

2024/25 Annual Plan Summary



Your Councillors

Want to talk to your elected members?
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Mayoral Foreword

Welcome to our 2024/25 Annual Plan Summary Document. This plan details what our focus will be over the next 12 months. It is essential that we respond to the challenges of today while maintaining our assets for the future.

During the process of developing our Long Term Plan, the uncertainty around water infrastructure and changes coming out of central Government led the Council to be strong advocates for a one-year deferral. When this option was granted by the Government, we decided to produce a realistic plan for the next year rather than an unrealistic, optimistic plan for 10 years.

Unfortunately, a more certain outlook isn't necessarily a brighter one. Due to consistent under investment, we find ourselves in an unavoidable position where we must fund key basic infrastructure like drinking water to avoid the risk of harming our community.

This has created a "perfect storm" as like all businesses and households, we've been hit with high inflation, a jump in insurance charges and increased interest costs.

**\$225,000
= 1% of rates**

There is an additional factor for us as a council—we are very close to our debt ceiling. This means it is crucial we pay down debt despite experiencing the heightened effects of interest payments. We are not alone. Many other councils are in a similar position, particularly the ones with small rate payer bases.

We need to be deliberate in our thinking as we plan for the future of our District, while being mindful of our financial restraints and the impact on our ratepaying community.

A major factor for advocating for the one-year deferral was not only to get some clarity from central Government but also to get that clarity from the community we serve. Back to basics has been a constant conversation around the table, but it is time to understand what that means from the community. It's no surprise that we have had to hit pause on several key projects. Feedback on these will allow us to build our Long Term Plan on a sounder basis.

We will be closely watching the Government's transitional arrangements for Local Water Done Well and strongly advocating in the interest of our District as the reform agenda is developed.

We know that an average proposed rates increase of 21.4% is an unprecedented figure for the District. To put this figure into context, when we first started the conversation, the number was 31.7%. As you can imagine we have had many difficult conversations over the past few months to bring this number down.

In this plan, we have tried to wind things back without completely slashing our services or underfunding renewals for the future.

We want to hear from as many of you as possible about whether we have the balance right. Keep in mind that we will be continuing work on our long term

plan right after this plan is adopted, so please let us know if there is a major change you would like us to consider.

Please read through this document and have your say. Your thoughts help us make informed decisions.



What's the Plan?

Welcome to our 2024/25 Annual Plan Summary Document.

Here you will find information about

- the services, activities, and projects we are going to deliver in the next financial year,
- how much we expect these to cost,
- how we will pay for everything, and
- what it all means for you and your rates

This has been a challenging year for us and councils around the country to set budgets that realistically reflect the increased cost of doing business while being mindful of the impact on ratepayers and residents.

Our budgets for 2024/25 have been about holding the line.

We have managed to cut \$2.3 million from our initial starting point, which was 31.7%, to achieve a 21.4% district-wide average rates increase.

In dollar terms, this means (on average)

- A \$450,000 home in Gore will pay \$15.87 extra a week
- A \$350,000 home in Mataura will pay \$14.60 extra a week
- A \$5.7 million farm will pay \$26.05 extra a week

This number will be different for everyone. Our online rating calculator has been set up to tell you how much your rates increase will be, if this proposed rate increase is adopted.



You can check it out at
goredc.govt.nz/rates-calculator

If you are unable to find your increase in the rates calculator, please contact the Council with your assessment number and we will provide you with the indicative increase.

We are acutely aware of what this increase means for our community, particularly ratepayers on fixed incomes. Unfortunately, this year local government in New Zealand has been hit by a perfect storm of unavoidable cost escalations, as we've seen by the almost weekly headlines of massive rates increases from around the country. We're no exception.

The unavoidable we've faced are:

- Rising inflation
- Increased interest costs
- Increased insurance fees

- Increased audit and compliance fees

Add to the mix the need to fund depreciation and our rates increase was already in double digits before we even looked at next year's budgets.

