

CONSULTATION DOCUMENT

# HAVE YOUR SAY

ON THE ANNUAL PLAN 2017 - 2018

**CARTERTON DISTRICT COUNCIL**



ISSN 1171-7459

[www.cdc.govt.nz](http://www.cdc.govt.nz)

# FROM HIS WORSHIP THE MAYOR



**The biggest issue facing us now is finding a way to eventually discharge all our treated wastewater to land that is affordable for our small community.**

Carterton is a very resilient community. We pride ourselves on our strong social networks, hard-working community groups, the cohesion between rural and urban, and a passion to improve what we leave for the next generation.

These are challenging times. The standards we must meet for discharging our treated wastewater continue to get harder. And rightly so.

In preparation for new resource consents, consistent with our aspirational goal to discharge no treated effluent to waterways, we are planning to install a large storage reservoir and second pivot irrigator on Daleton Farm, our land just south of town.

From an environmental and cultural perspective, we believe that it is the right thing to do. But it will come at a significant cost, and it must be affordable.

I am very pleased that we have kept costs to the rate payer in general within inflation. However, the sewage treatment and discharge is the exception to this, and will impact mainly on our urban ratepayers.

Last year, we agreed to bring forward and expand the scale of development. We now have more details about the cost on our ratepayers, particularly in the urban area.

We are now proposing to defer construction of the reservoir, the single largest component of



the planned works. This will ease the impact on rates, but will still be a significant challenge to affordability.

Further, we are also proposing to change our financial strategy, to stop rating for depreciation on large assets funded from loans while the loans are being repaid.

And we are consulting on changing the way we rate for the rural water race network. We propose to combine the Taratahi and Carrington races as one network for rating purposes.

More details are in this consultation document accompanied by supporting documents on our website.

I encourage everyone in the Carterton community to let us know what you think.

**MAYOR JOHN BOOTH**

## WHAT'S INSIDE?

THE ANNUAL PLAN  
2017/18

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DISTRICT  
COUNCIL**

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# ISSUE 1

## SEWAGE TREATMENT UPGRADE



### The Council proposes to defer some of the construction work of its development project for treating and disposing sewage effluent.

The resource consents to allow the treatment and disposal of treated sewage over the next 35 years are being sought.

These consents will impose environmental standards that all New Zealand citizens must meet.

Our objective is to put in place a regime that minimises the discharge of effluent to Mangatāre Stream, and achieves swimmable water flows downstream of the discharge point, at a cost that is affordable to the community.

Consultation for the 2016/17 Annual Plan included options for the timing of the capital development needed.

The consultation envisaged work being brought forward by one year.

Subsequently, in preparation for the renewal of the required resource consents, Council agreed a development plan that involves:

- A three chamber 200,000 m<sup>3</sup> reservoir to provide storage of treated sewage to be built in 2017/18
- Reshaping 22ha of land including re-aligning an ephemeral water course before installing a second centre-pivot in 2018/19
- Continued development of the treatment plant to improve capacity and capability.

Following detailed design work, the cost estimates have firmed.

Design and optimisation work to meet the

desired environmental standard for the Mangatāre Stream downstream of the discharge point has lifted the overall capital cost from \$5.1 million to \$8.1 million over the period 2015 to 2023.

Of this increase, \$2.3 million relates to the improved capacity of the storage reservoir.

Assessment of the affordability of the accelerated development envisaged in the 2016 consultation now suggests an increase of \$162 in the sewerage rate for 2017/18, whereas delaying development of the storage reservoir by 12 months and bringing forward the reshaping of the 22ha for the second centre-pivot, will reduce the first-year impact on the sewerage rates by \$47.

This also eases the levels at which increases occur over the next five years.

By 2022/23, the sewerage rate will increase to about \$1200 per annum, whether or not the construction of the reservoir is deferred.

### The Council has considered the following options —

1. The status quo. Continue with the development plan to undertake the construction of the three-chamber storage reservoir in 2017/18.
2. Deferring the construction of the storage reservoir by 12 months but bring forward the reshaping of the 22ha for the second centre-pivot irrigator.



