



# WELCOME TO OUR 2022 - 2023 ANNUAL PLAN SUMMARY

The coming financial year is Year 2 of our 2021-2031 10-Year-Plan. When we adopted our 10YP last year it was a time of great challenges for our community, councils and our country. Our forecasts were set in an economic climate where inflation was relatively steady and the cost of borrowing low.

Fast forward 12 months and we are seeing record inflation. In March it was sitting at 6.9%. The COVID pandemic is still very much part of our lives and has had a major impact on supply chains, while the Russian invasion of Ukraine has had repercussions worldwide.

As you will see, these have impacted on some of our major projects and services, which have fallen victim to supply chain issues and cost increases.

In particular over the past 12 months we have been affected by a 20% increase in chemical costs and a 30% increase in the cost of some materials. This means it is going to cost us more to deliver the same level of service.



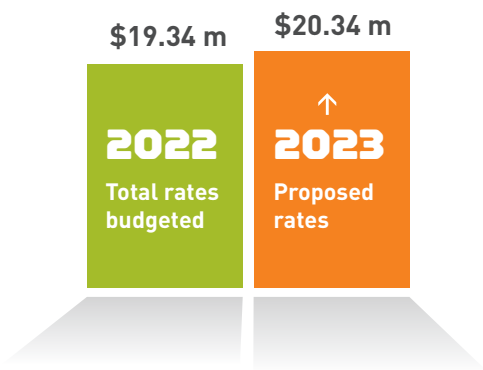
**GO** RURAL  
DISTRICT COUNCIL CITY  
**RE** LIVING

## Rating Impact

So, what does this mean for our ratepayers? Staff have worked hard to keep budgets tight, delivering a district-wide average rates increase of 5.94%.

When set against the backdrop of today's economic pressures, we believe this compares favourably with the 4.95% rates increase flagged in our 10YP and the rate of inflation.

*We are looking to collect \$20.34 million in rates next year. This is \$1million more than the Council budgeted to receive in 2021/22.*



A significant portion of this increase is attributable to rising costs in roading.

External pressures have forced a 20% increase to our roading budget. This equates to \$600,000 and adds 3% to our overall rate take.

Rates funding for roading comes from capital value rates. Consequently, any changes to the cost of roading will affect higher value properties, such as farms and large commercial properties, more than it will affect lower value properties.

Residential properties are more affected by the fixed charges and targeted rates, which fund Council activities where we have more control over costs.

One of the cost-saving measures we took to contain the rates increase to a minimum was to opt for no principal payments on debt associated with Three Waters assets. This decision reflects the uncertainty of the Three Waters reform and the proposals being championed by the Government that would see Three Waters debt transferred to a new water entity.