Your elected members and staff have worked hard to trim budgets as much as possible. However, we still want to move forward on re-introducing kerbside recycling. Gore and Mataura residents have repeatedly told us they want recycling back, and we've listened.

Before we go any further, though, we need to explain why we are delivering an Annual Plan in a year we should have been talking to you about our 2024 – 34 Long Term Plan.

We will discuss the new recycling service and the critical financial details later in this document.



What happened to the Long Term Plan?

What happened was a huge amount of uncertainty and change regarding the direction of 3 Waters reform!

Earlier this year, the Government scrapped the 3 Waters Reform programme and announced a new direction for water services. What that may look like won't be completely revealed until later this year. Understandably, this uncertainty put councils under considerable pressure as they tried to prepare a plan with 10-year expenditure and revenue projections in an environment where no one knew what the future held for 3 Waters services.

This uncertainty was the driver behind the Government allowing councils to defer their Long Term Plans in favour of an enhanced Annual Plan. It's an opportunity we accepted, given we were one of the first councils to lobby the Government to delay the 2024-2034 Long Term Plan.

The other main reason we decided to focus only on the next 12 months was the significant proposed rates increase. We appreciate how difficult it is to look long-term when your view is obstructed by the spike in rates that's looming for next year.

A couple of key points to note:

- It's important to read our draft 2024/25 Annual Plan and accompanying documents in conjunction with this summary.
- We will produce a nine-year plan next year, which must be adopted by 30 June 2025.
- There will only be two years between the next two Long-Term Plans to bring the three-yearly planning cycle back in to line.

Did you know?

Sometimes we use acronyms, phrases and words that may be confusing. Here are a few you will find throughout this summary.

Long-Term Plan – an LTP covers 10 years. It sets out a council's strategic direction and work programme. As well as providing information about services and projects, a long-term plan has budgets for the next decade, expected income, costs and what rates may look like. Local authorities must review their Long Term Plans every three years – except this year.



Capital expenditure – this is referred to as capex and is project based. We use capex for upgrading pipelines, new facilities or new services. At home, capex would be if you installed a new kitchen or added another bedroom to the house.

How much does it cost to run the District?

Every day the money we collect in rates is used to look after what we have and to run the District.

Most of us know about the essential but somewhat unglamorous day-to-day stuff we do such as replacing wastewater pipes, grading roads, keeping your taps running and your toilets flushing.

