

Focus on Southland District

SOUTHLAND DISTRICT COUNCIL
ANNUAL PLAN 2011/2012

 *People First*
Southland District Council
Te Rohe Pōtae O Murthiku

About Southland

One of the essential characteristics of Southland is its strong community ethic. Each of Southland's communities has a special character, ranging from the popular coastal township of Riverton, the bustle of a busy tourist destination in Te Anau, to the quiet yet beautiful town of Riversdale and tranquillity of Oban, Stewart Island/Rakiura. In all these communities it is the norm to know your neighbours; people are open and friendly and can be relied upon. This sense of community has created a reputation of Southland being one of the safest family environments in the country.

The spirit of community is also seen in the way in which people work together for the development of their township and local area. Southlanders are generally very resourceful but conservative, preferring to learn from past experiences and be cautious and thoughtful in their approach rather than be impulsive and take risks.

One of the attractions of living in Southland is the lifestyle. Outdoor pursuits abound in Southland, from trout fishing in the Mataura River, water skiing at Lake Manapouri, a huge range of walks and tramps, and a large number of golf courses. Residents are generally active, typically involved in a range of sporting and recreational activities such as rugby, golf, netball and bowls. Southlanders also value arts and cultural activities and participation in community activities is high with interests ranging from the fellowship of service groups to the creativity of arts groups.

Agriculture remains the cornerstone of the Southland economy with agriculture, forestry and fishery workers being the most numerous occupational groups in the District. The continued expansion and development of the dairying industry, in particular, looks likely to underpin future growth. At the same time, with exploration for lignite, gas, oil, coal and recent development of wind power and a well established hydroelectric power station, energy opportunities also look likely to play an increased role in the District economy in the future. With six iconic tourist destinations (Milford Sound, Doubtful Sound, Fiordland National Park, Southern Scenic Route, the Catlins and Stewart Island) located in Southland, the District continues to be well-known for its unique and diverse tourism attractions.

Key Statistics

Population	28,440 ¹
Māori	9% ²
European	79% ²
Other ethnic groups ³	19% ²
Median household income	\$48,700 ¹
Median house price	\$193,250 ⁴
Land area	30,753 km ²
Length of coastline	3,400 km
Average annual rainfall	1,112 mm
Average annual sunshine hours	1,614 hours
Average summer temperature high	19 °C ⁵
Average winter temperature high	10°C ⁵
Number of Councillors	12
Number of Community Boards and Community Development Area Subcommittees	12 (CBs) 16 (CDAs)
Total Rateable Rating Units	20,859 ⁶
Contiguous Rating Units	15,993 ⁷
Area of parks and reserves	1,249 ha
Number of sports fields and playgrounds	70
Number of libraries	12
Length of sealed roads	1,951 km
Length of gravel roads	3,010 km
Length of footpaths	193 km
Number of bridges	974
Number of streetlights	2,416
Length of wastewater pipes	205 km
Length of stormwater pipes	107 km
Length of water pipes	632 km

¹ Census 2006

² More than 100% as respondents can choose more than one ethnic group

³ 'New Zealander' responses in the Census form part of the 'Other ethnicity' category

⁴ www.interest.co.nz home loan affordability series April 2011

⁵ www.nzs.com/new-zealand-weather/southland

⁶ June 2011 based on properties subject to Council Offices and District Support Rate

⁷ June 2011 based on properties subject to Representation Rate

Overview

The overview explains what the Annual Plan is and describes the key issues for Council and the community as well as information about the overall financial effect. It also highlights the key changes made to the Plan as a result of submissions. In addition, the section describes the communities' seven key outcomes as well as details of other related planning documents.

From the Mayor and Chief Executive

Thank you for taking the time to read Council's 2011/2012 Annual Plan. This is a key communications document for Council and we hope that you, our ratepayers and residents, get a detailed overview of what Council is intending to do during the next 12 months. Thank you also to those that made submissions on the Draft Plan. We received 62 submissions which contained very constructive comments that Council has taken on board.

This Plan should be read in conjunction with Council's Long Term Council Community Plan (LTCCP) which was published two years ago. This Annual Plan covers the third 12-month slice of the LTCCP. Both documents have been difficult to put together due to the current economic uncertainty. The long term infrastructural needs of the District need to be balanced against community affordability and this has been challenging because of the increasing demands on infrastructure such as our roading network and escalating prices, particularly fuel and bitumen.

The overall aggregated district rate increase within this Annual Plan is below that signalled in our LTCCP. There have been a number of significant savings in expenditure, but these, unfortunately, have been offset by reduced income from external sources such as interest. Roothing costs are the main reason rates continue to increase and this is because heavy traffic volumes also continue to increase.

Roothing remains Council's most significant expenditure area and an increase in use from both dairying and forestry has put significant demands on Council's reconstruction programme. Council has adopted an approach which will maximise the use of Central Government's financial assistance rate (currently sitting at 54%). In this Plan, Council intends to only carry out work on roads where it can get funding assistance. Council has also adopted a policy of minimising the burden on future ratepayers as most of the work being undertaken relates to maintenance and renewals. Unfortunately there is still an element of borrowing in the Plan to pay for our proposed roading programme. We will continue to ensure that rural New Zealand's voice is heard by Central Government especially relating to issues around equitable road funding.

Council just implemented a long term sustainable solution for household waste collection which involves a change to a two bin wheelie bin service, one for waste and the second for recyclables. Recycling drop-off centres for those residents who are not on the collection continue to be provided. Council believes this is a positive step towards reducing the amount of waste to landfill. This has resulted in a one-off increase in the collection rate.

In this Plan, Council has also continued with Stage 2 of the change to the way that the cost of the water and wastewater operations and maintenance is paid for by communities. Instead of all communities paying a different amount based on the historical contract costs, the operational and maintenance costs of our schemes are now shared out among communities based on the number of units.

We will be looking at the pros and cons of setting a uniform cost across all schemes including the costs of renewals and upgrades as part of next year's new Long Term Plan.



Work continues on the review of our District Plan, which is being done in conjunction with Environment Southland. This collaboration is providing benefits in better ratepayer understanding and input as well as economic payback. Council is active in more than 50 shared services with other councils and is committed to exploring any opportunity that benefits its ratepayers.

In the 2011/2012 year we will no doubt continue to see a large number of policy and/or discussion documents from Central Government outlining proposed changes to legislation, structures and direction which could have significant impacts on Council, its ratepayers and residents. This is likely to include the reorganisation proposals, changes to the Building Act regulations and delivery agent, amendments to the Resource Management Act and revamping of the Local Government Act, to name a few. Submissions on these proposals take time and effort from Council to ensure they reflect the needs of rural New Zealand rather than only those areas of high density population.

We are disappointed to see the Stewart Island Visitor Levy legislation has been tabled at the Select Committee, but has not made any further progress due to bureaucracy in Wellington. This is an example of a community seeking empowerment to proactively look after their own destiny, only to be delayed by officials.

Progress is being made on the Round the Mountain bike trail and it is hoped that physical work will start in the period covered by this Plan. This trail will be a great asset for Northern Southland and will form an excellent base from which other tracks can radiate creating links to the whole region.

In conclusion we would like to again thank all those who have taken the time to read this document and who made submissions on our Draft Annual Plan. We look forward to another 12 months of ensuring Council works proactively to put our "People First".

Frana Cardno

**Frana Cardno, QSO JP
MAYOR**

D. P. Adamson

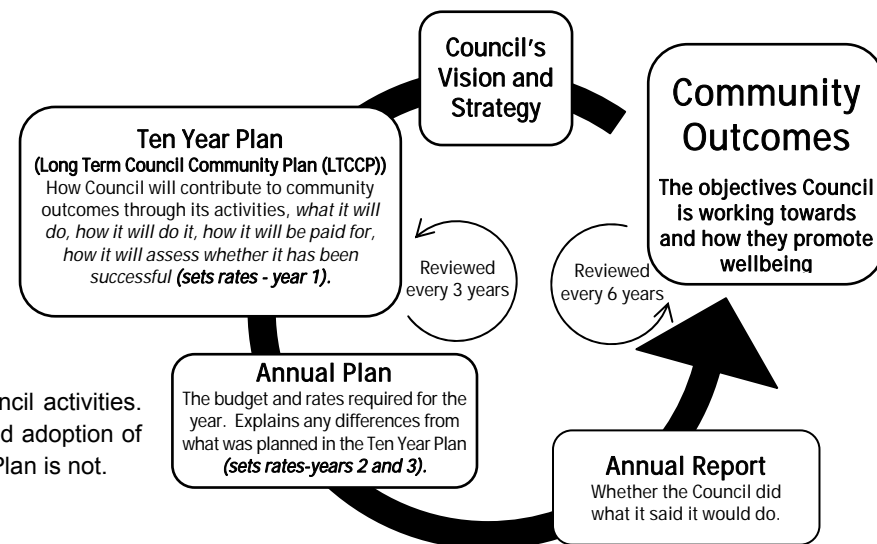
**David Adamson
CHIEF EXECUTIVE**

What is the Annual Plan?

The Annual Plan provides an update of what the Council is proposing to do in the coming year compared to what was proposed for that period in its Ten Year Plan 2009-2019. The Annual Plan includes information on how much it is going to cost to deliver the Council's proposed activities, how it proposes to pay for these, as well as outlines how the Council's performance will be measured. Minor changes in the timing or cost of projects that were described in the Ten Year Plan 2009-2019 are also explained.