### PREFERRED OPTION

It is proposed that the construction of the storage reservoir be deferred by 12 months but bring forward the reshaping of the 22ha for the second centre-pivot irrigator.

#### Rates

Will increase by \$360,000 in 2017/18. About 95% of this rate is met by urban ratepayers (about \$115 each rating unit).

#### Debt

Will increase by \$1,750,000 in 2017/18 instead of \$4,300,000 (this loan will occur in 2018/19).

#### Services

Provided by Council under this option remain, optimising the storage and discharge capacity of Daleton Farm and minimising the discharge to Mangatāre.

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# ISSUE 2

## RATING THE WATER RACE NETWORK

### The Council proposes to combine Taratahi and Carrington water races for rating purposes.

Several hundred rural ratepayers have access to either the Carrington or Taratahi water races for stock and domestic water supply.

Water for Taratahi comes from Waingawa and passes through farms to the North and East of Carterton. Carrington is fed from Mangatāre and runs North West of town.

The Water Race Committee, representing its users, have recommended that rates no longer

be calculated separately, rather all costs be combined and one rate be set to cover the whole network.

The Committee felt that this is fairer, as the races are managed as one network.

### The Council considered two options:

1. The status quo. Continue with separate rates, one for ratepayers accessing the Carrington water race, and another for the Taratahi water race.
2. Changing to the same water race rates for both Carrington and Taratahi water races.

Rate type	Factor	Taratahi \$ incl GST	Carrington \$ incl GST	Combined \$ incl GST
<b>Rural water services</b>	Fixed	229.29	251.55	232.21
<b>Class A</b>	Ha within 200m	17.26	78.16	25.20
<b>Class B</b>	Ha within 500m	3.58	15.85	5.42
<b>Class C</b>	Ha equivalent	129.04	139.75	130.15



### PREFERRED OPTION

It is proposed that Taratahi and Carrington water races are considered as a single race for rating purposes.

#### Rates

Will decrease significantly for Carrington users and a modest increase to Taratahi users (see table to left). The total water race rates will be unaffected by this change.

#### Debt

Will be unaffected.

#### Services

Provided by Council will be unaffected.

# ISSUE 3

## FINANCIAL STRATEGY (DEPRECIATION)

### The Council proposes to amend its financial strategy to reduce the rate-funding of its depreciation expense.

Currently, rates are set to cover the cost of depreciation and also the cost of borrowing (loan principal and interest) for capital expenditure. The exceptions are capital expenditure on roads (where it is part-funded through subsidy from the NZ Transport Authority), the treatment and disposal of sewage, and the Events Centre.

The financial strategy provides that rates will only cover the cost of borrowing for sewerage

and Events Centre assets where the assets are being established through loan finance, and their cost of depreciation will only be covered once the loan is paid.

This policy is discussed in more detail in the Depreciation section of the Financial Summary below.

### The Council considered two options:

1. The status quo. No change to the funding of depreciation.
2. Extending the policy to all capital expenditure except for roads where expenditure is funded through loan finance.

### PREFERRED OPTION

It is proposed that for all capital expenditure funded through loans, depreciation not be funded by rates.

#### Rates

Will decrease by \$320,000 in 2017/18.

#### Debt

Will be unaffected.

#### Services

Provided by Council will be unaffected.

# FINANCIAL SUMMARY

## Capital expenditure

The Council proposes to spend \$3.9 million on capital expenditure over the next year. Of this, \$0.7 million, or 19 percent, will be on sewage treatment and disposal (more details in the consultation topics above) and \$1.9 million, or 49 percent, on road and footpaths.



## Operating expenditure

The Council proposes to spend \$15.2 million on operating expenditure over the next year. Of this, \$3.3 million or 22 percent will be on roads and a further \$4.1 million on community support (including community amenities, parks and reserves, and community development).