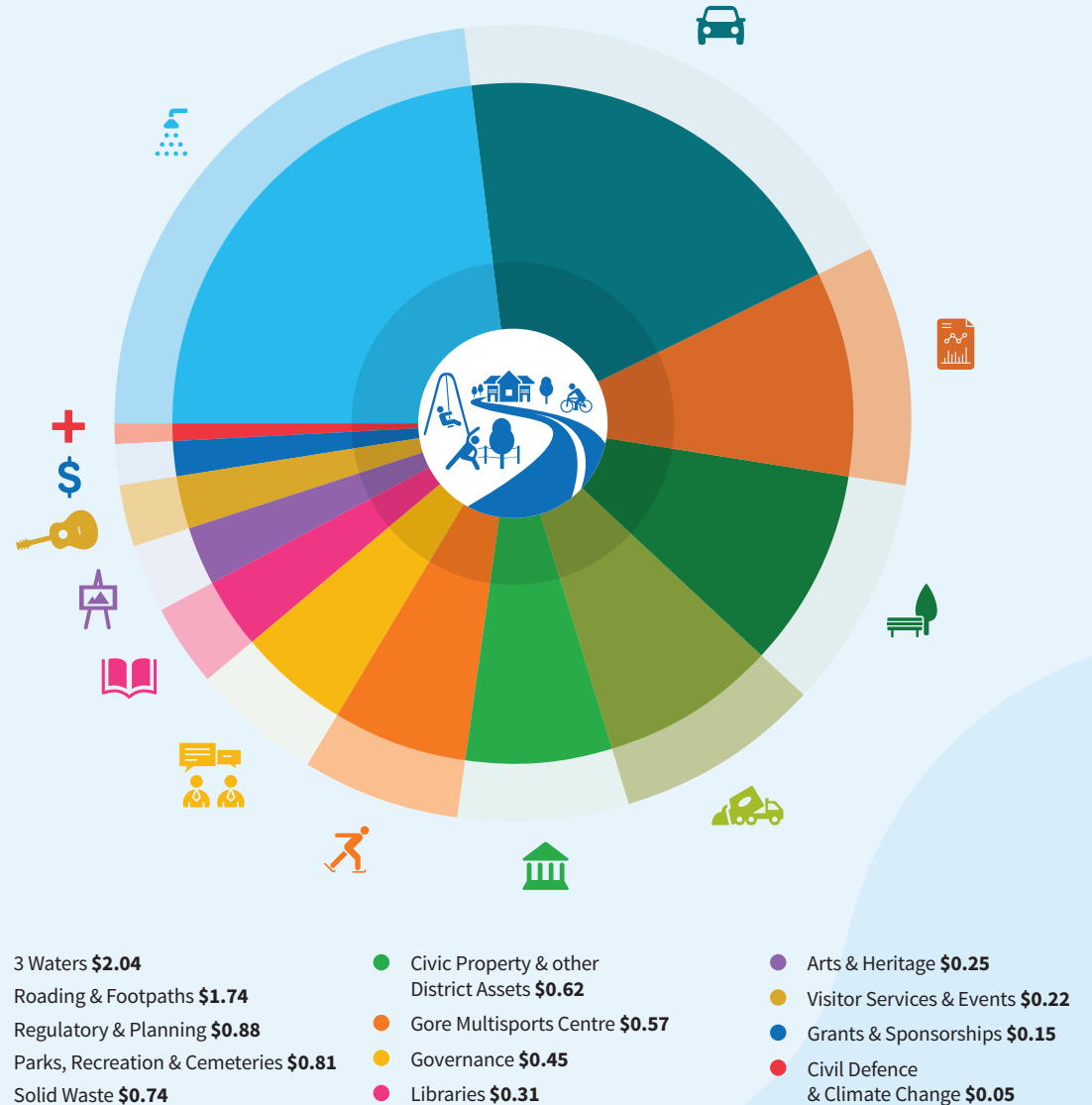
But we also use rates to make sure the things that enhance our lifestyle, such as using the pool, borrowing a library book, or playing sport, are affordable for most people.