The Annual Plan does not focus on the role, scope, service levels and priority of Council activities. These wider 'strategic' matters are intended to be dealt with through the preparation and adoption of the Ten Year Plan. Note that an Annual Plan is produced every year that the Ten Year Plan is not.

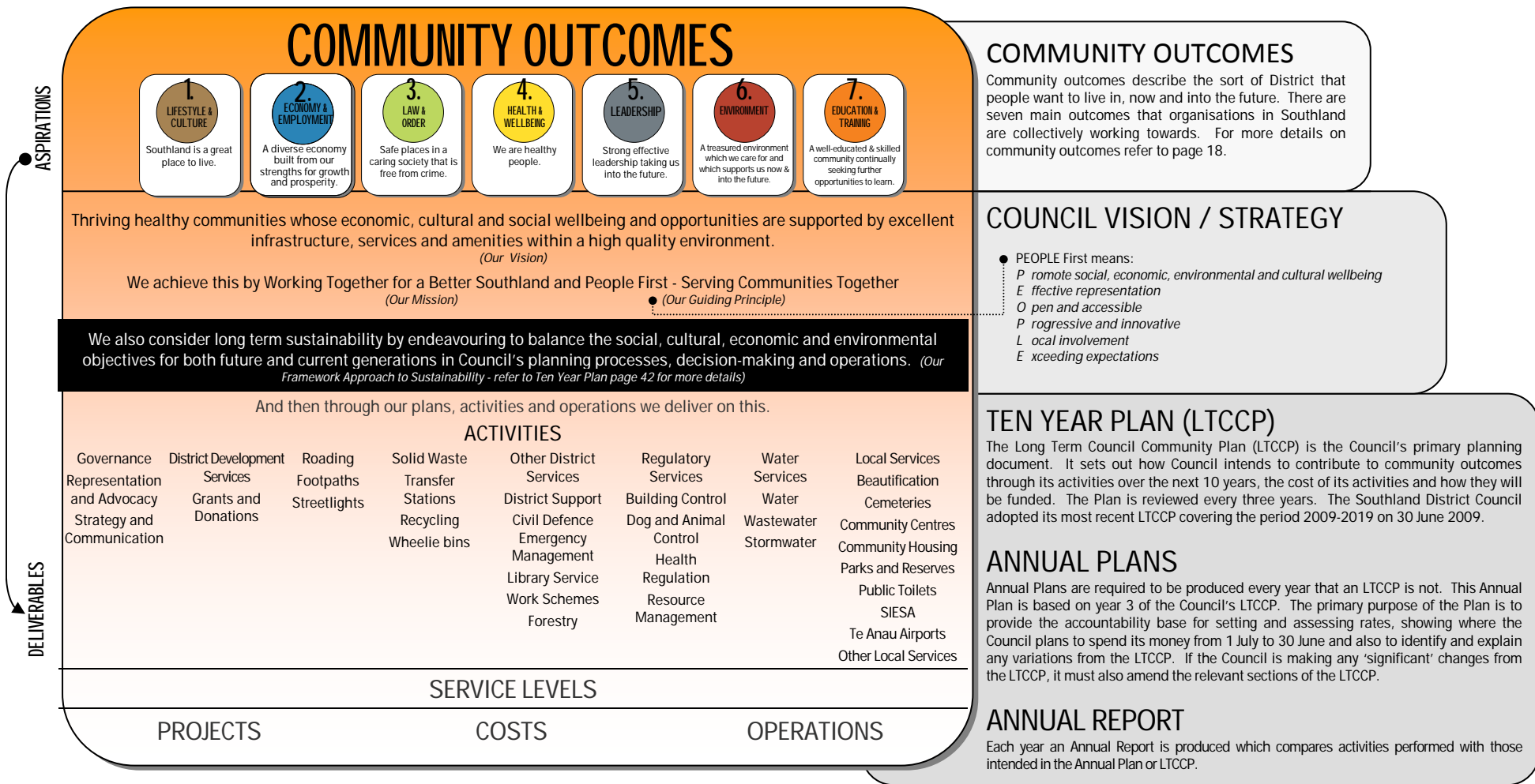
The Annual Plan is made up of several sections as follows:



Overview (page 4)	Activities - Council's Planned Actions (page 26)	Council Controlled Organisations (page 119)	Financial Forecasts (page 123)	Other Information (page 169)
The overview explains what the Annual Plan is and describes the key issues for Council and the community as well as information about the overall financial effect. It also highlights the key changes made to the Plan as a result of submissions. In addition, the section describes the communities' seven key outcomes as well as details of other related planning documents.	This section looks in more detail at what services the Council provides and why. It details what level of service will be provided and how this will be measured as well as some of the key issues related to the activity. It also includes details of projects (operational or capital) which are planned and explains any variations from what was planned for the 2011/2012 year against what had been included in the Ten Year Plan. Lastly it details how much it will cost and how it will be funded.	Provides an overview of Council Controlled Organisations and their activities.	Presents the financial implications of the Plan. It looks at the net worth, cashflows, performance and the overall position for the 2011/2012 year compared to what was forecast in the Ten Year Plan. This section also details any changes to the assumptions made by Council in preparing the Plan as well as information about the revised rates for 2011/2012 in the funding impact statement and whether the Council is balancing its budget. The section also includes variations to fees and charges as well as the Accounting Policies used to prepare the financial information.	Provides information about the Mayor and Councillors, the structure of Council, Community Boards and other Subcommittees and Management.

Our Council

Council works towards its vision in its plans, strategies, and policies and also through the activities outlined in its Ten Year Plan. The seven community outcomes support the vision, mission and guiding principle for the Southland District Council (see below). The Council has a Mayor and 12 Councillors representing 12 Wards. Due to the diversity of the needs and priorities of our local communities, we also have 12 Community Boards and 16 Community Development Area Subcommittees. Council also directly supports a number of representative groups, including the Southland District Youth Council, Milford Community Trust and Te Ao Mārama, and engages with a wide range of stakeholder groups on a regular basis. More information about the Council can be found on page 170.



Overview of submissions and changes

The community must be consulted when developing and adopting an Annual Plan. A Statement of Proposal (incorporating Southland District Council's Draft Annual Plan 2011/2012) was considered and approved by Council on 6 April 2011. It was then made available for public consultation during the period from 9 April to 11 May 2011. The Draft Plan Summary was distributed to all households in the District and posted to non-residential ratepayers. In addition, around 200 copies of the full Draft Annual Plan were distributed to other local authorities, public libraries, and interested organisations and individuals who requested these. Both the summary and full draft document contained a freepost submission form.

Responses to the Draft Annual Plan

62 submissions were received to the Draft Plan. The majority of submissions received were on:

- The proposed grant to Te Hikoi Southern Journey Museum in Riverton (14).
- Various local parks and reserves projects (13).
- Roading issues including the impact of heavy traffic on the roads, particular road improvements needed, and the amount of renewal work planned (13).
- Various local public toilet projects (11).
- Resource Management fees and the District Plan review, including some requests for funding for landscape and biodiversity projects (10).
- The proposed grants for the Southland Coastal Heritage project, the Swim Safe Southland programme and the Junior World Track Cycling Championships (9).
- The Council's roading rate model, in particular the proportion which various sectors should pay towards roading (7).
- Solid waste management issues (6).

A hearing was held in Invercargill on 14 June 2011 with 10 submitters speaking to their submission. Council then considered all 62 submissions and indicated three key amendments should be made to the Plan as a direct result. These amendments included establishing a rating area for the Aparima hall, spreading the \$20,000 grant to Cycling Southland over two years instead of one, and contributing \$39,000 towards the region-wide landscape assessment project being undertaken by Environment Southland. In addition, the Council indicated a number of issues to be considered as part of the Long Term Plan 2012-2022. Several staff changes to the document were also approved (which mainly related to carrying forward projects not completed in the 2010/2011 year to 2011/2012).

All amendments to the Draft Plan were confirmed at a meeting of Council on 29 June, where the final Annual Plan was adopted. Each submitter receives a letter outlining any changes made to the Plan as a result of their submission. A more detailed overview of submissions and amendments are detailed below:

Grants and Donations - Te Hikoi Museum

Council received 14 submissions on the proposed \$44,000 grant to the Te Hikoi Southern Journey Museum in Riverton to cover an expected deficit in operating costs in 2011/2012. Eight supported Council giving the grant, commenting that it is an excellent asset for Riverton and Southland tourism and that it has had a lot of positive feedback from visitors and locals. Six supported a grant of some degree, however, said that the money should be distributed among other museums as well, particularly Waikawa.

After considering the submissions, Council decided to retain the grant to Te Hikoi in the Annual Plan as it believes that it is the only Museum of this type and scale in the District and tells Southland's history, not only Riverton's. Council also recognised that Te Hikoi is looking at ways to become more financially sustainable, is implementing a number of changes to their governance arrangements to improve operations, and that there is a very large number of volunteers who have put in a lot of work.

Council has requested that Te Hikoi provide a progress report on their financial position, numbers visiting the centre and measures they have undertaken to improve revenue and reduce expenditure during 2011/2012. Council also said that it will look at other museums in the District who request funding on a case-by-case basis and could apply for grants through the Regional Heritage fund.