## What does this look like across our rating areas?

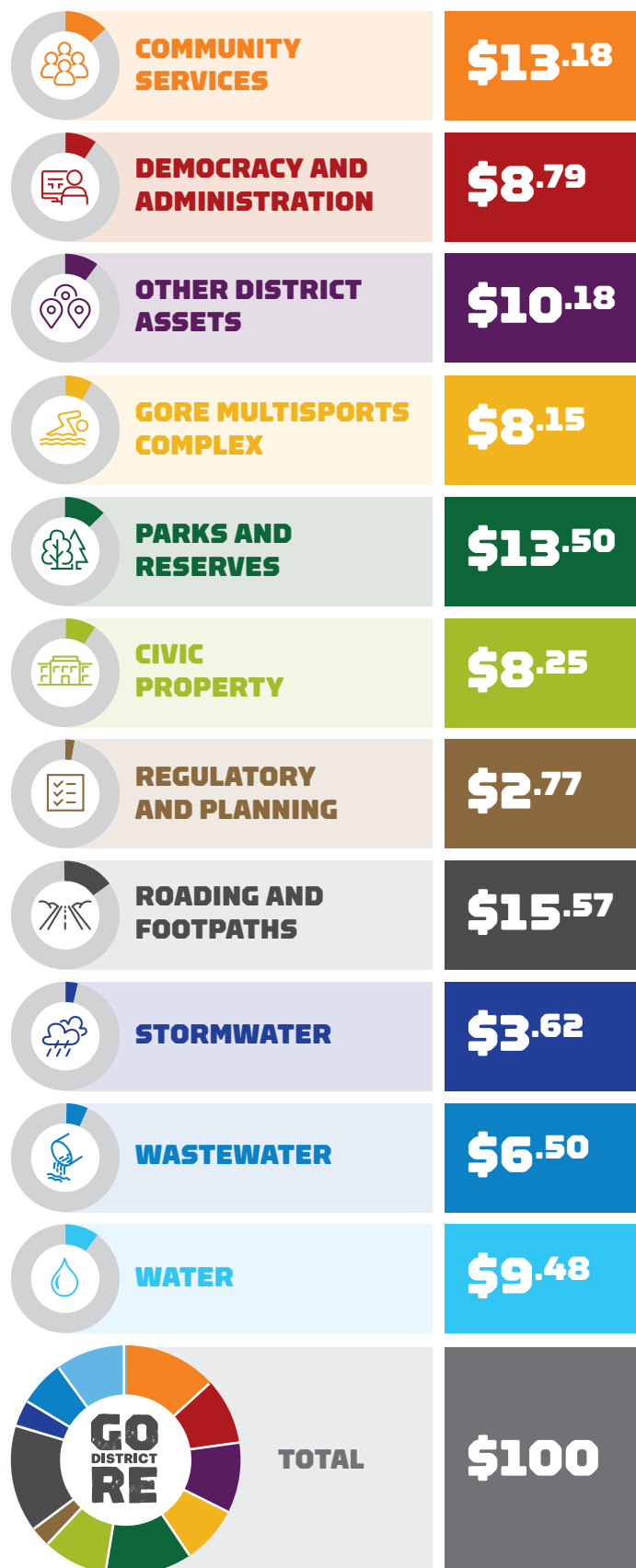
Taking an average valued property, the rates movements for next year will be:

Gore residential	\$193 increase	5.97%	(CV \$375,000)
Mataura residential	\$131 increase	5.30%	(CV \$150,000)
Rural	\$285 increase	6.12%	(CV \$2,500,000)
Commercial	\$480 increase	8.24%	(CV \$400,000)

## What do your rates pay for?

Rates are a property-based tax to pay for public services. How much you pay varies depending on where you live, what services you access and the value of your property.

## Where does each \$100 of your rates go?



## What are the changes?

As we've mentioned, the factors influencing our predictions in 2021 are quite different now. This translates into changes with our forecasting. Here are the key points:

	AP 2022	AP 2023	Reason
Rates Revenue	\$19.34m	\$20.34m	Increase from Roothing and 3 waters plus decreases in other areas (including the removal of rates for Otama water supply)
Other Revenue	\$3.96m	\$4.82m	Review of Building Control, Cemetery and Transfer Station fees and charge
Subsidy and Grant Revenue	\$8.89m	\$4.65m	2022 figures were higher due to Government Shovel Ready and Stimulus funding
Operating Expenditure	\$27.78m	\$30.61m	Increased expenses in Roothing and 3 Waters chemicals and materials
Capital Expenditure	\$20.11m	\$15.8m	Change in phasing for major projects

## Expenditure

On the expenditure side of the ledger, we have budgeted **Operations \$30.61 million / Capital \$15.8 million**

Capital expenditure has been hard to accurately forecast given some projects have been beset with delays in getting consent or contract capacity issues, both in regard to professional consultancy services and the contracting market. Supply chain challenges emanating from the COVID-19 pandemic have added further complexity to this issue.

## PROJECTS UPDATE

### New Gore Library and Community Centre

The \$7.7 million redevelopment of the former James Cumming Wing into a modern library and community space is a flagship project for the Council.

A \$3 million grant from the Government's Shovel Ready Fund, designed to stimulate development during the COVID pandemic, provided the impetus the Council needed to take this project from the drawing board to reality.

At this stage, it's hoped to open the doors to the public in February next year.

### Elizabeth Street Pipeline Renewal

This \$4.14 million project aims to fix long-standing surface flooding issues in the area and replace ageing infrastructure at the same time.

The work includes replacing the water and wastewater pipelines and installing a new stormwater pipeline in Elizabeth, Joseph and St Andrews streets. The project is progressing well, and our contractor Fulton Hogan aims to have the new mains in the street finished by late July this year.

After Fulton Hogan completes its contract, we will start work on separating the existing combined wastewater and stormwater pipelines on private property and installing an infiltration basin at the intersection of Elizabeth and Broughton Street.