\$8.82
PER RESIDENT
PER DAY

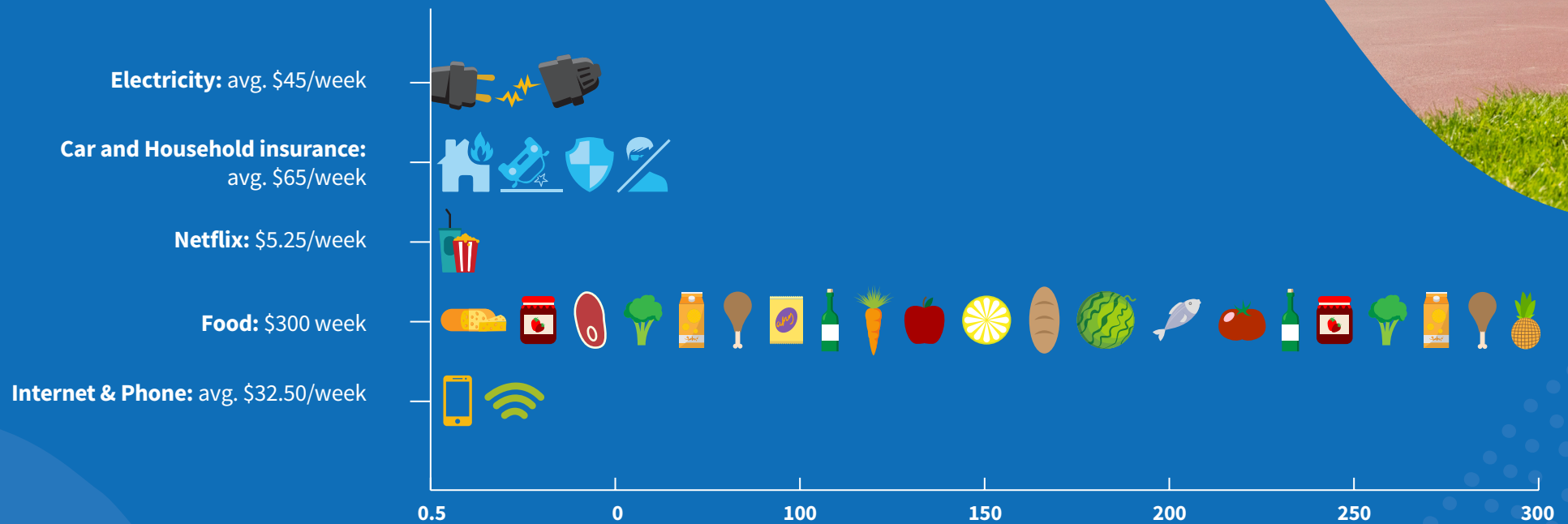
\$61.74
PER WEEK

Cost to run our District

Cost per resident per day



How do these rates compare to other household costs?

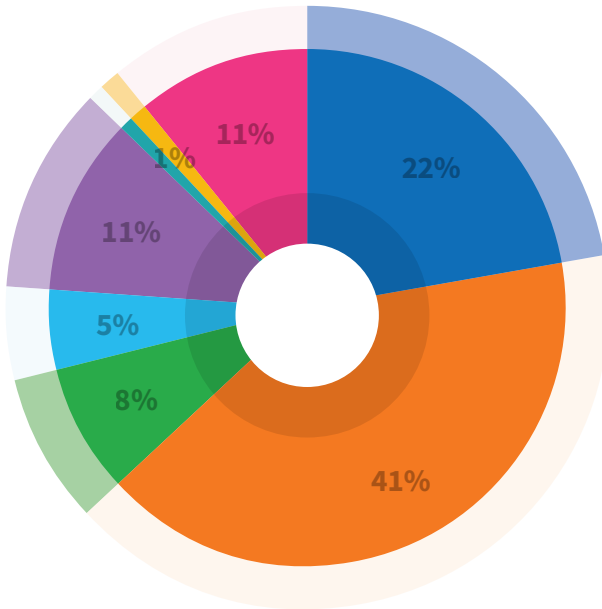


Annual Plan - an AP lets the public know what work and activities will be undertaken in a specific financial year. A financial year is from 1 July to 30 June. An AP tells people how councils are tracking in terms of their Long-Term Plan and any variations there may have been made to it. Annual Plans are produced in the two years between a Long-Term Plan review.

Operational expenditure - usually referred to as opex, operational expenditure is for the day-to-day things like power, fuel, staff costs, interest payments and maintenance. Think about running your house - your opex would be for power, internet, groceries, and rates.

How do we pay for everything?

How we plan to fund it



- General rates, uniform annual general charge and rates penalties **22%**
- Targeted Rates **41%**
- Subsidies and grants for operating purposes **8%**
- Subsidies and grants for capital purposes **5%**
- Fees and charges **11%**
- Other revenue **1%**
- Investment income **1%**
- Increase (decrease) in debt **11%**

Rates are our main source of income. For many years the amount we have been collecting in rates has not truly reflected the cost of running our District.

Like all councils in New Zealand, we've had to take on debt (borrow) to fund investment in our infrastructure. Borrowing is an effective tool to ensure the cost of any projects that deliver benefits to generations is spread across all beneficiaries.

The catch – the unforeseen escalation in interest rates means we are paying more than ever in interest payments.