## Funding

No changes are proposed to how the Council will fund its operating and capital expenditure requirements. Rates are set at a level to produce a desired surplus. In some activities, rates are more than the net projected expenses to cover the repayment of loan

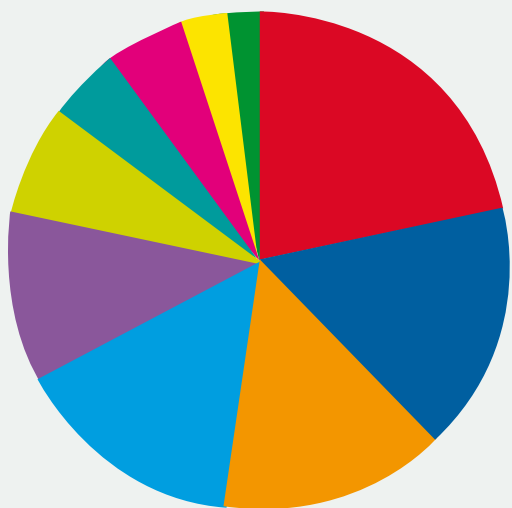
principal, or to build up reserves for future year expenses (such as the three-yearly elections). In some other activities, notably the Events Centre, rates are less than the net projected expenses because not all expenses (especially depreciation) need to or should be funded. The chart below shows how the Council will fund the services and projects it will deliver to the community. Some of the capital construction of roads and footpaths is funded from subsidies received from the National Land Transport Fund, and the capital construction of other assets was partly-funded from external funding. Therefore, we do not need to build up the full amount of replacement funds. We need to borrow to fund other capital expenditure,

including for example the planned accelerated programme of sewerage renewals, and expansion of the sewerage treatment capacity. This is because insufficient funds have built up in the past in depreciation reserves. Either it is a new asset, or rates have not covered the cost of depreciation over the full life of the asset.

## Borrowing limits

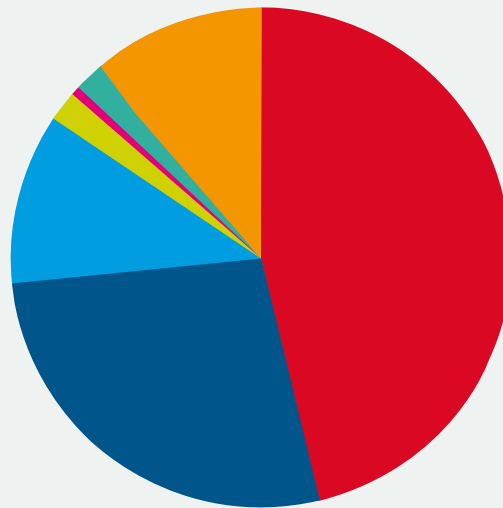
The Council has set limits on the level of borrowing, shown in the chart on page 6. Proposed interest and debt for 2017/18 are well below the limits and the projected balances in the Long Term Plan.

### OPERATING EXPENDITURE



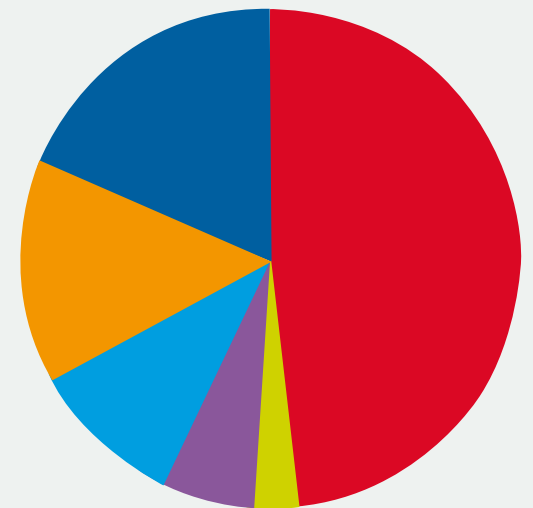
- 22% Roads and Footpaths
- 16% Community Amenities
- 15% Water Supply
- 15% Sewerage
- 11% Regulatory and Planning
- 7% Parks and Reserves
- 5% Waste Management
- 5% Governance
- 3% Community Development
- 2% Stormwater

