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## Cautionary Note

The forecast financial statements in the Council Plan 2021 – 31 outline how Council will be funded for the next 10 years and how that money will be spent. They are based on estimates of costs into the future. It is likely that changes will be needed as events alter and actual quotes for work are obtained. The information in the forecast financial statements is prepared to meet the requirements of the Local Government Act 2002 and may not be appropriate for purposes other than those described below.

## Statement of Responsibility

The forecast financial statements are prepared on the basis of best-estimate assumptions as to future events which Council expects to take place as at **XX XXX 2021**. Actual results are likely to vary from the information presented and the variations may be material.

## Authorisation for issue

This document was authorised for issue by the Council on **XX XX 2021**

## Purpose of preparation

The Local Government Act 2002 requires Council to have a Long-Term Plan at all times. The Westland District Long-Term Plan (“Council Plan 2021 – 31”) was adopted on **XX XX 2021**.

This is the Westland District Council’s Long-Term Plan, as prescribed by the Local Government Act 2002, section 93.

## Image Acknowledgement

With thanks to Westland Arts Incorporated for the use of artists submissions to the inaugural Te Tai Poutini Art Awards.



Te Tai o Poutini Art Awards is a regional art competition that showcases and supports local artists, and celebrates excellence in West Coast visual arts.

The inaugural Art Awards were developed and run by Westland Arts Incorporated, with funding from an ‘Arts Continuity Grant’ from Creative NZ as part of the Government’s Covid-19 response package.

## Image credits and background information

See pp 336 - 338

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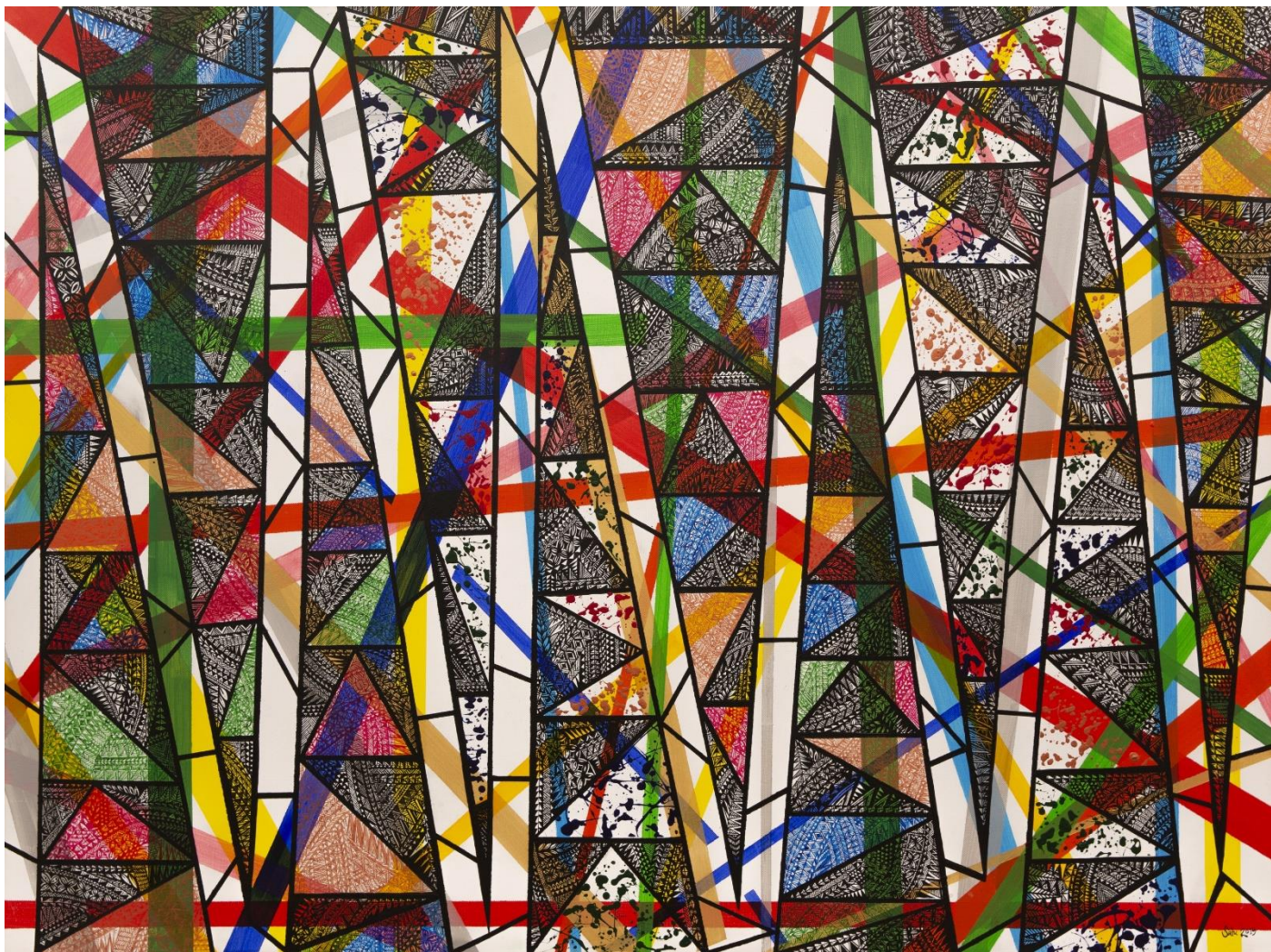
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## Part A – Introduction

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## Message from the Mayor



Westland moves into the next 10 years with many exciting opportunities and a number of uncertainties to consider and the 10-year plan reflects this. We have spent the past year in the midst of a global pandemic, which has had a significant effect on our communities. This plan looks forward to continuing the resilience work we started in the last Long Term Plan and helping to rebuild our communities as we see the return of tourism to New Zealand.

The moves by central government to centralise services and to change the way New Zealand operates to reduce the impacts of climate change will have impacts on our communities. We expect there to be greater costs to our residents and ratepayers over the 10 years of this plan. We want to ensure that communities still have a voice and local democracy remains intact.

Where we can, we will be working with central government to take advantage of additional funding to assist us to improve services we have previously underinvested in, improve compliance with legislation, and to help us rebuild as a district. As a community we have historically underinvested in the services that council provides; but these services deliver value for money when compared against other day-to-day activities, so it is important that we begin to fund them sufficiently. We have proposed transferring our Elderly Housing assets to our Council Controlled Organisation, Destination Westland Limited, as they have staff with the knowledge to improve the portfolio and improve the level of service provided through this activity.