We've been fortunate that we've been able to deliver major projects, such as the upgrades to the Gore and Mataura Water Treatment Plants or the new library with the help of Government

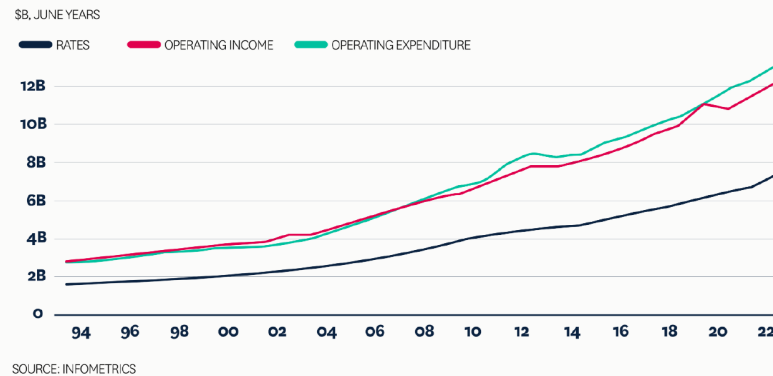
funding via the Provincial Growth Fund and Shovel Ready Fund. However, we are now facing significant pressure on our budgets just to deliver the same levels of service and maintenance.

As we've said, the proposed district-wide average rate increase of 21.4% is largely made up of unavoidable cost increases.

The same things affecting your home costs – interest rates, insurance costs and inflation – are impacting our business. On top of this councils must fund depreciation. In our case, depreciation costs for 2024/25 are up by \$2.1million on this current financial year.

Due to the significant impact on rates this year, the Council is proposing not to fully fund depreciation in some activities.

LOCAL GOVERNMENT INCOME AND EXPENDITURE OVER TIME



Rates and income haven't kept pace with expenditure

If we increased our rates next year by the amount projected in our 2021 – 2031 Long Term Plan (4.15%) instead of the proposed 21.4%, our operating costs would outstrip our revenue by \$16.8 million.

The following table provides a summary of the proposed unfunded depreciation:

ACTIVITY	% UNFUNDED	VALUE
Wastewater	30	627,612
Stormwater	30	287,041
3 Waters Administration	20	34,714
Arts and Heritage	20	10,997
Libraries	20	27,251
Parks & Reserves	20	90,196
Civic Buildings	20	70,490
Gore Multisport Centre	20	76,501
TOTAL		1,224,802

The implications of not fully funding depreciation are that in some activities the renewal of a number of assets will be deferred to a later date, and the ability for the Council to pay down debt is reduced.

Due to the significant impact on rates this year, the Council is proposing to only fund 70% - 80% of the depreciation costs in some activities in 2024/25. However, this is only a temporary measure that will need to be remedied in the future. Other key cost drivers are:

- Finance costs \$400k
- Civic property maintenance \$160k
- Information Technology upgrades \$274k
- Chemicals \$196k
- Roading \$535k
- Insurance \$275k
- Asset revaluation fees \$50k
- Audit fees for LTP \$100k

And let's not forget we must pay for the ever-increasing unfunded mandates from Central Government in areas such as health and safety compliance, traffic management, drinking water standards, wastewater disposal and waste minimisation.

What have we done to keep costs down?

It's been a delicate balancing act the last few months as elected members and staff worked through ways to continue to deliver the level of service you've come to expect while keeping costs down. In order to get to the 21.4% number we have:

- Not funded 20%-30% of depreciation in some activities
- Deferred all new positions
- Deferred property renewals and maintenance
- Deferred IT upgrades and projects
- Delayed recycling rollout to 1 April 2025 or 1 July 2025
- Realigned how we deliver community strategy activities
- Trimmed the parks and reserves materials and contractor budgets
- Deferred upgrading our customer service request system
- Deferred Multisports complex capital projects
- Discontinued the community awards.



What is depreciation?

Depreciation recognises the wear and tear on an asset over its useful life.