### FUNDING SOURCES



- 46% General Rates, UAGC
- 27% Targeted Rates
- 11% Fees and charges
- 11% Grants and subsidies
- 2% Development and financial contributions
- 2% Other Income
- 0.5% Interest

### CAPITAL EXPENDITURE



- 49% Roads and Footpaths
- 19% Sewerage
- 14% Other
- 10% Community Amenities
- 6% Water Supply
- 2% Parks and Reserves

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# FINANCIAL SUMMARY

## (CONTINUED)



### Depreciation

Charging depreciation each year spreads the cost of an asset over its useful life. Generally, depreciation is funded by income (including rates) in the same year that the depreciation is incurred.

Funding of depreciation results in an increase in the Council's cash balance, and is held in depreciation reserves for the replacement of relevant infrastructure assets in the future.

Council will fully fund depreciation expense, except for the following:

- Roads and footpaths
- Events Centre building and fitout
- All loan-funded capital and renewals expenditure (as proposed above — previously this was limited to loan-funded infrastructure development, such as the accelerated programme of sewerage renewals and treatment capacity).

This recognises that either we do not need to build up the full amount of funds for future replacement, or it would not be fair on the current generation of ratepayers to pay both the loan servicing for the current asset and building up funds for its eventual replacement.

In these cases, the Council considers it would be unfair for the current generation of ratepayers to pay both the loan repayment (to fund the existing asset) and the depreciation (to fund its replacement). During the terms of the loans, rates will fund the principal repayment and interest expense, after which rates will fully fund the annual depreciation expense. At the end of the asset life, there will be some depreciation reserves built up to contribute towards the replacement cost.

### Rates increase

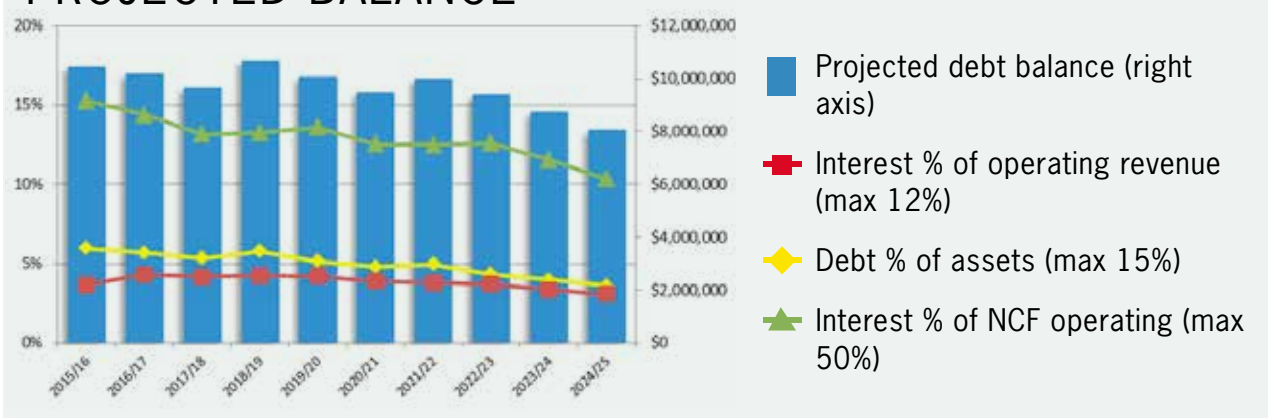
The Council has decided to limit the increase in average rates in any one year to the increase in the BERL local government cost index (LGCI) plus 2 percent.

The chart below shows the projected rates from the Long Term Plan and the percentage increase compared with the self-imposed limit in rates increases. The limit for 2017/18 is a 4.5 percent increase in the average rates.