Our Chief Executive has worked over the last three years to recruit a skilled staff who are delivering or exceeding Council's expectations in most areas of the business. We intend to ensure that talented staff are retained to continue to build a great community.

I'm very optimistic about the next 10 years in Westland. We have a strong communities with plenty of talent and opportunities for the district to succeed.

I commend to you the long-term plan for the next 10 years.

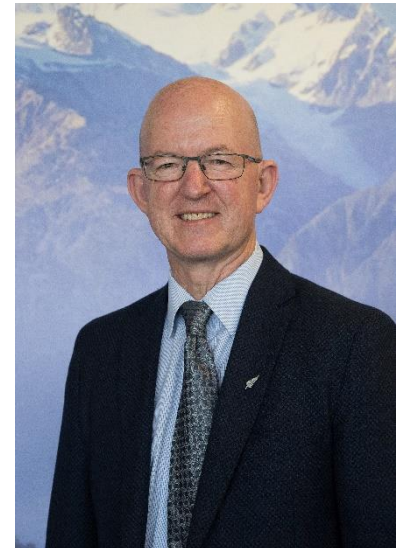
A handwritten signature in black ink, appearing to read 'Bruce Smith'.

Bruce Smith, Mayor of the Westland District Council

## Message from the Chief Executive

We head into this Long Term Plan in a very different environment than we did the 2018 Long Term Plan. While Council still faces many of the same challenges that we did three years ago, we face great uncertainty following the outbreak of Covid-19 around the world and the ongoing effects of this terrible virus.

With the district's reliance on tourism and the borders currently closed, we expect recovery to take a long time and some of our towns may not be the same as they once were. In the short to medium-term, we do not expect the situation to change, but we are motivated to see the district diversify and reduce reliance on tourism in our economy. As technology in the district continues to improve, there are opportunities to move towards a more knowledge-based economy and to attract skilled people who are looking for a different pace of life. We are confident that when the borders re-open, tourists will increase, however it will take time for visitor numbers to grow.



Council is highly focussed on resilience so that the district can withstand the effects of climate change and natural disasters, and look after our residents with good quality infrastructure. Going into this Long Term Plan we have been able to take advantage of funding opportunities to improve the delivery of 3 waters and improve our assets in this area.

As a Council we also face the challenges of central government's continuing reforms and the uncertainties they bring. We are in the midst of changes to the Resource Management Act and legislation governing how we deliver our 3 waters services. Recent proposals by the Climate Change Commission could have a dramatic effect on the Westland District through economic and population changes. These reforms will significantly impact what we do as a Council, how we do it and how the community affords our services.

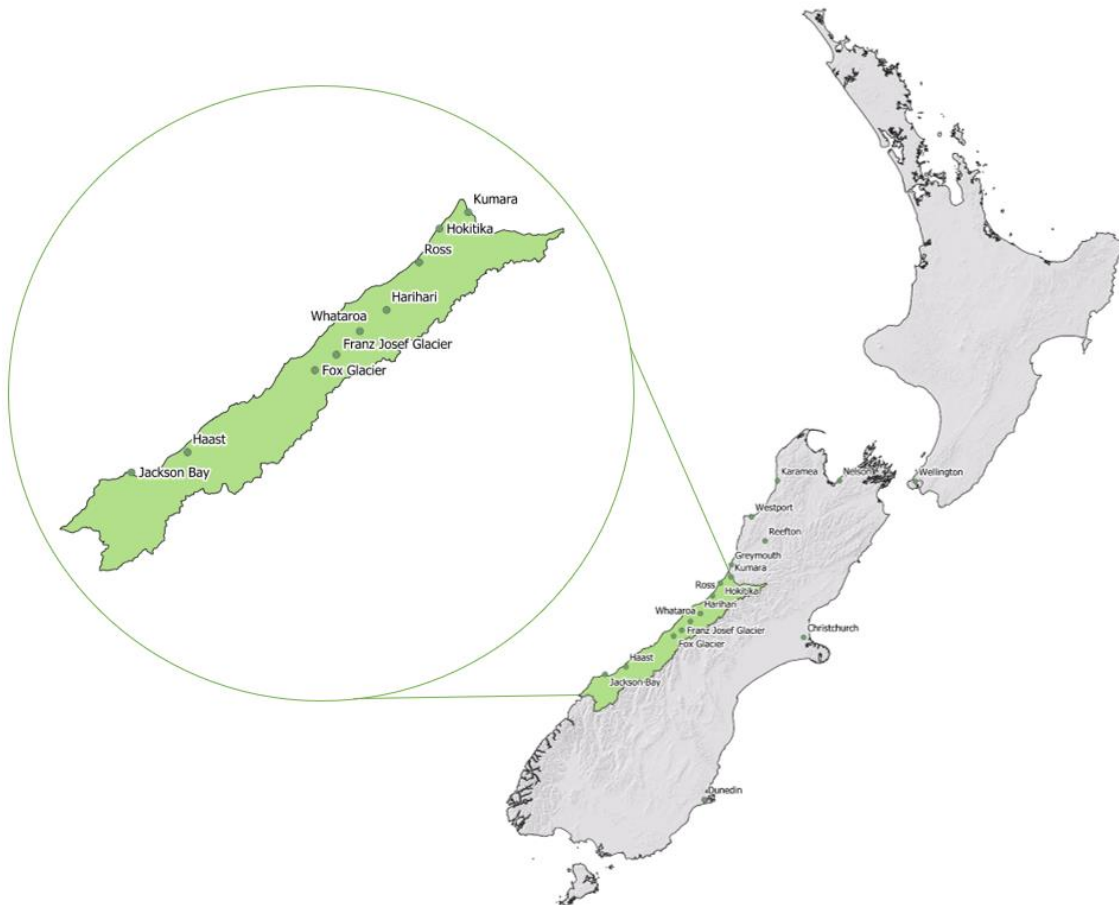
Council plans to continue to offer a quality level of service in all of our activities, and where funding allows will look to improve services over the life of the Plan. We want a district with quality infrastructure that can continue to grow and thrive, with an assurance that we are resilient in the face of whatever challenges we face.

A handwritten signature in blue ink, appearing to be 'Simon Bastion'. The signature is stylized with a large loop at the beginning and a long horizontal stroke at the end.

Simon Bastion, Chief Executive



## Westland District: History and Major Towns



### History

Westland District is a political subdivision on the West Coast of New Zealand's South Island. The District covers a long thin strip of land spanning approximately 450 kilometres in length between the Southern Alps and the Tasman Sea. Westland is one of the most sparsely populated parts of New Zealand, with an area of 1,186,272 hectares and a population of 8,640 people (2018 Census, Stats NZ). Approximately 33% of the population (2,960) lives in Hokitika. The remaining 66% live in small villages and rural areas such as Ross, Franz Josef and Haast.