In our 10YP, we had decided the Council and property owners would share the cost of private property separation work. However, the Council will now fully fund this work given how essential it is to the project's overall success.

This work has added approximately \$500,000 to the project's overall cost. We are currently establishing a panel of between three and five local plumbing contractors to undertake the private property separation work over the next 12 to 18 months.

### Gore Water Treatment Plant Centralisation and Upgrade

We expect construction and commissioning of a \$6.3 million membrane treatment plant in East Gore to be finished in early July.

The upgraded plant has been designed to treat 100% of Gore's drinking water in line with the New Zealand Drinking Water Standards. However, to allow all of Gore's water to be treated in East Gore two new pipelines need to be installed across the Maitara River.

The Council was proposing to build a bridge over the river 650m upstream of the existing traffic bridge. The new bridge would support these pipelines and provide a walking and cycling link between East Gore and West Gore. However, in March this year the Environment Court found in favour of an appeal against the decision to construct the bridge. Due to this, the new East Gore Water treatment plant will initially treat only approximately 60% of Gore's water supply.

The Council is currently considering alternative options for the pipelines across the Maitara River. Once sufficient investigation and design work has been completed, we will go to our community to find a preferred option.

### Hilbre Avenue Reservoir Replacement

The Council planned to replace the Hilbre Avenue reservoir this coming financial year. However, the Environment Court's decision regarding the new bridge over the Maitara River has also impacted this project. Consequently, we do not expect to replace the reservoir before the proposed 3 Waters reform transition date of 1 July 2024.

Preliminary investigations for the reservoir replacement project have identified health and safety concerns with the redundant Hilbre Avenue water tower. Due to this, we are considering demolishing the water tower.



## Mataura Water Treatment Plant Upgrade

After considering various options to ensure the Mataura drinking water supply meets New Zealand Drinking Water Standards, the Council settled on upgrading the existing water treatment plant as its preferred option.

The estimated cost is \$2.2 million and includes:

- refurbishing and upgrading existing filters
- replacing upgrading of all electrical controls and instrumentation
- upgrades to chemical storage to meet appropriate regulations, and
- general health and safety improvements

We have finished detailed design and tender documents for this project and are preparing resource consent applications.

We expect the physical work to begin in late 2022 and take approximately eight to 10 months to complete.

## Gore and Mataura Wastewater Discharge Consent Renewals

In January 2021, the Council applied to renew its existing resource consent for the Gore and Mataura wastewater treatment plants.

Despite proposing upgrades estimated to cost between \$48 and \$63 million, the Hokonui Runanga did not support our application. The runanga's opposition was mainly due to the ongoing direct discharge of treated wastewater into the Mataura River.

As a result, Environment Southland agreed to put the processing of our resource consent application on hold as we work with the runanga to find alternative discharge options for the treated wastewater. We expect investigations to be completed in late 2023, after which we will submit a revised resource consent application to Environment Southland.

## Gore Oxidation Pond Desludging Project

Due to the Council's wastewater discharge consent expiring in 2023, the long term future of the Gore Oxidation Ponds is uncertain.

We anticipate the oxidation ponds will need to remain operational for at least another 10 years. As a result, we plan to spend approximately \$1.2 million during the coming financial year to partially desludge the ponds to ensure their ongoing performance. We are in the process of obtaining the necessary resource consent and preparing tender documents for this work, which we expect to begin in the second half of this year.

## Hokonui Moonshine Museum / Maruawai Centre Redevelopment

The Maruawai project is the culmination of 35 years spent developing and refining a robust cultural infrastructure within Gore's Arts and Heritage Precinct.

A recipient of a \$1.7 million Government grant from the Provincial Growth Fund, this two stage project's initial budgets of \$1.4m (the moonshine museum) and \$1.8m (the Maruawai Centre) became obsolete in the shadow of protracted community lockdowns and significant escalations in the cost of building services, materials and processes to address potential earthquake, fire rating and snow loading issues with the host buildings.

By May this year, project cost increases for both stages were close to 40%. Given the Council's significant stake in this project, by virtue of facility ownership and our long term commitment to the heritage precinct, we will be exploring options for further short-term investment in this area.

In any event, fundraising initiatives, grant applications and private donor engagement will be the preserve of department staff and community volunteers for the foreseeable future.