Parks and Reserves

Council received 13 submissions on parks and reserves. Four of these were on the proposed Riverton Focal Point frame sculpture with one supportive of the idea and three against. Submitters said that other artists should have the opportunity to submit ideas, that it was a waste of money and could be better spent on footpaths or the cemetery toilet, and that the sculpture would make it difficult using the frame for photography. Four submissions were also received on the proposed Henry Street playground upgrade in Te Anau with all submitters opposed to it saying that the equipment is still suitable, the playground does not get a lot of use and that it would be more appropriate to upgrade other playgrounds. The last five submissions were on various topics including support for the development of Otautau walking tracks, support for playgrounds in general, positive feedback on Manapouri Frasers Beach, a request to improve parking at Colac Bay and a comment about the landscaping of the Te Anau lake edge.

Council passed on the parks and reserves submissions to the local Community Boards and Community Development Area Subcommittees to consider. The Riverton Community Board will be deciding on the Riverton Focal Point frame sculpture at the beginning of the financial year (it has no impact on rates) and the Henry Street playground upgrade will continue to go ahead, however, the scope of this upgrade is yet to be decided. Improvements to parking at Colac Bay were made in 2010/2011 and the area will be monitored to see if more is needed in the future.

Roading

Thirteen submissions were also received on various roading matters. There were comments about the poor standard of the roads due to heavy vehicles from the dairy and forestry sectors, opposition from road construction companies about cuts in the roading budget (particularly reductions in capital works) and support and opposition for reducing Council roading debt. There were also requests for roading work on particular intersections and bridges and suggestions that the Council should discuss levels of service options with the community in the future and continue to advocate for increased Government funding. A submission was received from Roslyn Road requesting that the road be sealed or residents be surveyed about getting Otta seal. A submission was also received from the NZ Automobile Association requesting the Annual Plan document have more detail on road safety. In addition, a staff submission requested that the Plan include road funding carried forward from underspends in 2010/2011.

While considering the roading submissions, Council discussed its difficult position of trying to keep the roads in a good condition and rates at an affordable level, while facing reduced financial assistance from the New Zealand Transport Agency, particularly for renewal work. Council decided to retain its programme as outlined in the Draft Annual Plan with the addition of the carried forward work from 2010/2011. Council also decided to continue with the approach of maintaining last year's roading rate increase to minimise roading debt. Council assigned specific roading requests to engineering staff to investigate. Council also discussed that it was unable to fund half the cost of an Otta seal for Roslyn Road, however, requested that information on costs and funding options for the seal be passed on to residents so it can undertake a survey to see if residents would be willing to pay for the seal themselves. Council also said that the level of detail on road safety will be looked at for the Long Term Plan after the review of the Roding Asset Management Plan.

Public toilet projects

Council received eleven submissions on various public toilet projects. Five people submitted on the proposal to remove the Riverton Cemetery toilet, with three in support of an upgrade and two believing it should be removed. Other submitters supported the planned toilet at Colac Bay, requested change tables be installed in all public toilets, requested a public toilet for Wallacetown and supported a contribution from the Riverton Community Board for a campervan dump station in Riverton. In addition, submitters commented that the Mossburn toilet should not become user-pays and that research needs to be done on how the Te Anau Lions Park user-pays system is going. A staff submission requested that the Tuatapere toilet project originally planned for 2010/2011 be carried forward to 2011/2012.

Council passed on the public toilets submissions to the local Community Boards and Community Development Area Subcommittees to consider. The Riverton Community Board will be deciding on the future of the cemetery toilet for the Long Term Plan and the Wallacetown Community Board has retained its decision to not construct a toilet for the town due to the ongoing costs associated with it to local ratepayers and proximity to Invercargill. Council commented that the operation of the Te Anau Lions Park toilet is currently being reviewed and the outcome of this will determine whether improvements need to be made or if the user-pays system is implemented in other toilets in the District. In addition, Council approved the carry forward of the Tuatapere toilet project.

Resource Management

Ten submissions were received on resource management related topics. Three opposed the increase in resource consent fees and/or queried parts of the Resource Planning budget and two supported the District Plan review collaborative approach with Environment Southland. There was a funding request from Environment Southland of \$39,000 in 2011/2012 for Phase 2 of the region-wide landscape assessment project. There was also a request from Biodiversity Southland for Council to contribute \$20,000 towards Environment Southland's Biodiversity Enhancement fund. In addition, Biodiversity Southland thanked Council for its continued funding of \$10,000 for the co-ordinator's role and \$15,000 for the High Value Area Survey.

After considering the submissions, Council decided to retain the level of resource management fees that were in the Draft Annual Plan as it recognised that the fee is only based on an average and consent applicants will be refunded if the cost to process the consent is lower. Council approved the funding request of \$39,000 for the region-wide landscape assessment project as the information will be useful for the District Plan review and will save costs by taking a collaborative approach with Environment Southland. Council said this can be paid for out of the existing District Plan budget for 2011/2012. Council, however, did not approve the \$20,000 funding request for Environment Southland's Biodiversity Enhancement fund as it felt it was not currently in a position to do so (as the Council was already giving a number of additional grants to other causes this year) but said that it may support it in the future.

Grants and Donations

Nine submissions related to the proposed grants (excluding Te Hiko) in the Draft Annual Plan. Four were in support of the \$15,000 for the Southland Coastal Heritage Project, two were in support of the \$20,000 to Cycling Southland for the Junior World Track Cycling Championships and three supported the \$17,400 a year for three years for the Swim Safe Southland programme. One submitter commented that the proposed grants should be coming from Venture Southland rather than Council and another requested that money should be allocated in the Annual Plan for owners of heritage buildings. In addition, a staff submission requested that the budget for the Friendship Committee be funded from reserves rather than rates for 2011/2012 and that the budget include a possible Thai exchange.

Council decided to retain the grant to the Southland Coastal Heritage Inventory Project in the Annual Plan as the information will be useful for the new District Plan. The Council recognised that the knowledge of where culturally or archaeological significant areas are will mean the areas can be better protected. The Council also decided to retain the grant for the Junior World Cycling Championships, however, instead of providing \$20,000 in one year the funding will be spread over two years with \$10,000 given in 2011/2012 and \$10,000 in 2012/2013. Council believes it will bring benefits to the Southland District through visitor numbers before and after the event. The Council also decided to retain funding for the Swim Safe programme given the importance of children knowing how to swim in the District's many rivers, lakes, coastal areas and pools. Council has requested a report back in March of each year on progress and results from the programme.

In terms of the request that money to be allocated in the Annual Plan for owners of heritage buildings, Council said it is already committed to providing annual funding to the Southland Regional Heritage Committee for the preservation of Southland's heritage and that currently it believes that the responsibility for the upkeep and maintenance of these private buildings rests with the building owners. Council also clarified that Venture Southland provides tourism, economic and community development activities for Council rather than gives grants to the community, however, Venture Southland and the services it provides to the Council will be reassessed during the review of the Venture Heads of Agreement in 2012. In addition, Council agreed to the Friendship Committee's request of funding its operating costs from reserves rather than rates.

The roading rate model and sectors percentage share of costs

Seven submissions were received on the roading rate model. Three submitters believed that dairy tankers are damaging the roads and therefore the dairy sector should pay a higher proportion than currently proposed, two opposed the increase in share of costs for Forestry, one suggested that in the future Council should not depart from the share of costs in the roading rate model and one opposed the Morrison Low method and wanted the GHD model brought back. Various changes to the model were also recommended such as the removal of Meridian from the 'other' sector, including more tonnage information on feed movements, use of a flat targeted rate across all ratepayers in the District to fund costs associated with aggregates and fund 20% of general costs, and developing a separate land-use sector for tourism orientated business and accommodation.

After considering the submissions, Council decided to retain the percentage share of costs that were proposed in the Draft Annual Plan as it believes it is a fair reflection of each sector's use of and impact on the District's roading network. However, Council asked that the submitters' specific model suggestions (about additional tonnage information that could be included in the model, the categorisation of Meridian, the allocation of costs for aggregates and general costs) be investigated during the update of the model for the Long Term Plan 2012-2022.

Solid Waste Management

Six submissions were received on solid waste related topics. Three submitters made positive comments about the introduction of the new two bin kerbside waste system and one opposed the new service. Of these, one also asked for free dumping of greenwaste at transfer stations. In addition, a submission was received suggesting a review of the Rakiura Recycling centre, particularly to improve efficiencies and one also thanked Council for its continued support of the Enviroschools programme.

Council noted the support and opposition for the new two bin kerbside waste system which was introduced in May 2011. It clarified that the disposal of greenwaste is currently free of charge for carloads and \$12 for larger loads. Council also said that the operators of the Rakiura Recycling centre will investigate what other local recycling operations do for ideas on best practice.

Aparima Hall

Council received one submission from the Aparima Hall Committee asking for a rating area for the hall to be established and for Council to collect rates (of approximately \$35 per rateable property) on its behalf. The Committee had undertaken consultation with the ratepayers in the area and had large community support. Council resolved that the Aparima Hall rating area be established.