In its early years of European settlement, Westland's fame was due to the gold rushes of the 1860s. After the discovery of gold in the Taramakau valley in 1864, prospectors started arriving at the Hokitika River mouth, the closest anchorage to the diggings. At that time, Hokitika was part of Canterbury province. The town was laid out by surveyor John Rochfort, and many street names commemorate Canterbury politicians of this period.

In 1864, a roadway between the East Coast and West Coast was surveyed by Arthur Dudley Dobson, and Arthur's Pass was constructed within a year. This remains the main access route today.

During 1865, a flood of gold prospectors and traders arrived, and the town was occupied and booming within less than a year. While most miners lived close to the diggings where they worked, Hokitika was the town they went to for supplies, recreation and to sell gold. For a short period, Hokitika had a population of over 4,000. As gold mining declined, it dropped to 2,000 by the end of the 19th century. The river port at Hokitika was hazardous, and was barely used after the main gold rushes.

When the gold rush subsided, Hokitika became a service town for forestry and farming in the first part of the 20th century. State Highway 6 from Greymouth to Hokitika was sealed (one lane only) for the first time in preparation for Queen Elizabeth II and the Duke of Edinburgh's visit to the West Coast in January 1954. The southern opening of State

Highway 6 through South Westland and over the Haast Pass in 1965 gradually led to an expansion in the number of tourists.

With the growth of accommodation and outdoor recreation, tourism continues to grow in importance, with drawcards such as the Glaciers, Hokitika Gorge and popular events such as the Hokitika Wildfoods Festival. Westland is also known for pounamu that can be both bought and carved here.

## Major Towns

### Hokitika

Hokitika is the hub of Westland and is a small town with a welcoming, cosmopolitan vibe. Home of the annual Wildfoods Festival and many other popular events including an annual Children's Day celebration, the Driftwood and Sand exhibition on Hokitika beach and Midwinter Lantern Parade. Hokitika has a vibrant arts community and is the only town on the entire West Coast which is serviced by Air New Zealand flights. Many popular bushwalks, lakes and outdoor attractions are within a short distance of Hokitika including Lake Kaniere, Dorothy Falls, Hokitika Gorge and Lake Mahinapua. Hokitika is also the centre of dairy processing on the West Coast. Westland Milk Products has the only milk processing plant on the West Coast.

### Ōtira

Ōtira is a small locality on the western side of Arthur's Pass, 79.2km east of Hokitika. Originally founded for construction workers on the Ōtira tunnel, it became a settlement for railway workers. The town was sold by the railways in 1999, and in the 2010s only a few dozen residents remain. It is mainly a base for tramping and mountaineering.

### Kumara

Kumara is a township on the west side of the Taramakau River, 28 km North of Hokitika. The Arahura-Kumara population is about 1260 people (Stats NZ, 2018 Census).

Kumara's most famous resident was Richard Seddon, who opened a hotel and became mayor. He later moved into national politics and became the Premier of New Zealand from 1893 to 1906, an unmatched five terms.

Gold was discovered relatively late in Kumara (in 1876). Over the next 20 years huge water races and sludge channels were constructed, primarily by Chinese miners (including in the adjacent settlement of Dillmanstown). Mining declined in the late 1890s, but dredging continued in the Taramakau valley until the 1960s.

Kumara has experienced a renaissance in recent years and new businesses have been established. Kumara is now part of the West Coast Wilderness Trail, which is a popular tourist attraction for cyclists. The Kumara Racing Club (established 1887) is still going strong and hosts the Kumara Races on the second Saturday in January which is the largest event in the town.

Kumara Junction is 7 km north-west of Kumara, at the intersection of State Highway 6 with State Highway 73. It is the starting point of the annual Coast to Coast Race, held in early February, which crosses the South Island, and includes cycling, mountain running and kayaking.

### Arahura

Arahura is home to about a small number of residents, most of whom are affiliated with Te Runanga o Ngati Waewae. The nearby Arahura River is also home to several rare blue ducks (Whio) which have been hatched and then released into the river by the Department of Conservation as part of their efforts to boost the numbers of this endangered species.

## Ross

Ross is a small historic town that is 31 km south of Hokitika. Ross was the centre of one of New Zealand's richest alluvial goldfields in the late 19th century, with extensive underground mining and sluicing claims. Nowadays, Ross is a start and endpoint for the West Coast Wilderness Trail, and new businesses and tourism enterprises have emerged.

## Hari Hari

Hari Hari is a farming township on the Wanganui River flats, 73 km south of Hokitika.

For much of the 20th century the town was a forestry centre, supporting several sawmills.

Australian Guy Menzies completed the first solo trans-Tasman flight on 7 January 1931, landing upside down in a swamp at Hari Hari. The flight took 11 hours 45 minutes, and is commemorated in a memorial at Hari Hari.

Nowadays the Hari Hari area's main industry is agriculture.

South Westland Area School, based in Hari Hari, provides education for pupils from years 1–13 from the surrounding region.

## Whataroa

Whataroa is a small rural locality on the south side of the Whataroa River, 103 km south-west of Hokitika (population: 660 in Whataroa and Harihari, Stats NZ, 2018 Census). Whataroa is a base for guided nature tours over summer months. The only New Zealand breeding colony of kōtuku (white herons) is on the banks of the Waitangiroto River. They arrive about September each year and, after breeding, leave around January. The colony is a nature reserve, requiring an entry permit. An exposed Alpine Fault can also be found in Whataroa with tours available.

## Ōkārito

Ōkārito is a coastal settlement on the edge of Ōkārito Lagoon, 135 km south-west of Hokitika. Ōkārito grew up as a gold-rush town in 1865–66, with a population of 1,250 in May 1866. Nowadays a small community remains, including a camping ground and a kayak tour operator. Ōkārito is an environmentally-conscious community and although it welcomes tourists it is keen to reduce the environmental footprint.

## The Glaciers and Westland Tai Poutini National Park

The Glaciers and Westland Tai Poutini National Park are possibly the best-known features of Westland. The Tai Poutini National Park extends from the highest peaks of the Southern Alps to the sea.

The glaciers (although retreating) are popular with tourists who can take guided tours on to the ice, and book flights over the spectacular glacial scenery.

Lake Matheson, where the mountains can be seen reflected on the lake surface on a calm morning, is well known.