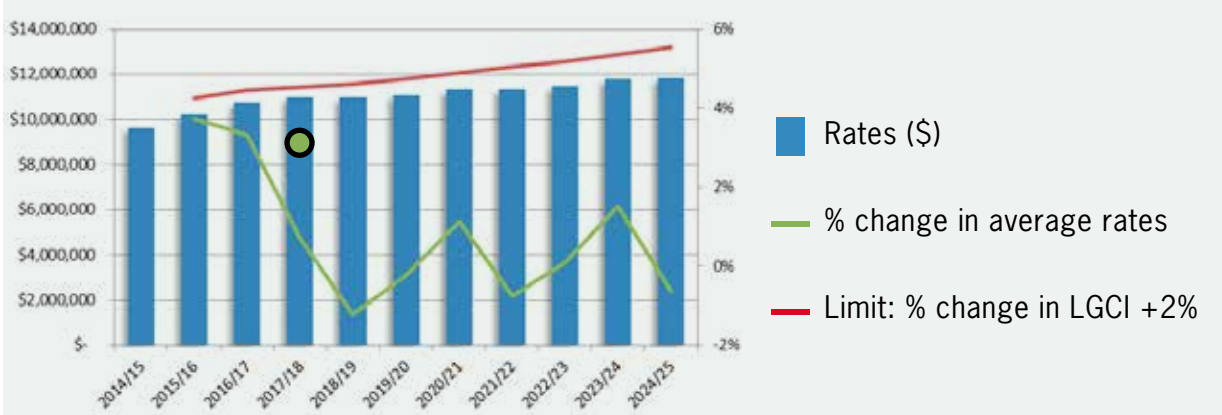
The Long Term Plan projection for 2017/18 was 0.4 percent. This consultation document proposes an increase of 0.8 percent in the average rates other than urban sewerage services. Overall, including the impact of the sewerage developments, there will be an increase of 3.6 percent in the average rates.

The impact on individual ratepayers will vary depending upon the targeted rates that are applicable, the differential rating category, and the valuation of each property.

### LTP 2015-2025 DEBT LIMITS AND PROJECTED BALANCE



### LTP 2015-2025 PROJECTED RATES AND RATE INCREASES



# IMPACT ON RATES

	GST inclusive 2017/18	Rates required \$ incl GST	GST inclusive 2016/17
<b>General rates—differential factor</b>			
Residential	1.0		1.0
Commercial	2.0		2.0
Rural	0.8		0.8
<b>General rates—capital value</b>			
Residential	0.22456 cents in the \$	\$ 1,342,522	0.23833 cents in the \$
Commercial	0.44912 cents in the \$	\$ 413,309	0.47666 cents in the \$
Rural	0.17965 cents in the \$	\$ 2,660,288	0.19066 cents in the \$
Uniform Annual General Charge	\$ 934.54 ea	\$ 3,756,856	\$ 860.26 ea
50% Uniform Annual General Charge	\$ 467.27 ea	\$ 6,075	\$ 430.13 ea
Regulatory and planning services—capital value	0.02492 cents in the \$	\$ 542,378	0.02229 cents in the \$
<b>Urban sewerage</b>			
Connected	\$ 653.70 ea	\$ 1,743,406	\$ 538.75 ea
Able to be connected (half charge)	\$ 326.85 ea	\$ 28,109	\$ 259.38 ea
<b>Waingawa sewerage—capital value</b>			
Connected	\$ 413.54 ea	\$ 4,135	\$ 402.28 ea
Connected or able to be connected commercial properties in the Waingawa industrial zone	0.3392 cents in the \$	\$ 75,871	0.3300 cents in the \$
Connected or able to be connected residential properties in the Waingawa industrial zone	0.1696 cents in the \$	-	0.1650 cents in the \$
<b>Stormwater—land value</b>			
	0.11739 cents in the \$	\$ 241,730	0.11615 cents in the \$
<b>Refuse</b>			
Collection and kerbside recycling	\$ 57.02 ea	\$ 136,447	\$ 91.69 ea
<b>Urban water</b>			
Connected	\$ 622.51 ea	\$ 1,593,615	\$ 495.85 ea
Able to be connected	\$ 311.29 ea	\$ 26,460	\$ 247.93 ea
Metered water in excess of 225 cubic metres	\$ 1.70 per cubic metre	\$ 60,000	\$ 1.70 per cubic metre
<b>Rural water race</b>			
Carrington and Taratahi water races			
Rural water services rate	\$ 232.21 ea	\$ 123,770	
Class A	\$ 25.19576 per ha	\$ 211,068	
Class B	\$ 5.41618 per ha	\$ 21,376	
Class C	\$ 130.14763 per ha	\$ 68,197	
<b>Waingawa water</b>			
Connected	\$ 214.59 ea	\$ 10,086	\$ 210.38 ea
Metered water	\$ 2.37 per cubic metre	\$ 115,000	\$ 2.27 per cubic metre