In addition, the following minor changes were made to the Plan:

- Some projects not completed in 2010/2011 for stormwater, wastewater and water and Ohai footpaths were carried forward to 2011/2012.
- The rates example table in the Financial Overview section of the Plan was corrected to ensure no contiguous properties were included.
- A sentence on Council's partnership with the Police and Public Health South was included in the Health Regulation section of the Plan.
- The initial roading staff submission was to carry forward capital works of \$2,495,000 to over numerous activities. Due to more timely and accurate information adjustments was made and the changes were to carry forward capital works \$2,500,000. This has also been reapportioned over numerous capital activities.

The following changes will also be considered as part of the Long Term Plan:

- Investigate a targeted tourism rate as part of the Revenue and Financing Policy review.
- Review and expand on example properties to demonstrate the effect of Council's proposed activities on rates.
- Expand on Road Safety in the roading section of the Long Term Plan.
- Consult with stakeholders and community on levels of service options for roading.
- Investigate additional tonnage information and suggestions on how costs should be distributed for the roading rate model.
- Investigate fully rating Meridian.

Register and Acknowledgement of Submissions

Alan Petrie
 Alina Suchanski
 Aparima Hall Committee
 Beth Wilson
 Brian Thomson
 Bruce and Gaye Lamb
 Bruce Ford
 Catherine Hill
 Christopher Shaw
 Craig Hodsell
 Cycling Southland
 Doetie Keizer-vdWal
 Earnslaw One Limited
 Emergency Management Southland
 Environment Southland
 Erin Farrant
 Federated Farmers of New Zealand
 Grant Chapman
 Heather Buckingham
 Helen Prendergast
 Historic Places Trust
 Ian Munro
 Invercargill Parents Centre Incorporated
 Irene Barnes
 Janette Buckingham
 Janice Templeton
 Jeanna Rodgers
 Jim More
 Joy and Dave Crouchley

June Stratford
 Ken Buckingham
 L F (Tony) Strang
 Leah Boniface
 M C and R J De Clifford
 NZ Automobile Association Southland District
 NZ Landcare Trust
 Phil Tisch
 Phillip Owen
 Public Health South
 R F Durham
 Riverton Area Promotions Incorporated
 Riverton Heritage and Tourist Centre Trust
 Robin McCall
 Roslyn Road Residents
 Ruth Hayes
 South Catlins Development and Environmental Charitable Trust
 Southland Farm Forestry Association
 Southroads (Grant Isaacs)
 Stephen Keach
 Stewart Fleck
 Susan Williams
 Te Ao Mārama Incorporated
 The EnviroSchools Foundation
 The Roding Company Limited
 Trevor and Marie Anderson
 Water Safety NZ & Sport Southland
 William J Watt Consulting Limited
 Staff Submissions

- Southland District Council Friendship Committee
- Finance
- Roding
- Stormwater, Water and Wastewater
- Area Engineers

Key Issues and Projects

Emphasis on Minimising Rooding Debt –

Council's last LTCCP in 2009 identified that a number of the District's sealed roads (built during a peak period in the 1960's and 1970's) were coming to the end of their economic life and that a significant increase in renewals and other capital work was needed to ensure that roads were capable of delivering the level of service set by Council. Financially the LTCCP showed that expenditure needed to be about \$2.4 million higher than the previous year (and rates approximately \$1.1 million higher) to complete the revised programme of work. At that time, instead of increasing rates in one year to get to the required level, the Council decided to gradually increase rates over the 10 year period and "borrow" funds in the early years to do the extra work. The idea was that by 2013/2014 rates would be at the level needed to fund the roading programme, and with the required programme of works flattening out, the annual increase in rates after that would be used to repay all of the loans by 2018/2019.

Shortly after the Council adopted that plan, the New Zealand Transport Agency (who provides financial assistance for roading from petrol tax and road user charges) announced that the Government was limiting the amount of funding that it would provide for the three years to six years, and that it would not provide enough funding to pay for 'any' increased programme. Despite this, Council decided to keep the budgets unchanged in the hope that additional funding from NZTA would be made available. Since then, the Government has signalled that there is unlikely to be any increases in their funding and that their contribution towards roads is likely to stay the same or even drop in the future, particularly given current economic conditions and the significant recovery effort that will be needed for the recent earthquake in Christchurch. This combined with the impact of rapid increase in fuel costs would mean that rates would have to increase significantly if the planned programme was to be carried forward as it currently stands.

As a result, this year the Council has been looking at how it can use the funding that it does have to keep roads in a good condition and at the same time, reduce the amount of funds "borrowed" to smooth out rate increases. The Council cut the level of roading expenditure by around \$1.5 million for 2011/2012 from what was previously targeted in the LTCCP to match the funding programme from Government (including expenditure that is still subject for NZTA funding approval on a project basis) and has carried over funding for roading from the 2010/2011 year as not all work scheduled to be done is expected to be completed by 30 June 2011. The majority of the cuts in expenditure are for capital work which had been planned to renew or improve sealed and unsealed roads. At the same time Council has maintained last year's roading rate increase of 7.08% which will mean that less has to be "borrowed" to fund the work. The current roading debt of \$6.9 million will increase to \$8.4 million by June 2012, reaching a maximum of \$8.5 million by June 2013 before reducing and being paid off by June 2018.

Given that Council will be preparing a new Rooding Activity Management Plan and Long Term Plan during 2011, the Council has indicated that it will consider the appropriate level of rates and associated level of service during that process. Once this work is done, the impacts of any long term reductions in expenditure will be better understood and the Council will be able to discuss the options available with the community to find a compromise. At this stage it looks likely that the Council will need to look at reducing the standard of roads, particularly given the increases in the cost of oil (which is a core component of roading costs including bitumen) and the cap on the level of financial assistance coming from the Government. Both of these factors mean that roading is likely to cost ratepayers more in the future, even to do the same amount of work. If the community wants to reduce roading rates further, the only way to achieve this in the future will be to make significant cuts to the level of service and standard of roads throughout the District.

Focus on Rooding

Rooding is the Council's single biggest area of expenditure, and is crucial to the economic and social well-being of the District. It provides the means for moving goods and services and a corridor for utility companies to provide services. It also provides people with access to their land, homes, schools, and social and recreational centres.

Work over the 2011/2012 year will seek to improve the sustainable management of the network, including funding, physical asset management, and securing cost-effective resources.

Paying for Roads - Roading Rate Model Updated –

For a number of years Council has shared out the cost of roading amongst properties in the District based on a model. The model's formula provides a way to allocate the costs of roading to those sectors that create the costs through their use of the network.

In the Annual Plan, the variables in the formula have been updated including the number of properties in each sector, the volumes (tonnes) produced by each sector (table opposite), the total roading budget and where that budget is spent. The table below shows the effect of the changes on the Model's Share of Costs (C) as well as the Share of Costs (D) that Council will use for the 2011/2012 year. In developing the 2011/2012 share of costs, Council considered the following:

- The 'other' sector continues to pay a 1% cost share because it includes a number of not for profit organisations.
- The 'residential' share to pay a 9.5% cost share allowing for unquantified heavy vehicle movement.
- The 'mining' sector continues to pay around half of the model's cost share due to there being a small number of properties in this sector.
- The 'non-dairy' sector to pay cost shares as derived from the model.
- The 'forestry' sector cost share to pay at 6% reflecting current activity impacting on the roading network.
- The 'dairy' sector to pay cost shares as derived from the model.
- The 'commercial', 'industrial' and 'lifestyle' sectors to pay the model's share of costs.
- Costs shares should be rounded to half percents.

Change in Tonnage

Sector	2009	2010	2011
Mining	251,686	386,164	510,089
Aggregates	461,471	433,952	392,862
Non-Dairy	425,045	422,800	396,992
Dairy	1,490,448	1,874,026	2,081,210
Forestry	488,902	520,984	575,639
Industrial	53,244	222,099	263,746
Total	3,170,795	3,860,025	4,220,539

The land use sectors with increases in tonnage were Dairy, Mining, Forestry and Industrial. The Dairy sector significantly influenced changes in tonnage for the Mining and Industrial sectors as both these sectors provide service dairy farms (e.g. fertiliser). Growth in the Forestry sector reflects a maturing of harvestable logs in Southland, a trend expected to continue over the next few years.

Comparison of Share of Costs for Each Sector (Model versus Adopted)

Comparing the 2010/2011 share of costs with the revised model for 2011/2012 and Council's split (GST exclusive)

Sector	Rating Units (UTR)	2010/2011 Model Share of Cost (A)		Current 2010/2011 Share of Costs (B)		Updated Model Share of Costs (C)		Adopted 2011/2012 Share of Costs (D)		% Change (B to D)
		%	Dollars	%	Dollars	%	Dollars	%	Dollars	
Mining	23	3.33%	\$336,285	1.5%	\$151,414	3.88%	\$419,769	2.0%	\$216,186	42.8%
Non-Dairy	3,207	39.40%	\$3,977,509	39.0%	\$3,936,775	37.88%	\$4,094,820	37.5%	\$4,053,483	3.0%
Dairy	744	32.88%	\$3,318,995	31.0%	\$3,129,231	32.75%	\$3,540,279	33.0%	\$3,567,065	14.0%
Forestry	175	4.88%	\$492,447	5.5%	\$555,186	4.78%	\$517,092	6.0%	\$648,557	16.8%
Industrial	327	4.07%	\$410,554	4.0%	\$403,772	4.02%	\$435,041	4.0%	\$432,371	7.1%
Commercial	462	2.70%	\$273,035	3.0%	\$302,829	2.56%	\$277,079	3.0%	\$324,279	7.1%
Lifestyle	2,280	3.72%	\$375,566	5.0%	\$504,715	3.84%	\$414,729	4.0%	\$432,371	-14.3%
Residential	7,891	6.19%	\$624,930	10.0%	\$1,009,429	6.28%	\$678,612	9.5%	\$1,026,882	1.7%
Other	316	2.82%	\$284,972	1.0%	\$100,943	4.00%	\$431,867	1.0%	\$108,093	7.1%
	15,424		\$10,094,294		\$10,094,294		\$10,809,287		\$10,809,287	7.08%

Grants and Donations –

Council has decided to make a number of one-off grants and donations in this Plan for the Southland Coastal Heritage Inventory Project, the Swim Safe Programme, Te Hikoi Museum and the Junior World Cycling Championships. These will be funded from a mixture of reserves and by applying a Regional Initiative rate of \$4.13 (GST exclusive) on all properties, with all properties paying the same.