The park has many walking tracks, and there are Department of Conservation visitor centres in Franz Josef and Fox Glacier townships.

The glacial lakes of Lakes Paringa and Moeraki are popular fishing spots and Paringa is the site of a West Coast salmon farm.

The townships of Franz Josef, Fox Glacier and Bruce Bay had a combined population of 1120 at the 2018 Census.

## Franz Josef

Franz Josef is a township on the north side of the Waiho River, 136 km south-west of Hokitika. One of the busiest and fastest-growing tourist centres on the West Coast, it has up to 6,000 tourists a night in peak tourist season. The town is vulnerable to natural hazards including Alpine Fault earthquakes and the danger of flooding and erosion from the Waiho River. Franz Josef's popular tourist attractions include the Glacier Hot Pools, owned by Ngai Tahu, as well as glacier treks and helicopter flights.

## Fox Glacier

Fox Glacier is a tourist town on the north bank of the Fox River, 161 km south-west of Hokitika. Although smaller and quieter than Franz Josef, it is growing in popularity and provides accommodation and facilities for visitors to the southern part of Westland's Tai Poutini National Park.

## Bruce Bay

Bruce Bay is a small coastal settlement near the mouth of the Mahitahi River, 46 km south of Fox Glacier. In 2005, Te Rūnanga o Makaawhio opened their new Marae at Bruce Bay.

## Haast District

Haast District (which had a 2018 population of 270) is one of the most isolated parts of the West Coast, and cell and internet coverage can be sparse. Until the middle of the 20th century there were only bush tracks connecting the roads to Hokitika (240 km away) and Wānaka (145 km). The opening of the Paringa–Haast section of State Highway 6 in 1965 provided an all-weather road link with the rest of the West Coast.

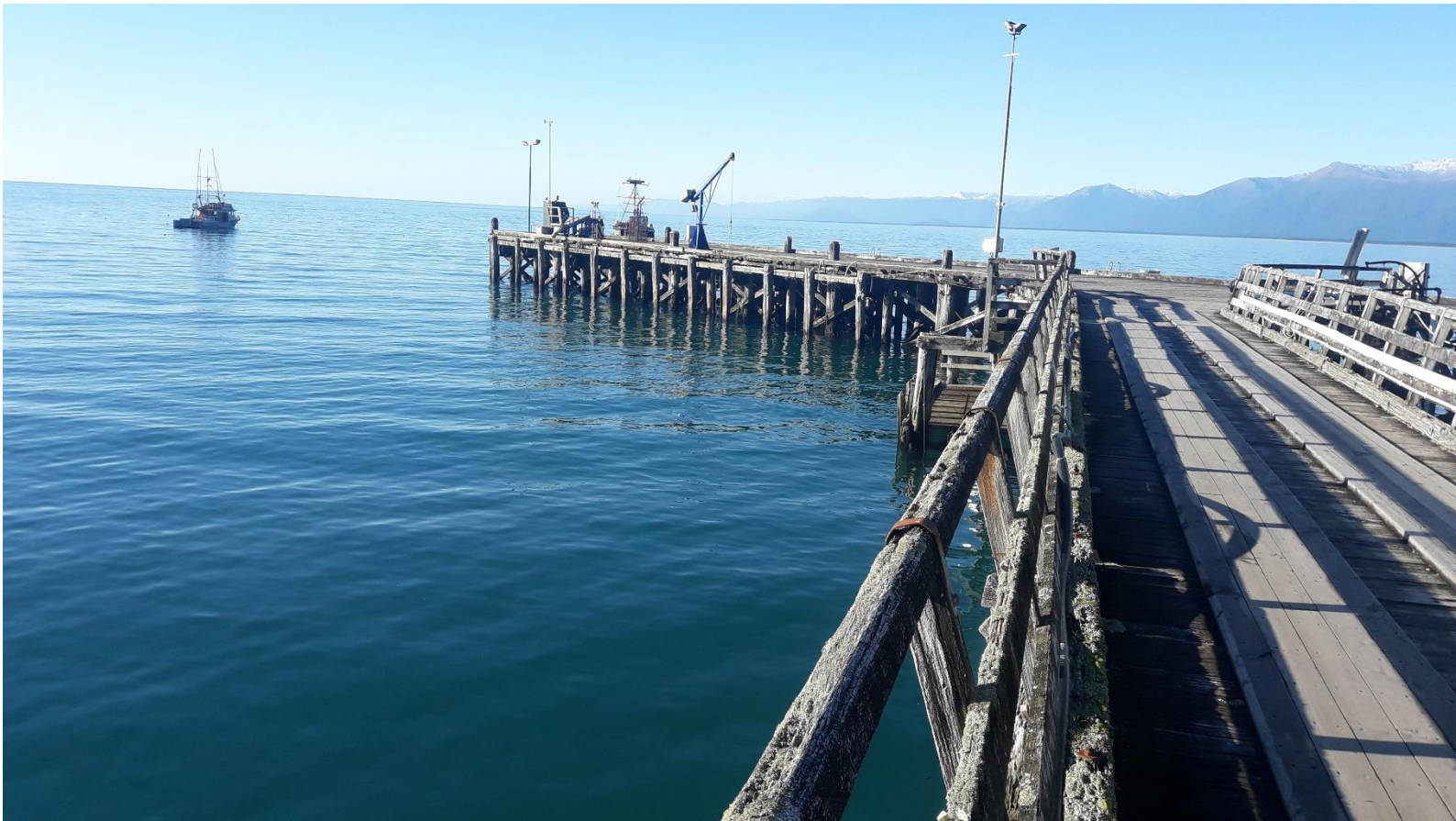
Haast is the name given to a group of settlements (Haast Township, Haast Junction and Haast Beach) beside or near State Highway 6, on the south bank of the Haast River. A large Department of Conservation visitor and information centre is at Haast Junction.

The Haast Pass is an important pass across the Southern Alps, 56 km east of Haast Township. At 563 metres high, it is the lowest of the alpine passes, and is crossed by State Highway 6 from Otago to the West Coast.

Apart from farmed river flats, most of the land in the Haast district is included in Te Wāhipounamu – the South West New Zealand World Heritage Area. This 2.6 million hectare world heritage area (protected as State Forest) includes four national parks (Westland Tai Poutini, Aoraki/Mt Cook, Mt Aspiring and Fiordland), as well as the land beside and in between them.

## Jacksons Bay

Jacksons Bay is the only sheltered open-sea anchorage on the West Coast and has a wharf. Crayfish are caught at Jacksons Bay.