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# CALCULATE

## YOUR PROPOSED RATES FOR 2017/18

### RATES TABLE

Actual rates for individual properties will vary depending upon the targeted rates that are applicable, the differential rating category, and the valuation of each property.

This table includes GST and excludes the Greater Wellington Regional Council rates. It does not show rates rebates available to low-income households.

You will need your last Rates Assessment Notice and the latest rateable valuations provided to you by Quotable Value (also on your rates notice).

<b>Residential</b>		<b>Capital value</b>	<b>multiplier</b>	<b>GST inclusive</b>
General-residential	Uniform Annual General Charge	<input type="text"/>	x 0.0022456 =	<input type="text"/>
Regulatory and planning services	Urban sewerage	<input type="text"/>	x 0.0002492 =	<input type="text"/>
Stormwater	Refuse collection and kerbside recycling	<input type="text"/>	x 0.0011739 =	<input type="text"/>
Urban water-connection	Metered water	<input type="text"/>	x \$1.70 =	<input type="text"/>
<b>Total</b>				<input type="text"/>
<b>Rural</b>				
General-rural	Uniform Annual General Charge	<input type="text"/>	x 0.0017965 =	<input type="text"/>
Regulatory and planning services		<input type="text"/>	x 0.0002492 =	<input type="text"/>
<b>Single water race</b>			if applicable \$232.21 =	<input type="text"/>
Class A		<input type="text"/>	x 25.1958 =	<input type="text"/>
Class B		<input type="text"/>	x 5.4162 =	<input type="text"/>
Class C		<input type="text"/>	x 130.1476 =	<input type="text"/>
<b>Total</b>				<input type="text"/>

### INDICATIVE RATES ASSESSMENTS

This table provides indicative rates assessments for a range of rating categories and property values. It includes the impact of the preferred option for each issue:

<b>Example properties</b>	<b>rating category</b>	<b>features</b>	<b>capital value \$</b>	<b>land value \$</b>	<b>water over allowance cubic metres</b>	<b>rates total \$</b>	<b>rates % increase</b>	<b>rates \$ increase</b>
Residential	low value		165,000	75,000	-	\$2,767.45	10.5%	\$263.77
Residential	medium value		290,000	110,000	15	\$3,145.89	8.6%	\$250.28
Residential	high value		365,000	120,000	50	\$3,404.25	7.7%	\$242.05
Commercial	2 toilets		475,000	225,000	100	\$5,607.30	5.3%	\$280.65
Commercial - rural	water and sewerage connected		160,000	na	-	\$3,622.91	12.1%	\$390.98
Rural	water race		1,500,000	na	na	\$4,003.11	-1.3%	-\$51.40
Rural - single water race	8 hectares serviced by Carrington water race		600,000	na	na	\$2,575.97	-11.2%	-\$325.63
Rural - single water race	17 hectares on Taratahi water race		1,000,000	na	na	\$3,601.24	4.4%	\$151.14



# HAVE YOUR SAY



We encourage every one of you to submit your views on what you think the Council should be doing and the services it should be providing over the next year.

The Council has carefully considered what it thinks is important to meet the reasonable needs of our community. You may have different views, or you may agree with our choices. This consultation phase is your chance to have an influence on the Annual Plan that is adopted.

**Submissions  
close 4.00pm,  
24 April 2017**

**Further supporting information is also available to view at our offices and on our website:**

- proposed financial strategy
- financial prudence disclosure statement
- fees and charges 2017/18
- activity summaries
- prospective financial statements
- significant forecasting assumptions
- accounting policies
- Annual Plan 2016/17

Go to [www.cdc.govt.nz/have-your-say](http://www.cdc.govt.nz/have-your-say) for a full list.