Swim Safe Programme – Council approved \$17,400 per annum for three years (totalling \$52,200) to Water Safety New Zealand and Sport Southland to deliver a life skills swim programme which aims to have every child in Southland to be able to swim 200 m by the age of 12 years old.

Southland Coastal Heritage Inventory Project – Council has set aside \$15,000 for this project which aims to update Southland's archaeological records along the coast before these are lost. This an inter-agency project between the Department of Conservation, Environment Southland, Te Ao Mārama Incorporated, the New Zealand Historic Places Trust and the New Zealand Archaeological Association.

Te Hikoi Museum – Council will provide a grant of \$44,000 to cover an expected deficit in operating costs in 2011/2012. The Museum is currently looking at different marketing strategies to increase revenue.

Cycling Southland - Cycling Southland will be holding the Junior World Track Cycling Championships in 2012 and Council has agreed to give a grant of \$10,000 in 2011/2012 and \$10,000 in 2012/2013 as it is anticipated the event will attract a high number of visitors/supporters to Southland.

Additional Projects – Council also approved a funding request of \$39,000 for a region-wide landscape assessment project being undertaken by Environment Southland as the information will be useful for the Council's District Plan review and by taking a collaborative approach Council will save costs. This grant will be paid for out of the existing District Plan budget for 2011/2012.

Cycle Trail Update –

The Southern region has been developing the concept of the 'Around the Mountain' Cycle Trail from Walter Peak to Kingston ever since the Government proposed the development of a National Cycle Trail at the Jobs summit in the later part of 2008/2009. In July 2010 the Ministry agreed to fund \$4 million (excl GST) for Stage 1 (from Walter Peak to Mossburn) of the Trail's development. Resource consent applications are currently being prepared for the Trail and if obtained parts of the Trail will be completed during 2011/2012.

Economic Value of Roads

Council has been undertaking a project to develop an Economic Network Plan of the District's roads to help understand the impacts of land use changes on Southland's economy and associated Council infrastructure. The Plan will also identify the varying economic values of roads within the Council's network. This information, once completed will be used to help forecasting and long term planning, in particular for infrastructure needs.

Gravel Resources

Council is also reviewing the sustainability of gravel resources which comprise around 20% of the roading budget. Increased controls on taking gravel from rivers have resulted in a reduction in the availability of gravel for roading works.

As such the Council is looking at how it can better use its own gravel reserves, work more collaboratively with existing gravel providers as well as liaise with Environment Southland and Fish and Game to identify gravel sites at key locations throughout the District that may be suitable for extraction, while minimising environmental impact.

Stormwater Consents

Environment Southland's Regional Water Plan (which became fully operative in November 2008) requires Council to more actively manage stormwater discharges. As a result, Council has applied for resource consents for stormwater in many townships and these consents will require monitoring to determine the quality of the stormwater which is released into waterways. At this stage Environment Southland is still processing the resource consents and has requested that a one-off stormwater sample be provided so that consent limits can be set. Budgets for these consents have been carried forward from last year into this Annual Plan.

New Waste Contract Starts for Wheelie Bins and Transfer Stations –

A new contract for waste management services with BCL (Bond Contracts Limited) started in May 2011 which covers the operation of transfer stations, greenwaste sites and recycling drop-off centres throughout the District as well as the new two bin kerbside waste and recycling service. As decided last year, the new kerbside service comprises of two 240 litre bins - a waste bin and a recycling bin - with each bin collected on alternate weeks. The charge for the new service has been standardised so that urban and rural properties using the service pay the same amount rather than differing amounts. Approximately 8,300 properties will be receiving the service which equates to a rate of approximately \$231 (excl GST) which is inside the indicative cost of \$236 (excl GST) that was highlighted in last year's Annual Plan. Details of the rates and the area serviced can be found on page 160.

Council's transfer stations and recycling drop-off centres opening hours, and fees will remain unchanged at this stage. One key change will be that in addition to being able to pay by tokens, Eftpos will be available at all transfer stations (excluding Stewart Island which has its own contract).

In this Plan, income from refuse fees is also projected to drop because material which previously would be disposed of as rubbish will now be able to be recycled. As such there is projected to be a reduction in the amount of rubbish passing through transfer stations and a reduction in revenue. The Te Anau contractor will also be using their own transport depot for handling recyclables rather than the Te Anau transfer station. This decrease in refuse fees (\$125,060) will require an increase in the Waste Management rate to meet the remaining fixed operational costs. In the Plan the Council has smoothed in the effect of the drop in income over 10 years resulting in a 7.56% increase, which means. Council is effectively borrowing from reserves in the short term and repaying these back in the longer term. The other option that the Council did consider was a one-off increase in the rate to offset the drop in income but this would have resulted in an increase in the Waste Management rate of around 15.95%.

Water and Wastewater Operations and Maintenance Contract –

As part of last year's Annual Plan Council decided to change the way that the Water and Wastewater Operations and Maintenance Contract cost is shared out amongst schemes over two years. 2011/2012 will see the final stage of the change phased in. The cost of the contract will now be fully allocated according to the number of units across the District with every unit paying the same amount. This varies from prior years where schemes paid different amounts based on historical costs for each scheme.

Change in Ministry of Health Subsidy Criteria for Water and Sewerage Schemes –

In September 2009, the Minister of Health put the drinking-water subsidies programme on hold in order to conduct a review of the eligibility criteria. Central Government were looking to confirm that the drinking-water subsidies were operating under the best possible process to ensure that the communities with the greatest need were accessing the available Government funding.

Changes to Fees and Charges

A number of fees and charges have been revised for 2011/2012 as shown from page 161. An overview of the changes are detailed below and more detail on these are included in the relevant Activity Statement section.

Building Control - Building control fees have been reviewed to recover the increased cost of carrying out the activity.

Resource Management - Several changes have been made to resource consent related fees. The charge for notified consents has been increased to reflect the average actual cost of processing this type of consent however. refunds or additional charges may also apply depending on the actual cost incurred. Subdivision approval fees have also increased slightly to more accurately reflect the time that it takes to process these approvals. In addition, the charge out rate for consent monitoring and investigation has increased for the 2011/2012 year to recover the costs involved.

Animal Control Fees - The dog registration fee will increase from \$17.78 to \$21.74 (GST exclusive) to recover increased costs relating to rangers, pound (maintenance and possible joint pound development) and microchipping. Impounding costs have also moved to a flat structure of \$100 (GST exclusive).

School Water Supply Sampling Charge - A new annual charge (\$400 GST exclusive) has been brought in for schools who receive monthly sampling of their private water supplies to cover the cost of undertaking the work.

Headworks and Financial Contributions - Headworks contributions for water supplies have mainly decreased for most water supplies. Financial contributions for water and sewerage schemes have also changed with some decreasing and others increasing.

Te Anau Airport - Certain landing fees have been increased to reflect market rate.

Stewart Island Electricity Supply Authority - Unit and distribution and development charges have increased by 4% to cover the increased costs of electricity generation (primarily due to increases in diesel costs).

The Minister was concerned that the first-come, first-served format of the previous programme structure meant that most funding was only available in the initial stages of the programme and some communities in need of subsidies might be missing out. The review of the criteria has been completed reflecting the advice received from local government, health officials and other interested parties. Essentially the eligibility criteria remain largely unchanged but will be restricted to those communities with a deprivation index or score (DI) of 7 and above (based on geographical meshblock areas). Council is now working through the revised criteria to determine the scale of the impact on our community water supplies.

In the Council's Ten Year Plan there were two new water schemes planned in Waikaia and Riversdale. These projects have now been cancelled as Council has been unable to obtain any funding from the Ministry of Health for the work and it is no longer affordable for the community without this subsidy. Council was also looking at options to extend the Browns Sewerage Scheme which has struggled to comply with resource conditions for several years, however, it has also been unable to secure funding. At this stage, Council plans to undertake a treatment upgrade at the Browns scheme and will monitor the results to see whether the larger project is still needed in the future.

Forestry Return –

Over the past couple of years Council has not received a return from the Forestry activity to offset rates as the economic downturn had a significant impact on the prices that Council received for the sale of its timber. However, the returns received for harvesting in 2010/2011 has improved by about 56% over the 2009/2010 prices, due to strong demand for export logs from China, Japan and Korea. This demand has been holding since mid-2010 and it is anticipated that this may maintain at current levels for some months to come. As a result of this, revenue from harvesting has exceeded expectations and in 2011/2012 it is expected that \$300,000 will be available to offset rates.