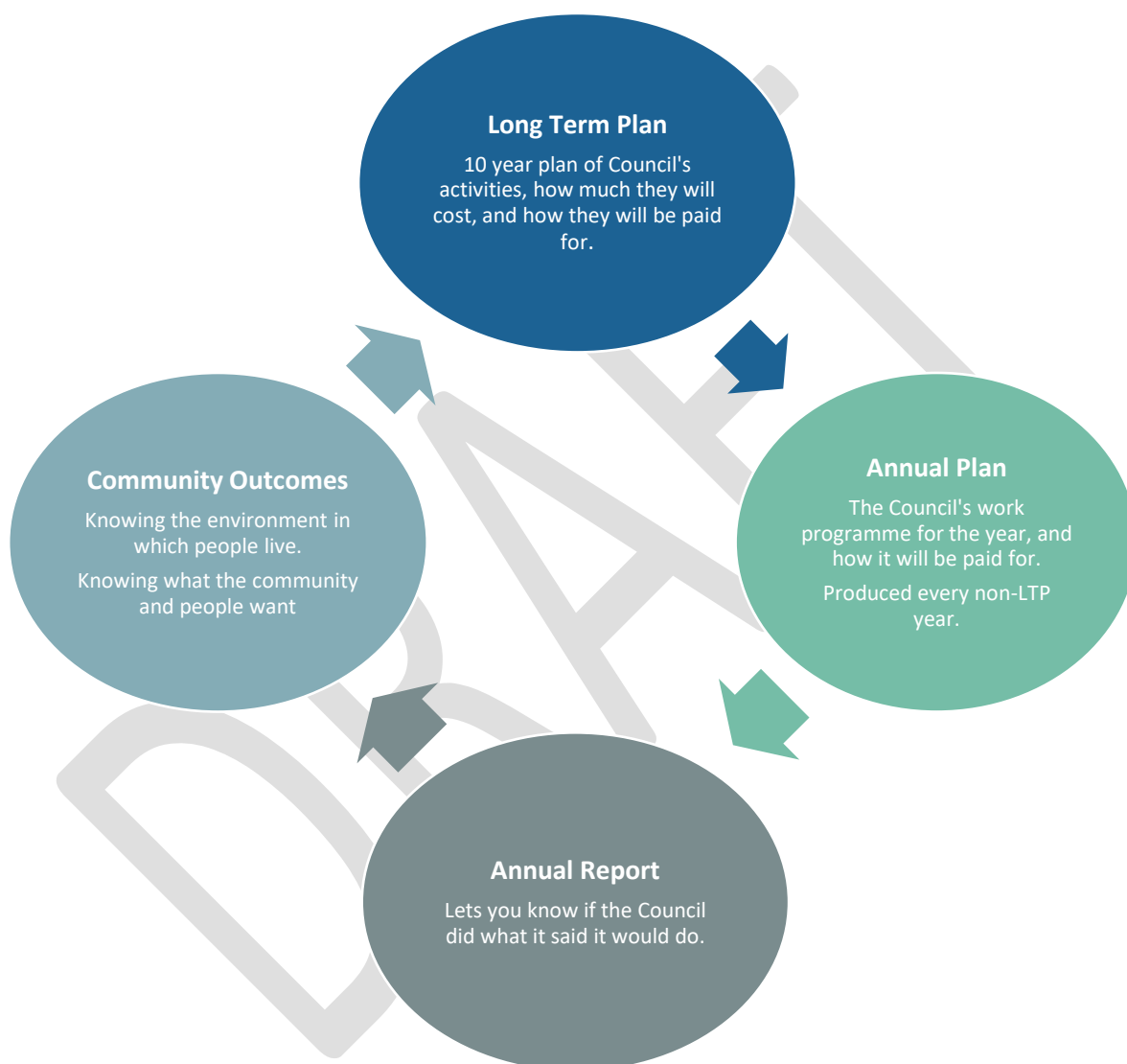


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## Why a Long Term Plan?

Council's 10 year plan, or Long Term Plan (LTP) is produced every three years, with two Annual Plan's in between, to inform the community of the work that Council intends to do, the challenges that are faced, and how Council has budgeted to provide services through rates and other sources of income and debt. The planning cycle below shows where the LTP fits. Council must understand what the community needs and wants by considering current infrastructure, and the social, economic and natural environment, and use this information to plan for the future needs of the community. We report to the community on a yearly basis in the Annual Report on our achievements under the Long Term Plan and our financial standing.

## The Planning Cycle



### To review and plan for activities managed by Council

The Long Term Plan outlines the key activities provided by the Westland District Council. This plan tells you about the status of these activities and the associated assets owned by Council, as well as the plans for the managing these activities in the future.

### To outline the intended outcomes of each activity

This plan describes how Council wants to perform for each activity and the rationale behind continuing to finance the activity.

### To identify how our activities achieve our vision

The backbone of decision-making within the Long Term Plan is the alignment of actions against the Council's long-term vision and community outcomes. Proposed actions are assessed on compatibility with Council's vision statement and Community Outcomes.

### To provide for long-term, integrated decision-making and co-ordination of Council resources

The interrelated 30-year Infrastructure Strategy and the Financial Strategy provide the basis for Council's long term planning. The relevant legislation is summarised within these strategies.

The infrastructure strategy identifies the condition and performance of our assets, their expected lifespan and how decisions are made regarding repairs, replacement or upgrades of assets. The financial strategy outlines how capital projects identified in the infrastructure strategy will be sustainably funded, alongside Council operating expenses, in accordance with financial prudence regulations and relevant internal and external benchmarks of liquidity, rates affordability and debt levels. Each strategy outlines how we intend to work with other partners and stakeholders to deliver services to the community.

These documents provide a long-term focus for Council's decisions and activities by reviewing current and expected future needs.

### To provide transparency and accountability to our community

Performance measurements outlined within this plan (including measures of resident satisfaction) are used for the annual review of Council's performance within its Annual Report, and for internal three-monthly performance assessments. These documents are publically viewable on Council's website and enable Council to be accountable to the public regarding its progress towards intended outcomes.

## Intended Levels of Service

This plan continues the focus on and funding of upgrading the three water services that began with the 2018 Long Term Plan. It is anticipated that the Level of Services for infrastructure and other council activities will be maintained.

In some instances, it is going to cost more to continue to provide the same services. Examples of this are the rising costs of road maintenance, the new costs involved in ensuring that drinking water systems comply with the Drinking Water Standards of New Zealand. We have also budgeted for increased costs of environmental requirements such as the Emissions Trading Scheme and the Waste Levy.