**The following information was included in the Long Term Plan 2015–2025, which is available on our website and as reference copies at our office and the library:**

- Long Term Plan 2015–2025
- community outcomes
- liability management policy
- financial contributions policy
- postponement of rates policy
- remission and postponement of rates on Māori freehold land policy
- significance and engagement policy
- infrastructure strategy 2015–2045

[www.cdc.govt.nz](http://www.cdc.govt.nz)

# TALK TO YOUR COUNCILLORS

You can also find out more or have your say by talking directly to your councillors or Mayor.



**Mayor John Booth**  
06 378 2481 / 027 442 7469  
john.booth@cdc.govt.nz



**Cr. Ruth Carter**  
06 379 7467 / 027 379 7467  
ruth.carter@cdc.govt.nz



**Cr. Greg Lang**  
06 372 7080 / 027 898 1618  
greg.lang@cdc.govt.nz



**Cr. Russell Keys (Deputy Mayor)**  
06 379 6433 / 027 454 0860  
russell.keys@cdc.govt.nz



**Cr. Brian Deller**  
06 379 8363 / 027 444 5340  
brian.deller@cdc.govt.nz



**Cr. Tracey O'Callaghan**  
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tracey.ocallaghan@cdc.govt.nz



**Cr. Mike Ashby**  
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mike.ashby@cdc.govt.nz



**Cr. Jill Greathead**  
06 379 6193 / 027 488 4376  
jill.greathead@cdc.govt.nz



**Cr. Rebecca Vergunst**  
027 742 2264  
rebecca.vergunst@cdc.govt.nz

## HOW TO FIND OUT MORE



### PUBLIC WORKSHOP

There will be a public workshop at 7.30pm on 5 April at the Events Centre



### ONLINE

Visit the Council website where you'll find the consultation document and supporting information at [www.cdc.govt.nz/have-your-say](http://www.cdc.govt.nz/have-your-say)



### HARDCOPIES

Copies of the consultation document and supporting information are available at the Council office, Holloway Street, and at the Library



### COFFEE CHAT

Councillors will be available from 10.00am–12.00pm and 2.00–4.00pm on 11 April at the Events Centre for you to drop in, have a coffee and a chat about the issues presented.

# ANNUAL PLAN

## 2017/18 SUBMISSION

# HAVE YOUR SAY

### You can write a letter, or complete the submission form, and either:

- online at [www.cdc.govt.nz/have-your-say](http://www.cdc.govt.nz/have-your-say)
- send to Annual Plan 2017/18 submissions, Carterton District Council, PO Box 9, Carterton
- deliver to Council office, Holloway Street, Carterton
- email it to [submissions@cdc.govt.nz](mailto:submissions@cdc.govt.nz)

Submissions close 4.00pm, 24 April 2017

All submissions will be available to the public and the media.

### Your details:

NAME

ADDRESS

EMAIL

PHONE (DAYTIME)

PHONE (EVENING)

MOBILE

ORGANISATION

(if you are submitting on behalf of an organisation)

DO YOU WISH TO SPEAK ABOUT YOUR SUBMISSION AT A HEARING ON 18-19 MAY?

YES/NO

### TIPS FOR WRITING GREAT SUBMISSIONS

- Read the consultation document and, if needed, refer to the supporting information on our website.
- Use simple language, be as clear as possible, keep to the point.
- Tell us what you want, what decision you seek, and tell us why.
- If you are writing, get the important points up front.
- Consider speaking at a hearing. You'll have more opportunity to press your case.

### Key issues

Deferring construction of the development project for treating and disposing sewage

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# ANNUAL PLAN

## 2017/18 SUBMISSION

Changing the financial strategy in relation to funding depreciation

Changing the revenue and financing policy so that Taratahi and Carrington Water Races are combined for rating purposes

Any other comments or issues that you would like to raise

[www.cdc.govt.nz](http://www.cdc.govt.nz)