Te Anau Airport –

The Te Anau Airport Manapouri rate will remain unchanged for the coming year. The old airport site at Waiau has not yet been sold as economic conditions have not been favourable for a sale, however, a decision was made in 2010/2011 to lease the Waiau Airport site and the revenue is being used to help fund operational costs and the short term loan for the new airport. This income is helping to offset rates with the increase in GST. Over the past year there has been an increase in the number aircraft using the airport and a large amount of work is being done to increase this more with an airport designation change approved to allow for jet aircraft over 5,700 kg to land there. Council will also continue focusing on marketing the airport to increase use over the coming year.

District Plan Review Update –

Council is continuing to review its District Plan, a document that manages land use and development in Southland, in collaboration with Environment Southland and their Regional Policy Statement. The initial policy drafting stage was completed in November 2010 and the draft objectives and policies are now being used in the current method drafting stage of both reviews. The District Plan methods drafting stage will progress through the first half of 2011 with Council is aiming to have a Draft Second Generation Southland District Plan ready for notification to the public by the end of 2011.

Other Rates Related Information

Aparima Hall Rate –

Council approved a request from the Aparima Hall Committee to establish new rate to collect funds to pay for the maintenance of the Aparima Public Hall (Hundred Line Road West). The rate is \$35 (excl GST) and will be paid by ratepayers with properties that have dwellings surrounding the hall not already paying a hall rate. More details about the new rate can be found on page 159.

Level of Uniform Targeted Rates –

Under the Rating Act, Council is limited to collecting 30% of its total rates using certain Uniform Targeted Rates (UTR - a flat charge so that everyone pays the same fixed amount). Based on the total rates to be collected in 2011/2012 (\$36,628,692 excluding GST), Council will be collecting 24.32% of its total rates on a uniform basis (excluding water, wastewater and wheelie bin rates). While this percentage is slightly lower than last year, the total rates to be collected has increased which effectively increases the amount which is collected by UTR. This has resulted in every property paying an extra \$20 in uniform charges in 2011/2012 with uniform rates now totalling \$557 per property. Generally, any move to increase the amount of rates collected on a uniform basis will shift rates from properties with high capital and land values to lower valued properties. This means shifting rates from rural to urban properties and from businesses to households and would increase rates in townships like Tuatapere, Ohai, Wyndham and Nightcaps.

Finance Overview

Funding

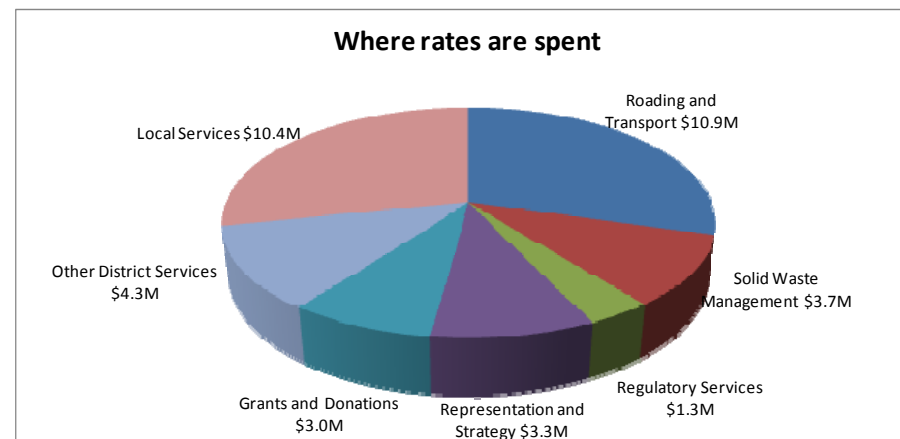
Rates –

Council is proposing a District rate increase of 6.55% in 2011/2012, of which 0.26% is due to the inclusion of the Regional Initiative rate. The proposed increase is lower than the 6.89% forecast in the Long Term Council Community Plan (LTCCP). All ratepayers in the Southland District pay District rates for services such as roads, libraries, regulatory activities and representation.

The above percentage is an average of the District rate types. The individual rate increase for each property will depend on the value of the property and the type of services it receives. The rates change for each local area will also vary depending on the township, the services provided in that township and the local projects and priorities that have been identified by local community representatives.

In addition, individual property's rates will vary as a result of the full impact of the GST rate increase from 12.5% to 15% on 1 October 2010. The level of variation will depend on whether or not the 2010/2011 rates for each property was paid by instalment or in a lump-sum prior to the change in GST rate.

The pie graph opposite shows where rates are spent by activity. The Council's 27 activities have been grouped into seven main activity types to enable the graph to be easily read.



Activity Grouping

Other District Services includes activities such as Libraries, District Offices, Civil Defence, and Community Housing.

Local Services includes activities such as local area Footpaths, Stormwater, Water, Wastewater, Beautification, and Playgrounds.

Regulatory Services includes Building Control, Dog Control, Health Regulation and Resource Management.

Rates Examples –

The table opposite shows examples of the changes in rates for a median capital value property in the various land use sectors. The rate types applicable to each example vary depending on the services received and the property location.

Sector	Land Value	Capital Value	Rates 2010/2011 per year (GST excl)	Rates 2011/2012 per year (GST excl)	Rates Increase per year	Rates 2011/2012 per week (GST excl)	Rates Increase per week	% Increase
Residential	\$10,000	\$155,000	\$1,549	\$1,638	\$88	\$31	\$1.70	5.71%
Lifestyle	\$125,000	\$251,000	\$1,037	\$1,079	\$42	\$21	\$0.80	4.03%
Pastoral Farming	\$1,100,000	\$1,300,000	\$1,602	\$1,681	\$79	\$32	\$1.51	4.91%
Mining	\$25,000	\$27,000	\$702	\$882	\$180	\$17	\$3.46	25.66%
Industrial	\$105,000	\$115,000	\$1,232	\$1,528	\$296	\$29	\$5.70	24.07%
Commercial	\$70,000	\$225,000	\$1,623	\$1,774	\$152	\$34	\$2.92	9.35%
Dairy	\$2,300,000	\$2,475,000	\$3,326	\$3,638	\$311	\$70	\$5.99	9.36%
Forestry	\$109,000	\$1,110,000	\$986	\$1,093	\$107	\$21	\$2.06	10.89%
Other	\$60,000	\$60,000	\$426	\$439	\$13	\$8	\$0.25	3.06%

Other Sources of Funding –

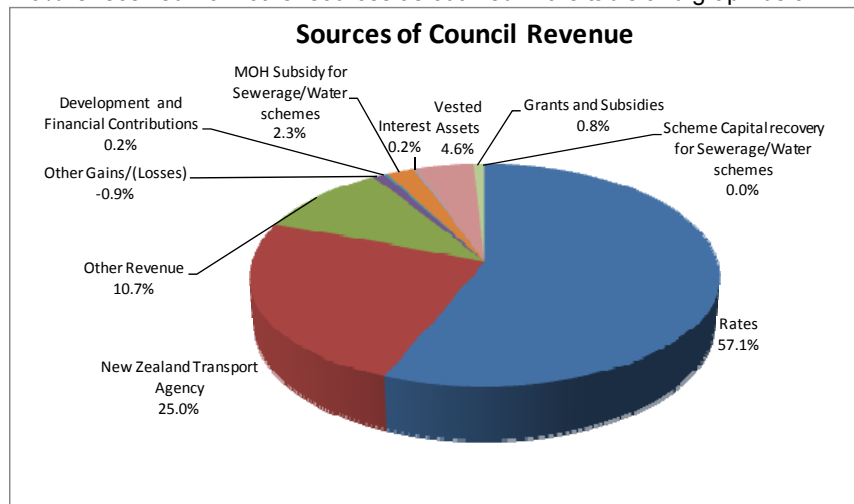
In 2011/2012 rating will provide 57.1% of the Council’s total revenue. The remaining 42.9% is received from other sources as outlined in the table and graph below.

REVENUE	LTCCP Annual Plan	
	2011/2012	2011/2012
Rates ¹	36,606,388	36,628,664
New Zealand Transport Agency	15,439,720	15,995,821
Other Revenue ²	6,553,659	6,857,867
Other Gains/(Losses) ³	(443,280)	(594,977)
Development and Financial Contributions	439,527	150,273
MOH Subsidy for Sewerage/Water Schemes	1,369,758	1,472,397
Interest and Dividends	522,125	113,465
Vested Assets	-	2,973,123
Grants and Subsidies	389,698	530,393
Scheme Capital Recovery for Sewerage/Water schemes	919,267	-
TOTAL PROJECTED REVENUE	61,796,862	64,127,026

¹Rates excludes Rate Penalties of \$300,000.

²Other Revenue includes items such as rates penalties and fees and charges.

³Other Gains/(Losses) includes items such as asset sales and the forestry gain/(loss).