Council is seeking to improve its performance in some areas to ensure it achieves its currently stated key performance indicators. For example, extra funding is allocated to improve Council's wastewater services. This includes finding an environmentally and culturally acceptable solution to wastewater disposal in Hokitika.

Although minimal population growth is anticipated in the district, substantial capital expenditure will be required on a renewals programme in order to maintain the current levels of service. Council's infrastructure strategy notes that a number of the district's assets are approaching or past their expected useful economic lives and will therefore need to be replaced.

Council's infrastructure strategy also outlines some stormwater projects over the next ten years that are intended to provide increased drainage and flood protection for certain Hokitika residential and business area streets.

With the purchase of the Pakiwaitara building in 2020, we have the opportunity to develop an exciting community hub with library services, exhibition and community spaces. This will ensure greater levels of service for all the activities that are eventually housed in the complex. Once earthquake strengthening of the Carnegie Building is complete we will have two excellent places to share our Taonga (artefacts) and stories.

Funding has been allocated towards developing both Cass Square for future improvements and Hokitika Racecourse. These projects have a long-term focus to provide improved recreation opportunities for the community. We are also upgrading and maintaining playgrounds throughout the district to ensure they comply with current safety standards and are available for families to enjoy.

Continuing our focus on resilience to natural hazards, our capital programme identifies improvement work needed to ensure that our infrastructure is resilient, such as installing seismic valves at reservoirs and generators at critical water infrastructure.





## Key Challenges

### The low rating base

Funding and delivering activities is a challenge in Westland the district is vast but sparsely populated. Additionally, much of the land (about 87%) is part of the Department of Conservation (DOC) estate. The DOC estate contains a number of outstanding natural features making it a very popular tourism destination. However, a key challenge for the Council is providing and funding infrastructure and facilities to enable visitors to use the DOC estate without this being a burden to the small number of ratepayers. The costs of maintaining these assets cannot be directly recovered from DOC as the land cannot be rated and there is no direct way of recovering these costs from visitors at present.

Westland district is over 400 kilometres long, with only one main township and numerous smaller rural settlements surrounded by farms and other rural industries. Currently, within the district there are only 6,564 rateable properties. Despite this, our geographically dispersed settlements require a range of services, facilities and infrastructure. It is a key challenge for the Council to fund these core services within the limitations of the current rating base.

Council's largest operational spending continues to be transportation infrastructure and three waters (drinking water, wastewater and stormwater). Council intends to seek further funding from central government to assist with the cost of maintenance and upgrades to these services.

### The environment

The Westland landscape and environment is unique to New Zealand. It is a major drawcard for why residents choose to live here and why tourists visit the District. The environment is also a significant resource that fuels our economy and key industries such as farming, forestry and mining.

Many of our residents have strong environmental values and these values need to be recognised and respected within our decision-making.

### Building resilient communities

Given our location, perched in between the Southern Alps and the Tasman Sea, awareness and preparedness for natural disasters is a priority. The majority of Westland townships and settlements are located in close proximity to rivers and the sea, and have the potential to be greatly affected by storm events and rising sea levels. The district's location at the foot of the Southern Alps also means that it is in a high-risk area in the event of an Alpine Fault earthquake. Many Westland settlements could be isolated for an extended period in such an event.

Council must consider how the risks of natural disasters impacts decision-making for infrastructure and core service projects. Consideration is also required on how to best empower our communities to increase their resiliency and self-sufficiency and have measures in place to respond quickly and appropriately to natural disasters.

Council intends to continue discussions with central government regarding responses to natural disasters and funding key infrastructure projects. Council is also contributing to Project AF8 for planning in the event of an Alpine Fault earthquake. These discussions will take place alongside collaboration with our geographic communities, mana whenua, the West Coast Regional Council, New Zealand Transport Agency and other stakeholders to address the implications of natural hazards on future development opportunities.

### Prudent financial decision-making

This Long Term Plan is intended to provide transparency regarding Council's approach to maintaining assets, identifying future needs, determining the costs of each activity and sustainably funding these identified needs.

Council understands that the community desires us to maintain financial stability. This is why Council proposes to continue to focus the majority of its resources on maintaining and upgrading core services: these being roading infrastructure; three waters and the processing of consents. Management of some other Council activities is undertaken by Council Owned Organisations on our behalf. The rationale for this is to increase cost effectiveness and efficiency of Council operations so that core services are given priority, while ensuring that the quality of other services is also upheld.

Decisions about future spending have not been made lightly. The costs of projects have been carefully balanced against the risks of not taking action, for example potential asset failures. In some cases, the risks of non-action outweigh the immediate financial implications. Some activities will only occur if they are supported by central government funding, for example responsible camping sites and compliance.

Council will continue to regularly audit its own systems, processes and external contracts so that it is operating in a cost effective manner.

During the lifetime of this plan, Council will continue a programme of investigations to enhance our knowledge of the condition and potential life of our assets. Financial resources have been set aside for this purpose, including for a staff member to update this information in our asset management strategies and plans. Bringing this function in-house gives Council much tighter control over the development of asset management information, which will enable depreciation rates to be reviewed and adjusted more accurately.

## Our response to Climate Change

Climate change is already effecting our district. Glacier Country is struggling with glacial retreat and the effect this has on tourism. Increased rainfall and severe flooding events have also become more common and have impacts for our economy and on our communities. We must also be aware of our coastal communities, and how to support them through the effects of sea-level rise.

We made a submission to the Climate Change Commission's "Climate Action for Aotearoa" consultation (2021) on their proposals for carbon emissions.

Our submission advises that we acknowledge the reality of Climate Change and the science that identifies carbon emissions as a contributing factor to Climate Change. We need urgent and decisive action to achieve emissions reductions. However, if dedicated emissions reductions are not supported by all countries we believe NZ's 0.3% emissions reduction will have little effect.

We are concerned that the proposals will impact on the West Coast and New Zealand way of life. Particularly our economy, ability to heat our homes cost-effectively, and undertaking some recreational activities. Some of the proposals could also affect our ability to continue to work towards resilience in our district.

In our submission, we have asked the Government to support:

- Reconsidering the Waitaha Hydro power scheme to assist the West Coast to generate self-sufficient electricity.
- Consider how a move to electric cars will impact the Coast. We consider this impractical given the terrain, expensive electricity supply and distances between townships.
- Consider the effect of stopping coal production before energy sources have fully transitioned to electricity. There is little sense in importing coal when it is available in NZ.
- The cost of transitioning to electricity on our large industries, for example, Westland Milk Products.
- Environmental factors mean the Coast is best suited to beef and dairy farming, which makes transitioning to other types of farming difficult.