Why do we have to fund it?

The law requires Councils to collect rates for the cost of depreciation. This is unique to Local Government.

What are the funds used for?

The funds are used to replace aging assets. They can also be used to pay down debt.

Why is it going up?

We must revalue our assets based on current replacement costs at least every 3 years. A sharp rise in construction costs since covid-19 has significantly increased the cost of replacing assets.



Is this sustainable?

To be honest, deferring work or not funding depreciation provides only temporary relief. It's called 'kicking the can', which means the costs will likely end up on next year's budgets or beyond.

As part of our 2025 - 34 Long-Term Plan discussion, we need to be prepared to start talking about significant cuts to levels of service or how we deal with rates increases in double digits.

How do we calculate your rates?

Our rating system is capital value-based. This means the value of your property is used to calculate the percentage you pay for certain activities. It is not used to calculate your total rates.

There are two types of rates - a general rate and a targeted rate. Your rates account is made up of the following:

- Uniform Annual General Charge and other uniform targeted rates
- Fixed targeted ward rates
- Valuation-based targeted rates
- Valuation-based general rates

What's planned for Three Waters?

Wastewater systems are **30% MORE** expensive to build than three years ago.

SOURCE: INFOMETRICS

We currently have:

5,256
water
connections



Three Waters

Uncertainty is the only certainty about how 3 Waters will be delivered in the future. The Government replaced 3 Waters Reform with Local Water Done Well, but it will take at least another 12 to 18 months before we know what that means.

What we do know is that:

- We must invest millions of dollars in renewing or upgrading our water, stormwater and wastewater networks.
- Our ratepayers can't afford to meet the costs alone.
- The Government's been clear that there's no Crown funding assistance to support the new reform programme

Mataura River Crossing Project - \$4m

In 2022, we completed a major upgrade of the East Gore Water Treatment Plant to ensure it meets NZ Drinking Water Quality Assurance Rules (DWQAR).

However, until we get a new pipeline across the Mataura River we can only supply 65% of Gore's drinking water from the upgraded plant.

The new pipeline will connect the East Gore plant to the Jacobstown Well and Hilbre Avenue Reservoir, which provides water to the other 35% of Gore. Directional drilling has been identified as the preferred method to install the pipes under the river.

Hilbre Avenue Reservoir Replacement - \$6m

The Hilbre Ave reservoir is in poor condition. It's a potential contamination risk to Gore's drinking water supply and has structural integrity issues.

On top of this, we need to increase the reservoir's capacity from 1000m³ to 1500m³. This project includes demolishing the reservoir, treatment plant and possibly the water tower. We will replace it with a new 1500m³ reservoir and associated pipework.

Stormwater Separation - \$3.1m

This project is part of ongoing upgrades to resolve issues with our stormwater network. Did you know that in Gore about 40% of the wastewater and stormwater networks are combined. In Mataura, the figure's 25%.

Combined networks create capacity issues. The lack of capacity results in:

- flooding in the network,
- untreated wastewater overflowing to the environment, and
- increased pressure on our wastewater treatment plants.

Due to climate change, more frequent and intense rain events are expected to exacerbate these issues. We estimate it will cost over \$300 million and take at least 30 years to fix all the capacity issues in our networks. We are currently prioritising parts of the network that need to be upgraded and confirming the scope of work to be completed over the next three years.



What do we have planned for Roads?

We look after:

128
BRIDGES



100km
OF FOOTPATHS

869km
OF ROAD | **INCLUDING**
550KM OF
GRAVEL ROADS

Roads

We need roads to get to work, school, or footy practice. Most importantly, our roads are the lifeblood for our primary producers to get their products to market.

That said, most of our roads have low traffic volumes – about half of the network carries less than 50 vehicles daily.