Of the 42.9% funding from other sources, the majority is from financial assistance received from the New Zealand Transport Agency towards the Council’s roading programme (25.0%) as well as subsidies from Central Government (Ministry of Health) (2.3%). The key financial differences between the Annual Plan and the LTCCP are the increased New Zealand Transport Agency (NZTA) revenue and the inclusion of vested assets. Due to a number of roading projects being moved to the 2011/12 financial year from 2010/11, the NZTA funding share of these costs has also been moved. Additionally, vested asset revenue has increased due to the anticipated completion of the Delta and Landcorp subdivisions in Te Anau and Manapouri respectively. Vested assets are assets, such as roads, water, sewerage and stormwater, which are given to Council by developers at the completion of their development. The decrease in the scheme capital recovery income is as a result of the Riversdale and Waikaia water supply projects now being removed as projects as funding is no longer available from Central Government. Scheme capital recovery is the contribution from those connecting to each scheme to assist in funding the cost of the capital project.

Reserves –

The Council has a number of reserve funds which are used to fund particular projects or are set aside for future use. As at 30 June 2010 Council had total financial reserves of \$18.9 million. It is projected that these will decrease to \$12.3 million by 30 June 2012. The projected decrease is mainly due to money being drawn down to fund rates smoothing. It is budgeted that these reserves will be repaid within any 10 year plan. For further information on Council’s rates smoothing approach please refer to page 168.

Loans –

Council is anticipating an internal loan balance of \$27.7 million at 30 June 2012. This balance represents loans made by Council from cash reserves, investments and external borrowing in order to fund various Local and District projects. These loans are repaid through rates. It is anticipated that all cash reserves and investments will be utilised at 30 June 2012, and therefore external funding will be required. Council expects the external loan balance to be \$14.6 million at 30 June 2012.

Expenditure

Operating Expenditure –

Council's operating expenditure including depreciation (shown separately in the graph on the right) totals \$63.5 million in 2011/2012. This includes items like repairs and maintenance costs, salaries and electricity costs. As per the graph, the major activities of operational expenditure are roading and transport at \$28.2 million and water, wastewater and stormwater at \$7.9 million. The \$63.5 million is higher than the \$62.5 million forecast for 2011/2012 in the LTCCP primarily due to:

- Increased maintenance costs (by \$1.0 million), predominantly as a result of the new Water and Waste contract as well as various proposed maintenance projects around the district.
- Increased roading costs (by \$500,000), primarily due to changes in timing of planned maintenance expenditure.
- Increased interest costs (by \$400,000), being an increase in internal interest of \$1.3 million offset by a decrease in external finance costs of \$900,000. This variation is as a result of the revised timeline for delivery of capital projects and changes between internal and external funding of these projects.

These increased costs have been offset by:

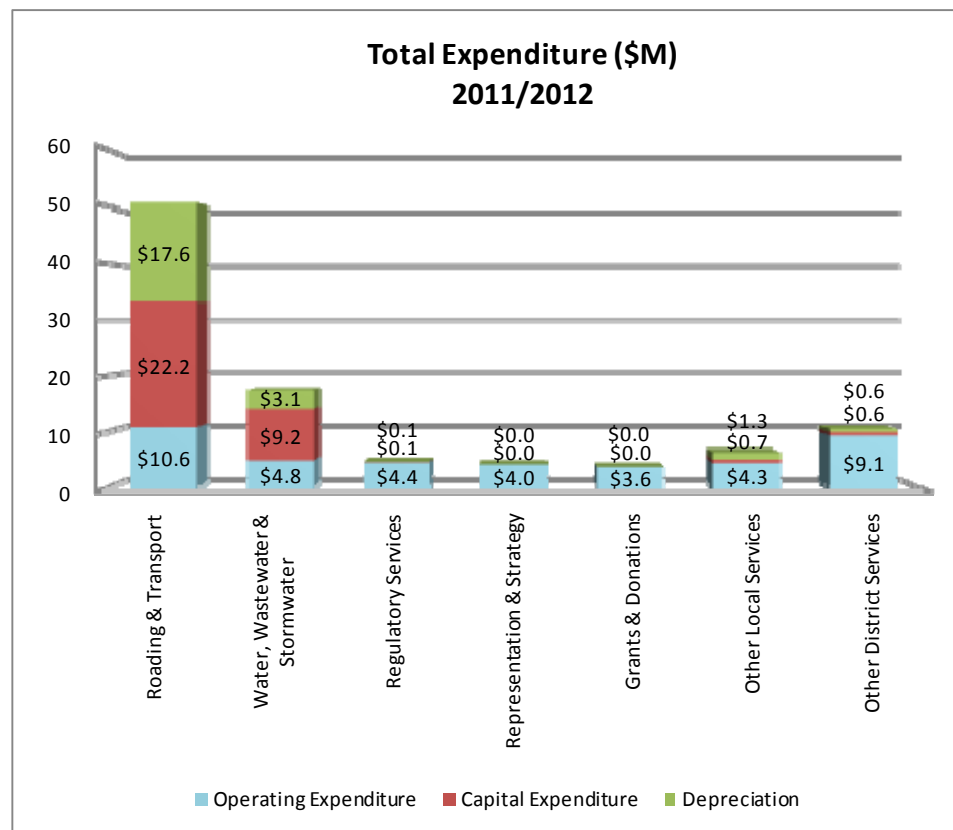
- Lower waste management costs (by \$700,000), predominantly due to the kerbside recycling system, changing from a three bin option, fully operational in 2010/2011, to a two bin option which is now commencing in May 2011. The estimated cost of this additional service and the associated impact on waste transfer stations has accordingly been revised down from what was included in the LTCCP.
- Reduction in various other expenditure (by \$200,000).

Capital Expenditure –

Capital expenditure includes the costs of renewing, purchasing or improving infrastructure. Council's capital expenditure (including vested assets) totals \$32.7 million in 2011/2012. This includes renewing the District's roading network and major water and sewerage projects. Overall, the capital expenditure is \$3.3 million higher than projected in the LTCCP due to changes in scope and anticipated completion date for a number of projects (including roading and the Ohai/Nightcaps, Riversdale, Riverton, Waikaia and Winton water supplies). Major project variations can be found under each activity section of the Plan.

Surplus/(Deficit) –

The projected surplus for 2011/2012, after accounting for depreciation, is \$0.7 million, which is \$1.4 million more than the forecasted deficit of \$0.7 million for 2011/2012 in the LTCCP. Variances in individual components of revenue and expenditure are explained above, as well as under each activity section of the Plan. For further information on Council's finances, please refer to the full financial statements from page 123 and each of the statements for each activity which are included in the Plan from pages 26 to 118.



Our Way Southland Community Outcomes

SOUTHLAND'S COMMUNITY OUTCOMES - 'The Community's Blueprint For The Future'

1.
LIFESTYLE and CULTURE

Southland is a great place to live.

2.
ECONOMY and EMPLOYMENT

A diverse economy built from our strengths for growth and prosperity.

3.
LAW and ORDER

Safe places in a caring society that is free from crime.

4.
HEALTH and WELLBEING

We are healthy people.

5.
LEADERSHIP

Strong effective leadership taking us into the future.

6.
ENVIRONMENT

A treasured environment which we care for and supports us now and into the future.

7.
EDUCATION and TRAINING

A well-educated and skilled community continually seeking further opportunities to learn.

Intermediate Outcomes

- 1.1 We value our history and heritage.
- 1.2 We have a choice of quality places to go and things to do.
- 1.3 We embrace and respect a diverse community.
- 1.4 We are proud to be Southlanders.
- 1.5 We live in a creative place.

- 2.1 We have a quality infrastructure with potential for growth.
- 2.2 We have an innovative and vibrant culture that supports business.
- 2.3 We have a business friendly environment in which to operate.
- 2.4 We have an economy built on our competitive advantage.
- 2.5 We have full employment and rewarding careers.
- 2.6 We retain and build on our skills base.
- 2.7 We keep the things about living here that we value.

- 3.1 We have safe roads.
- 3.2 We have safe homes.
- 3.3 We have public places safe for children and families.
- 3.4 We apprehend and hold law breakers appropriately accountable.
- 3.5 We support the victims of crime.

- 4.1 We are able to live healthy lifestyles.
- 4.2 We have good quality affordable housing.
- 4.3 We live in a compassionate caring community.
- 4.4 We have equity of access to health services.

- 5.1 Citizens and communities are inspired, motivated and empowered.
- 5.2 Decisions are progressive, forward looking and robust.
- 5.3 The community has confidence in its leaders.

- 6.1 We have an informed community caring for the environment.
- 6.2 We have a healthy, safe and accessible built environment.
- 6.3 We have an environment protected from the negative effects of human activities.

- 7.1 We have accessible learning opportunities.
- 7.2 We have high quality learning opportunities available to meet community needs and demands.
- 7.3 We deliver innovative, integrated and effective learning programmes.
- 7.4 We have a culture of continuous learning.

Overview of Activities for 2011/2012

During 2011/2012, Our Way Southland will continue to co-ordinate three focus groups which are developing collaborative regional approaches to key regional issues first identified at the Southland Leaders' Forum in 2009: parenting, leadership and youth. While separate workstreams have been developed, the common purpose of all three projects is to strengthen and co-ordinate community networks across the region.