- Expand the equitability principle making the point that the West Coast region already makes a bigger contribution to carbon reduction than others. With greater than 87% of the West Coast under natural forest and another 3% under other forms of forest and vegetation, we are a significant carbon sink.
- Our concern that compliance with the strategy will be devastating to the West Coast region without Government support.

### Covid-19 and our communities

The Covid-19 pandemic has changed many things that New Zealanders take for granted; most importantly for our district is the loss of international tourism. Over the short to medium-term, this loss will be a challenge to our communities with a reduction in tourists and the income that they provide. This could result in fewer job opportunities and a more rapid population decrease.

Council needs to be aware of this challenge and ensure that we set rates that will allow us to maintain the expected levels of service but do not over-burden ratepayers. In the long-term, Westland will continue to be a popular destination for international tourists. Council will need to consider this when making decisions so that our small communities have the infrastructure to cope with seasonal demands as well as the needs of the community.



## Managing our Infrastructure

Council has a 30-year Infrastructure Strategy that aims to ensure the infrastructure and services provided by Council are maintained to a high standard. The focus of the strategy is to:

1. Maintain assets at the existing levels of service to deliver reliable services.
2. Fund renewal of current infrastructure appropriately to ensure assets are safe and meet legislative requirements.
3. Ensure critical assets are resilient to disruption so that our communities are safe and provided with essential services.

Where we can we plan to fund projects through external funding from central government and other agencies. We also intend to work in partnership with key stakeholders for opportunities to support co-sharing costs. This approach will ease intergenerational burdens on our ratepayers.

We continue to have ambitious plans for our work-programme. While we always aim to deliver work when we say we will, some of it relies on external parties such as contractors and specialists, and components being available when we need them. Projects sometimes get delayed because our information improves as work starts, such as finding out more about the condition of an asset, which means that plans change. To make sure we can do our best to deliver our core projects when we say we will, we have hired extra staff in our Assets team. Our wider capital programme of Shovel Ready projects is being overseen by contracted Project Managers to keep delivery on-track.

It is critical that we plan carefully to create a sustainable future for our assets. Substantial investment has been made into the maintenance of assets to service the needs and enhance quality of life in the District. We have identified the following significant infrastructure issues for the district:

Significant District issues	Implications	Current strategy
<b>1. Poor delivery of capital programme.</b>	<ul style="list-style-type: none"> <li>• Less than half of the capital programme has been delivered in the last three years.</li> </ul>	<ul style="list-style-type: none"> <li>• Under-resourcing in the activity group has been addressed to ensure that there is enough man-power and specialist knowledge to deliver the capital programme.</li> </ul>
<b>2. Wastewater upgrade costs are significant challenge for Council. Ability to upgrade the Hokitika Wastewater Treatment Plant that meets resource consent conditions and iwi expectations balanced against community affordability.</b>	<ul style="list-style-type: none"> <li>• There is a need to find a cost-effective and mutually acceptable option to upgrade the Hokitika Wastewater Treatment Plant to meet legislative requirements.</li> </ul>	<ul style="list-style-type: none"> <li>• Working in partnership with iwi, Council is exploring upgrading to a mechanical treatment plant. Further funding will be required to deliver the project as current external funding only covers a feasibility study and resource consent process.</li> </ul>
<b>3. Resilience of critical infrastructure.</b>	<ul style="list-style-type: none"> <li>• Infrastructure is exposed to a variety of natural hazards including earthquakes, landslides, flooding, fault line and storms. These natural disasters can cause considerable damage to infrastructure assets, affect delivery of service and cut</li> </ul>	<ul style="list-style-type: none"> <li>• solutions for current infrastructure in the town.</li> <li>• Over the 10 years of the Long-Term Plan, Council's level of funding is ahead of the planned renewals. Council therefore is building up the financial capacity to react if significant breakages</li> </ul>

the District off. The rivers in the District are constantly changing.

- Franz Josef township is prone to flooding from the Waiho River and situated in the Alpine Fault Avoidance Zone.

occur. As Council gains better information on asset condition, it will always revisit renewals annually. Better information for some areas may be able to be obtained sooner, however some areas e.g. stormwater infiltration/inflow can take years to fully map out the effects. While the LTP forecasts primarily reflect an age-based analysis, and are not based on detailed condition assessment, Council's overall approach is to continue to clear the renewals arrears over the 30 years of the Infrastructure Strategy.

- Continue to seek external funding to relocate Franz Josef township while undertaking short to medium-term

**4. Many of the assets are coming to end of their life at similar period and will need replacement.**

- Investment is required to ensure assets meet the level of service to the community, meet legislative requirements and are resilient to disruption. This needs to be affordable for current and future ratepayers.

- The first 10 years of Council's infrastructure strategy is based on carrying out upgrades and enhancements previously identified with a view that the focus over the next two decades will primarily be maintenance (with the exception of Franz Josef).

The first 10 years of Council's Infrastructure Strategy is based on carrying out upgrades and enhancements previously identified. The focus over the next two decades will primarily be undertaking risk based renewals based on evidence (using condition and performance data collected), with the exception of Franz Josef services (relocation of township).

Asset	Renewals spend in years	Renewals spend in years	Renewals spend in years
	1 – 10	11 – 20	21 – 30
	\$000	\$000	\$000
Stormwater	2,044	498	620
Water	7,837	4,941	6,024
Wastewater	13,128	1,523	1,893
Bridges & Structures	7,350	8,943	11,117

Over the 10 years of the Long-Term Plan, Council's level of funding is greater than the planned renewals. This allows us the financial capacity to react if significant breakages occur. As Council will revisit renewals annually as we gain better information on asset condition.

In the short to medium term, there are increased risks of asset failures leading to service interruptions.

Council will minimise the impact of these risks by:

- Monitoring asset performance and taking appropriate action when and where issues are identified.
- Continuing to undertake a programme of inspections to build up knowledge of the condition of assets and supplement this information by analysing the performance and failure of assets.
- As it increases its knowledge of asset condition, developing a risk-based programme of renewals which brings forward asset renewals with the highest risk and greatest significance if they fail.
- Continuing to rate to cover the depreciation costs on these assets so that a sustainable financial base exists for the long-term renewal of assets.
- Build capacity within the organisation to deliver asset planning and carry out the increased levels of renewals required to maintain the assets.