Our major challenges with roading are:

- Maintaining gravel roads – 60% of the network is unsealed
- Maintaining or replacing bridges
- Drainage

We receive financial assistance from Waka Kotahi New Zealand Transport Agency to look after our roads. It's a partnership that enables us to get work done without ratepayers paying for everything. We get a 61% subsidy from NZTA – so for every \$1 we spend, the agency covers 61c.

Unsealed roads

- Increase grading, including using a second grader when needed. We are aiming to grade 1,600km next year (1,500km this year).

- Increase the amount of gravel we put on our roads to a minimum of 10,500m³ consistently. The last five years the amount has fluctuated between 7,500m³ and 10,500m³.
- Investigate alternative gravel sources.

Sealed Roads

- Maintain the current level of resealing, which is about 18km.
- Do about 300m of pavement rehabilitation.
- Maintain the current level of sealed pavement repairs.

Drainage

- Continue the existing level of routine drainage maintenance.
- Increase drainage renewals – our rural target is to renew 20kms of surface water channels. The urban kerb and channel replacement target is 400m.
- Continue replacing stormwater culverts and sumps as required.

Footpaths

- Continue the current level of footpath maintenance and replacement.
- Renew about 400m of footpath.

Bridges

- Spend an extra \$220k on renewals.
- Replace the Middle Road West bridge.
- Look at disposing of several bridges which provide little public benefit.

Capital Projects - Intersection Safety Improvements

- Ardwick/ Crewe Street's kerbed splitter islands
- Seal the gravel legs of Strauchon Road, Pope Road and Nicholson Road where they intersection with Reaby Road.

Bridges are 38% MORE expensive to build than three years ago.

SOURCE: INFOMETRICS



What's planned for Solid Waste?

Solid Waste

We have to meet the Government's expectations to manage waste better. These are set out in a new national waste strategy, which will be rolled out in three phases.

Targets for the first phase, to be achieved by 2030, are:

- Waste generation: reduce the amount of material entering the waste management system by 10 per cent per person.
- Waste disposal: reduce the amount of material needing final disposal by 30 percent per person.
- Waste emissions: reduce the biogenic methane emissions from waste by at least 30 percent.

In 2020, we significantly reduced kerbside recycling options. We know through our Rethinking Waste conversations that you want us to manage our waste better.

Over the next 10 years, we propose reintroducing a recycling programme for Gore and Mataura. We will also investigate other key projects to meet NZ Waste Strategy targets. This includes:

- Investigate a feasibility study, through WasteNet, on options to manage organic waste across Southland
- Investigate options for rural recycling initiatives and partnerships
- Investigate a feasibility study for a resource recovery centre to re-use items from our community so they do not end up in landfills.



**Over the next 10 years,
we propose reintroducing
a recycling programme for
Gore and Mataura.**



Have your say

What should we do about Kerbside Recycling?

Council wants to improve the way we manage our waste through providing new and better options for recycling. In order to align with national kerbside standards we need to bring in a 3 bin kerbside collection for both Gore and Mataura.

We have until 1 January 2027 to add paper and cardboard, plastic bottles, trays and containers of resin identification codes 1, 2, and 5, and aluminum and steel tins and cans to our recycling collection.

Moving to a 3 bin system will enable us to reintroduce recycling while continuing to reduce the impact of contamination of broken glass in mixed recycling, which causes extra waste having to be sent to landfill. In addition, Wastenet needs to cover a range of increased costs for this service, including increases in emissions trading scheme costs and waste level charges. Wastenet will also increase the amount that it invests in education.

Under this new model, waste and recycling would be collected on alternate weeks with glass continuing to be collected on a four weekly cycle.

Option One (*preferred option*)

Introduce a new 140 litre fortnightly blue lid glass recycling bin collection service.

This will mean everyone who currently receives recycling services will have three bins. Red lid for rubbish, a new blue lid for glass, and the current yellow lid will be for paper and cardboard; plastic bottles, trays and containers of resin identification codes 1, 2, and 5; and aluminium and steel tins and cans.

As well as the cost involved for the new bins, the cost of the service will increase to account for the additional bin collections.

