community Assistance		
	2013/14	2014/15	2014/15
	Annual Plan Budget	Draft Budget	Net Rates Increase
	2013/14	2014/15	Increase
	\$	\$	%
Operating Revenue	20,000	19,500	
Less Operating Expenditure	251,576	243,000	
Net Rates Requirements	231,576	223,500	-3%

	Community Development		
	2013/14	2014/15	2014/15
	Annual Plan Budget	Draft Budget	Net Rates Increase
	2013/14	2014/15	Increase
	\$	\$	%
Operating Revenue	0	0	
Less Operating Expenditure	65,546	113,236	
Net Rates Requirements	65,546	113,236	73%

	Inspections & Compliance		
	2013/14	2014/15	2014/15
	Annual Plan Budget	Draft Budget	Net Rates
	2013/14	2014/15	Increase
	\$	\$	%
Operating Revenue	542,160	570,028	
Less Operating Expenditure	778,676	769,444	
Net Rates Requirements	236,516	199,416	-16%
	Resource Management		
	2013/14	2014/15	2014/15
	Annual Plan Budget	Draft Budget	Net Rates
	2013/14	2014/15	Increase
	\$	\$	%
Operating Revenue	156,000	137,500	
Less Operating Expenditure	429,830	490,796	
Net Rates Requirements	273,830	353,296	29%
	Animal Control		
	2013/14	2014/15	2014/15
	Annual Plan Budget	Draft Budget	Net Rates
	2013/14	2014/15	Increase
	\$	\$	%
Operating Revenue	87,200	95,500	
Less Operating Expenditure	108,707	116,383	
Net Rates Requirements	21,507	20,883	-3%

	Emergency Management		
	2013/14	2014/15	2014/15
	Annual Plan Budget 2013/14	Draft Budget 2014/15	Net Rates Increase
	\$	\$	%
Operating Revenue	0	10,000	
Less Operating Expenditure	103,864	116,348	
Net Rates Requirements	103,864	106,348	2%

	Cycletrail		
	2013/14	2014/15	2014/15
	Annual Plan Budget 2013/14	Draft Budget 2014/15	Net Rates Increase
	\$	\$	%
Operating Revenue	0	0	
Less Operating Expenditure	30,000	52,542	
Net Rates Requirements	30,000	52,542	75%

	Transportation		
	2013/14	2014/15	2014/15
	Annual Plan Budget 2013/14	Draft Budget 2014/15	Net Rates Increase
	\$	\$	%
Operating Revenue	2,709,350	2,935,674	
Less Operating Expenditure	4,125,493	4,337,774	
Net Rates Requirements	1,416,143	1,402,100	-1%

	Water Supply		
	2013/14	2014/15	2014/15
	Annual Plan Budget 2013/14	Draft Budget 2014/15	Net Rates Increase
	\$	\$	%
Operating Revenue	0	0	
Less Operating Expenditure	1,978,681	2,245,605	
Net Rates Requirements	1,978,681	2,245,605	13%
	Wastewater		
	2013/14	2014/15	2014/15
	Annual Plan Budget 2013/14	Draft Budget 2014/15	Net Rates Increase
	\$	\$	%
Operating Revenue	30,500	45,500	
Less Operating Expenditure	704,870	765,943	
Net Rates Requirements	674,370	720,443	7%

	Stormwater		
	2013/14	2014/15	2014/15
	Annual Plan Budget 2013/14	Draft Budget 2014/15	Net Rates Increase
	\$	\$	%
Operating Revenue	0	0	
Less Operating Expenditure	405,565	405,350	
Net Rates Requirements	405,565	405,350	0%
	Solid Waste Management		
	2013/14	2014/15	2014/15
	Annual Plan Budget 2013/14	Draft Budget 2014/15	Net Rates Increase
	\$	\$	%
Operating Revenue	858,550	703,350	
Less Operating Expenditure	2,169,666	2,168,604	
Net Rates Requirements	1,311,116	1,465,254	12%
	Community Township Development		
	2013/14	2014/15	2014/15
	Annual Plan Budget 2013/14	Draft Budget 2014/15	Net Rates Increase
	\$	\$	%
Operating Revenue	0	0	
Less Operating Expenditure	424,087	441,374	
Net Rates Requirements	424,087	441,374	4%

	Land & Buildings		
	2013/14	2014/15	2014/15
	Annual Plan Budget	Draft Budget	Net Rates Increase
	2013/14	2014/15	2014/15
	\$	\$	%
Operating Revenue	5,500	0	
Less Operating Expenditure	112,261	107,425	
Net Rates Requirements	106,761	107,425	1%
	Public Toilets		
	2013/14	2014/15	2014/15
	Annual Plan Budget	Draft Budget	Net Rates Increase
	2013/14	2014/15	2014/15
	\$	\$	%
Operating Revenue	0	0	
Less Operating Expenditure	208,583	213,613	
Net Rates Requirements	208,583	213,613	2%
	Democracy		
	2013/14	2014/15	2014/15
	Annual Plan Budget	Draft Budget	Net Rates Increase
	2013/14	2014/15	2014/15
	\$	\$	%
Operating Revenue	26,980	1,500	
Less Operating Expenditure	989,620	835,902	-
Net Rates Requirements	962,640	834,402	-13%

	Interest and Dividends		
	2013/14	2014/15	2014/15
	Annual Plan	Draft	
	Budget	Budget	Net Rates
	2013/14	2014/15	Increase
	\$	\$	%
Operating Revenue	687,000	707,000	
Less Operating Expenditure	621,472	618,951	
Net Rates Requirements	-65,529	-88,049	34%

Appendix 2A & 2B

Operating and Capital Projects

Refer separate sheets on A3.