- The Strengthening Parenting Focus Group is working towards a regional parenting strategy to best support parents and children, and to increase general awareness of the importance of parenting to the health and wellbeing of the community. The research phase of this project will include a stock take of service providers, and surveys of parents/caregivers and children and young adults. The results of this work will help ensure that the parenting strategy will focus primarily on families and their needs, rather than solely on issues of service provision.
- The Leadership Focus Group is considering how best to enhance current and future leadership at all levels of the community by means of a leadership incubator. The incubator model, which requires leadership trainees identified within the community, a mentor, and a project capable of being realised with minimal resources and within a short timeframe, will be trialled in 2011.
- The Regional Youth Focus Group will continue to examine the key youth issues identified at the June 2010 Our Way Southland Youth Forum; in particular the leading issue identified at the Youth Forum "we don't have a lot to do at night (weekends etc)" and how this issue might best be addressed across the region. Consideration will also be given to best to connect youth issues with the parenting and leadership projects, and with other youth initiatives in Southland.
- The third most significant regional issue identified at the September 2009 Leaders' Forum was the management of growth to ensure that 'things we like are not lost'. Our Way Southland will facilitate further discussion on this issue to identify key action points.

The monitoring work for 2011/12 will include updating the Community Outcomes Monitoring Report for the period 2009-2012. The revised outcomes monitoring report will incorporate the results of the first Southland Quality of Life Survey which was released by Our Way Southland in September 2010. The Quality of Life Report is modelled on the New Zealand 12 Cities Quality of Life project, and provides a comprehensive assessment of how Southlanders perceive their quality of life to be. The purpose of the report is to provide information that contributes to the understanding of social, economic and environmental conditions, which can be used to describe and quantify the quality of life of those living in Southland.

The results of the telephone survey of 1,522 respondents, which was conducted in May 2010, indicated that 91% of Southlanders consider that they have a 'good' or 'extremely good' quality of life, compared with the 90% of New Zealanders surveyed for the 12 Cities Quality of Life Report. This key result reflected a trend across many indices measured. Other key findings included:

- Southland residents are proud of, and connected to their communities.
- Southlanders generally feel safe, and are trusting.
- Southlanders have a favourable work/ life balance.
- Southlanders are satisfied with the condition of their environment.
- Southlanders are satisfied with their leadership.
- Southlanders are generally healthy.
- Southlanders feel there is some level of cultural diversity within the region.

Copies of the report can be downloaded from the Our Way Southland website: www.ourwaysouthland.org.nz. Printed copies are available from Our Way Southland, Private Bag 90116, Invercargill 9840.

Council's contribution

It is up to a wide range of organisations, groups and people to work towards community outcomes. As one of the key players, Council identifies the role that it will play and how it will allocate resources to contribute towards achieving community outcomes in its own plans. The table below shows that most of Council's activities contribute to more than one outcome to varying degrees. The primary outcome (●) is where Council believes that activity has the most impact. The shading shows the level of contribution to community outcomes. (○) indicates where the activity contribution has an associated level of service and key performance indicator link. More information about the contributions can be found under 'Why we do it' in each Activity Statement.

COMMUNITY OUTCOME	1. LIFESTYLE & CULTURE Southland is a great place to live.					2. ECONOMY & EMPLOYMENT A diverse economy built from our strengths for growth and prosperity.							3. LAW & ORDER Safe places in a caring society that is free from crime.					4. HEALTH & WELLBEING We are healthy people.				5. LEADERSHIP Strong effective leadership taking us into the future.			6. ENVIRONMENT A treasured environment which we care for and which supports us now & into the future.			7. EDUCATION & TRAINING A well-educated & skilled community continually seeking further opportunities to learn.					
	1.1	1.2	1.3	1.4	1.5	2.1	2.2	2.3	2.4	2.5	2.6	2.7	3.1	3.2	3.3	3.4	3.5	4.1	4.2	4.3	4.4	5.1	5.2	5.3	6.1	6.2	6.3	7.1	7.2	7.3	7.4		
INTERMEDIATE OUTCOME																																	
Beautification				●○											○																		
Building Control																																	○
Cemeteries	○	○		○											○																		
Civil Defence Emergency Management															○																		
Community Centres		●○													○																		
Community Housing															○																		
District Support																																	
Dog and Animal Control															○	○	○																
Forestry															○	○	○																
Grants	●○																																
District Development (Venture Southland)	○	●○	○	○			●○		○	○	○																						
Health Regulation																																	
Library Service		●○																															
Parks and Reserves		●○													○																		
Public Conveniences																																	
Representation and Advocacy				○																													
Resource Management	○		○																														
Roading and Transport		○					●○																										
SIESA							●○																										
Solid Waste Management							○																										
Stormwater							○								○	○	○																
Strategy and Communication				○																													
Te Anau Airports							●○																										
Wastewater							○																										
Water Supply							○								○	○																	
Work Schemes		●○		○																													
Other Local Services		○					●○								○																		
WELLBEING INFLUENCE																																	
Social																																	
Environmental																																	
Cultural																																	
Economic																																	
KEY TO SHADING - OUTCOMES	Outcome Contribution																																
	Negligible (1) - Negligible/very limited contribution to community outcomes.																																
	Minor (2) - Minor contribution to community outcomes.																																
	Moderate (3) - Moderate contribution to community outcomes.																																
	Major (4) - Major contribution to achieving the community outcomes.																																
Extreme (5) - Widespread contribution / effect on community outcomes.																																	
KEY TO SHADING WELLBEING INFLUENCE	Wellbeing Influence																																
	Shows where community outcomes influences wellbeing.																																
Shows where wellbeing influences community outcomes.																																	

Māori Contribution to Decision-Making

Introduction

Nine percent of the Southland District's population is Māori, with Ohai, Nightcaps and Riverton having a higher proportion of Māori than other areas of Southland at 42%, 19% and 18% respectively. The Southland District Council acknowledges the importance of tikanga Māori and values its relationship with both Ngāi Tahu (through the four Southland papatipu rūnanga) and ngā matawaka (other Māori who are not Ngāi Tahu) living within Murihiku/Southland. The Council has a Māori name 'Te Rohe Pōtae o Murihiku' and a charter of understanding with Te Ao Mārama Incorporated.

Māori Name - 'Te Rohe Pōtae o Murihiku'

The Council was officially gifted its Māori name 'Te Rohe Pōtae o Murihiku' at a naming ceremony at Takutai o te Tītī marae at Colac Bay/Ōraka in November 2005, strengthening links between Council and the tāngata whenua and emphasising the importance of Council's partnership with Ngāi Tahu. The Māori name acknowledges the Council's role as an all-embracing shelter ("umbrella/lid") for the District. The four Ngāi Tahu Papatipu Rūnanga of Murihiku deliberated over several years before authorising the phrase Te Rohe Pōtae o Murihiku, which gives it special significance. The Council's logo has been updated to include the Māori name and official signage will be updated progressively, along with Council's stationery.

Charter of Understanding

To help promote and develop its relationship with Māori, the Southland District Council (together with four other local authorities in Southland/Otago, namely Environment Southland, Invercargill City Council, Gore District Council and Queenstown Lakes District Council) is an active participant and signatory to the charter of understanding 'He Huarahi mō Ngā Uri Whakatapu (A Pathway for the Generations Coming Through)' between the five councils and Te Ao Mārama Incorporated. The charter was revised in 2003 to incorporate the wider responsibilities under the Local Government Act 2002; and underpins all dealings between the Council and Te Ao Mārama. The charter of understanding provides:

- The basis for an ongoing relationship between the five councils and the tāngata whenua of Murihiku to assist in developing the capacity of Māori to contribute to decision-making processes.
- A foundation for consultation on a wide range of local government issues.
- For the recognition and willingness of Te Ao Mārama to assist all councils in consultation with all ngā matawaka living in Murihiku.

Te Roopū Taiao is the collaborative structure put in place for the purposes of giving effect to the charter of understanding and the obligations of the parties to the charter. Senior Councillors and Council staff involved in resource management regularly attend Te Roopū Taiao meetings. Te Roopū Taiao has recently been extended to include ngā matawaka (other Māori who are not Ngāi Tahu) representatives.

Fostering Māori Capacity

To further foster Māori capacity to contribute to decision-making processes of the Southland District Council, the Council proposes to:

- Continue to hold regular liaison meetings between Te Ao Mārama and Southland District Council Executive and Senior Managers (at least once per annum).
- Provide an interpreter on request should Māori wish to present submissions to Council in Te Reo Māori.
- Invite Māori to attend Council meetings and hearings to become familiar with Council protocol.
- Give consideration to appointment of Iwi representatives to act as hearing commissioners on key issues, such as major resource consent applications that have issues of iwi significance. In this regard, an approach has been made to Te Ao Mārama to identify parties who may be suitable from an Iwi perspective to act in this role.
- Maintain existing protocols with Māori in relation to the ways in which Council undertakes its statutory duties, and continue with the integration of protocols into the Southland District Council organisation (e.g. information in HR Manual, GIS, Ngāi Tahu Claims Settlement Act 1998, training and displays).
- Regularly refer to and report against Te Tangi a Taura, the new Ngāi Tahu Murihiku Resource Management Plan when assessing resource consent applications.
- Maintain its commitment to ongoing funding of Te Ao Mārama Incorporated, the Ngāi Tahu (Murihiku) Resource Management Agency.
- Provide training to all new staff and councillors on marae protocol, local history and related legislation.
- Provide regular monthly contact sessions for SDC staff to interact with Te Ao Mārama staff on topical matters of mutual interest, so as to maintain and enhance the relationship between the agencies.
- Display Ngāi Tahu taonga items, following agreement with Murihiku Ngāi Tahu Papatipu Rūnanga at its Invercargill office and all Area Offices, to acknowledge the strength and importance of its relationship with Ngāi Tahu.