There will also be improvements in health and safety for people processing the waste and improved sustainability from less waste being sent overseas.

The figures:

- \$400k investment into purchase of additional bins for glass collection in 2024/2025 (increase in debt)
- \$75k in solid waste operational costs from 2024/2025 (3 month implementation)
- \$250k in ongoing solid waste operational costs from 2025/2026
- Level of service increase from April 2025

The average annual targeted rate for this service will increase by \$15.35 per annum in 2024/25 and \$51.20 per annum in 2025/26.

Option Two (*another option*)

Delay the introduction of a new 140 litre fortnightly blue lid glass recycling bin collection service until the 2025/2026 year.

This option will mean a new bin for every property that currently receives recycling services as outlined in our preferred option but this wouldn't start until 1 July 2025. This would save on implementation costs in this Annual Plan and start those in line with the Long Term Plan next year.

- \$400k investment into purchase of additional bins for glass collection in 2024/2025 (increase in debt)
- \$250k in ongoing solid waste operational costs from 2025/2026
- Level of service increase from July 2025



Your Voice is Important!

You can provide us with feedback until Friday 17 May.

Key Dates

- **Monday 29 April** – the draft 2024-25 Annual Plan is open for feedback
- **Friday 17 May** – Feedback closes
- **Tuesday 28 May** – Hearing (if required)
- **Tuesday 25 June** – the Council adopts its 2024/25 Annual Plan

Having your say is as easy as ticking a box on our submission form. Here's how you can get involved:

Online

Visit our website www.lets.talk.goredc.govt.nz where you will find all the information about the 2024/25 Annual Plan, including an easy feedback form.

Hard Copy

Fill out the feedback form at the back of this document and return to us via post, email or drop in to us.

Come and have a chinwag

We will be out and about with Agnes, our conversation caravan, to talk about whether we should reinstate kerbside recycling. These pop-up sessions will be a chance to korero with your elected members and let them know your thoughts about the draft Annual Plan.

We look forward to seeing you at one of these locations – just look out for Agnes, you can't miss her!

- **James Cumming Community Centre**
Wednesday 8 May: 4:00pm - 6:00pm
- **Waikaka Community Hall**
Thursday 9 May: 1:00pm - 3:00pm
- **Mataura Service Centre and Library**
Tuesday 14 May: 11:00am - 1:00pm





Feedback Form

2024/25 Annual Plan

Did we get that balance right? What's important to you? We want to hear your thoughts. Feedback is open until **Friday 17 May**. You can have your say in the following ways:

1. Online:
Go to our website www.lets-talk-goredc.govt.nz to fill out our online submission form.
OR

2. Written Submission: Fill in a hard copy of our submission form. Once complete:
Scan and email to: info@goredc.govt.nz
Subject line: Annual Plan Feedback

Hand deliver to:
Civic Administration Building
29 Bowler Avenue, Gore
OR Mataura Library/Service Centre, McQueen Avenue, Mataura

Your Name:

Postal Address:

Email:

How would you prefer to be contacted:

EMAIL POST

Do you wish to speak to Councillors in support of your submission?

YES NO

If you tick 'Yes' we will contact you to confirm the time you will be speaking at the meeting on 28 May.

Please note: Your name and feedback will become public information. Other personal details will remain confidential.

What is your preferred option for kerbside recycling?

(Refer to page 13 consultation document)

- OPTION 1** : Introduce a new 140 litre fortnightly blue lid glass recycling bin starting 1 April 2025
- OPTION 2**: Delay the introduction of a new 140 litre fortnightly blue lid glass recycling bin collection service starting until the 2025/2026 year

Comments:

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Further Feedback

Do you have any feedback for elected members about anything else in the 2024/25 Annual plan?

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How did you hear about the 2024/25 Annual plan?

- Website
- Social media
- Pop up event
- Ensign
- Radio
- Other

I would like to receive email updates from the Council about future consultations.

- YES NO