Revision to ADFP Policy

5 YEAR - AUSTERITY DEPRECIATION FUNDING POLICY

Due to the situation Council finds itself, with low financial reserves, multiple years of deficits, moderate to high debt and high proposed rates increases the following policies are proposed in addition to the LTP adopted Funding of Depreciation Policy (p285):

1. Council fully funds depreciation on:

- a. Short life assets (technology and vehicles)
- b. Library books
- c. Ross Pool
- d. HQ Building.

2. Council unfunds:

- a. 3 waters depreciation on the following reducing annual schedule 50%, 33%, 15%, 0%, 40%, 20%, 10%, 0% over the next 5 years.
- b. 100% of solid waste depreciation over the remaining 20 years of the Butlers landfill loan.
- c. Buildings, township works, toilets and cemeteries depreciation on the following reducing annual schedule 75%, 50%, 25%, 0%, 55%, 35%, 15%, 0% over the next 5 years.
- d. Administrative activities depreciation on the following reducing annual schedule 100%, 66%, 33%, 0%, 75%, 50%, 25%, 0% over the next 5 years.
- e. 100% of Hokitika swimming pool, Elderly Housing and Jackson Bay Wharf depreciation, ~~pending the outcome of consultation on the transfer to WDPL.~~
- f. Transportation depreciation in excess of the unfunded NZTA share, on the following reducing annual schedule 100%, 66%, 33%, 0%, 75%, 50%, 25%, 0% over the next 5 years.

Appendix 4

ADFP Scenarios

Austerity Depreciation Funding Policy

Current Unwinding Policy

Description	2014	2015	2016	2017	2018
Fully funded	100%	100%	100%	100%	100%
Three Waters	50%	60%	80%	90%	100%
Solid Waste	0%	0%	0%	0%	0%
Buildings & Amenities	25%	45%	65%	85%	100%
Administrative	0%	25%	50%	75%	100%
Otherwise funded	0%	0%	0%	0%	0%
Transportation	31%	31%	31%	31%	31%

2014	2015	2016	2017	2018	TOTAL
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Financial Impact	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Base Charge	5,044	5,044	5,044	5,044	5,044	25,220
Funded	1,856	2,135	2,528	2,737	2,943	9,278
Subsidies / Grants	1,189	1,189	1,189	1,189	1,189	5,945
Shortfall	1,999	1,720	1,327	1,118	911	7,076
Rates AP 2013-14 Increase	9,963	10,242 279	10,635 393	10,844 209	11,051 207	
%		2.8%	3.8%	2.0%	1.9%	

Option 2 - Deferral

Description	2014	2015	2016	2017	2018	2019
Fully funded	100%	100%	100%	100%	100%	100%
Three Waters	50%	50%	60%	80%	90%	100%
Solid Waste	0%	0%	0%	0%	0%	0%
Buildings & Amenities	25%	25%	45%	65%	85%	100%
Administrative	0%	0%	25%	50%	75%	100%
Otherwise funded	0%	0%	0%	0%	0%	0%
Transportation	31%	31%	31%	31%	31%	31%

2014	2015	2016	2017	2018	2019	TOTAL
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<u>Financial Impact</u>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Base Charge	5,044	5,044	5,044	5,044	5,044	5,044	30,264
Funded	1,856	1,856	2,135	2,528	2,737	2,943	14,054
Subsidies / Grants	1,189	1,189	1,189	1,189	1,189	1,189	7,134
Shortfall	1,999	1,999	1,720	1,327	1,118	911	9,076
Rates AP 2013-14	9,963	9,963	10,242	10,635	10,844	11,051	
Increase		0	279	393	209	207	
%		0	2.8%	3.8%	2.0%	1.9%	

Option 3 - Rephasing

Description	2014	2015	2016	2017	2018	2019
Fully funded	100%	100%	100%	100%	100%	100%
Three Waters	50%	55%	70%	85%	100%	100%
Solid Waste	0%	0%	0%	0%	0%	0%
Buildings & Amenities	25%	40%	55%	70%	85%	100%
Administrative	0%	20%	40%	60%	80%	100%
Otherwise funded	0%	0%	0%	0%	0%	0%
Transportation	31%	31%	31%	31%	31%	31%

	2014	2015	2016	2017	2018	2019	TOTAL
<u>Financial Impact</u>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Base Charge	5,044	5,044	5,044	5,044	5,044	5,044	30,264
Funded	1,856	1,971	2,194	2,572	2,795	2,971	14,358
Subsidies / Grants	1,189	1,189	1,189	1,189	1,189	1,189	7,134
Shortfall	1,999	1,884	1,661	1,283	1,060	884	8,771
Rates AP 2013-14	9,963	10,078	10,301	10,679	10,902	11,079	
Increase		115	223	378	223	176	
%		1.2%	2.2%	3.7%	2.1%	1.6%	