## Significant Forecasting Assumptions

Forecasting Assumption	Level of uncertainty about the assumption	Risks underlying the financial estimates	Estimate of the potential effect of this uncertainty on the financial estimates provided in the LTP
<p><b>Impact of Covid-19</b></p> <p>Covid-19 will seriously impact on Westland District over the first 3 years of the plan and ongoing effects will continue throughout the life of the plan.</p>	Medium	That the effects on tourism and population forecasts are worse than expected.	Effects of Covid-19 could impact Council cashflows and have flow-on effects on other assumptions under the plan.
<p><b>Population:</b></p> <p>The population of the District will remain static or grow slightly during the period of the plan. The population statistics used are the medium growth rate shown in the 2018 Statistics New Zealand forecasts and the forecast projections from <i>Infometrics Regional analysis and forecasting for long term planning, January 2021</i>.</p> <p>Westland is predicted to experience an ageing population over the life of this Long Term Plan by Stats NZ. It is forecast that the number of residents aged over 65 will increase from 20% to 27% of the resident population.</p> <p>Infometrics methodology relies on employment growth and projected net migration and therefore predicts the 65+ demographic remaining static.</p>	Medium	That the population forecasts change.	<p>The total population of the district might grow less than forecast over the next three years. The population is likely to remain more static from year four of the plan. This would affect the affordability thresholds as there will be fewer ratepayers and it can be expected that rates will become a higher proportion of average household income with an increased percentage of residents over the age of 65.</p> <p>As noted, with the effects of Covid-19 only being realised in 2021 the data is likely to change.</p>
<p><b>Tourism:</b></p> <p>Tourism growth will be static or decline in the first three years of the plan and then begin to grow again as the NZ health restrictions decrease, borders reopen and international tourism resumes. Once tourism begins to grow it will be a major economic contributor to the district's GDP. The impact of tourism on Council infrastructure and services might not be severe as growth will be slow and Council will have improved infrastructure and services during the early part of the plan.</p>	Medium	That tourist numbers increase more quickly than expected when international travel resumes.	<p>Potential asset failure due to unsustainable growth of tourism resulting in service outages and need for new unbudgeted infrastructure that would increase Council's debt.</p> <p>As noted, with the effects of Covid-19 only being realised in 2021 the data is likely to change.</p>

Forecasting Assumption	Level of uncertainty about the assumption	Risks underlying the financial estimates	Estimate of the potential effect of this uncertainty on the financial estimates provided in the LTP
<p><b>Land use:</b></p> <p>Council's rating base is represented by the following types: Commercial 7%, Residential 40%, Rural 31% and Rural-Residential 22%. The proportions are not expected to change significantly during the life of this Council Plan.</p>	Low	That these factors change.	The funding approach adopted in this plan will accommodate small variances in these characteristics of the District.
<p><b>Inflation:</b></p> <p>The level of prices is assumed to increase over the period of the Long Term Plan for each activity area as forecast by BERL. The level of increase assumed in the Long Term Plan is set out in the financial statements in this Council Plan. The assumed increases include general prices, pay costs and construction costs.*</p> <p>*The percentages shown are 10 year averages.</p>	Low	That super inflation occurs.	The impact would range from changes that Council could respond to up to a catastrophic financial situation.
<p><b>Interest:</b></p> <p>Council has calculated interest expense of 3.35% on all loans. This is the average interest rate based on PWC forecasted interest rates over the next ten years</p>	Low	That interest rates increase.	The impact would range from changes that Council could respond to up to a catastrophic financial situation.
<p><b>Returns on Investment:</b></p> <p>Council has calculated interest income based on our current portfolio, which is made up mainly of term deposits. The average rate on term-deposits based on current interest rates is 0.48%. Cash investments will return income based on the interest rate assumption. Distributions from Westland Holdings Limited have been budgeted for in the plan.</p>	Low	That return rates for investment are lower than interest rates on Council loans.	The impact would range from changes that Council could respond to up to a catastrophic financial situation.
<p><b>Renewability or otherwise of external funding:</b></p> <p>Council assumes reliable and sustainable funding arrangements through Local Government Funding Agency both in regard to the quantum of the funding and the terms and conditions of the funding.</p>	Low	That funding arrangements falter.	The impact would range from changes that Council could respond to up to a catastrophic financial situation.



Forecasting Assumption	Level of uncertainty about the assumption	Risks underlying the financial estimates	Estimate of the potential effect of this uncertainty on the financial estimates provided in the LTP
<p><b>Replacement of Assets:</b></p> <p>The optimal goal is that assets will be replaced at the end of their economic life. The gap analysis performed during the creation of the Infrastructure Strategy identified areas where this may not be affordable. In view of this careful management of assets replacements is contained within the AMPs.</p> <p>Where new capital projects are planned, these are expected to be delivered on-time and within budget.</p> <p>Depreciation rates are shown in the Statement of Accounting Policies. The Council's policy in relation to the funding of capital expenditure is set out in the Revenue and Financing Policy.</p>	Medium	<p>That Council does not meet the goals set out in its Financial and/or Infrastructure Strategy.</p> <p>That reactive maintenance costs will be high.</p>	<p>Unexpected or unbudgeted replacement costs may lead to failures in budgets.</p> <p>Spiralling rates.</p>
<p><b>Revaluations:</b></p> <p>As part of condition assessments and revaluations, the economic lives of Council's infrastructure, land and building assets are re-assessed every 3 – 5 years so that carrying values are maintained at fair value.</p>	Low	<p>Ineffective practice may result in failure to pay for future replacements.</p>	<p>Spiralling rates.</p>
<p><b>Subsidies:</b></p> <p>NZTA financial assistance rate for the land transport programme will remain at 62% for local roads. For the life of the Special Purpose Road (Haast Jackson Bay Road) the subsidy rate will decrease from 100% to 62% on 1 July 2024. However, this transition process is currently under review and negotiation with NZTA.</p>	Low	<p>That NZTA's subsidy rates change.</p>	<p>A reduction in anticipated subsidies would test the budgets in this plan. This would then result in either spiralling rates or a significant drop in existing levels of service.</p>
<p><b>Legislation:</b></p> <p>Council is expecting changes to legislation and other requirements from central government, and acknowledges that this much of the responsibility is unlikely to be accompanied by government financial input.</p>	Low	<p>That Council cannot afford to respond.</p>	<p>Potential Government intervention if Council does not respond appropriately.</p> <p>Spiralling rates.</p>
<p><b>Three Waters Reform</b></p> <p>Council will continue to deliver three waters services over the lifetime of the LTP.</p>	High	<p>That three waters assets are transferred from Council control to an outside regulatory body.</p>	<p>Loss of capital value and depreciation reserves.</p>

Forecasting Assumption	Level of uncertainty about the assumption	Risks underlying the financial estimates	Estimate of the potential effect of this uncertainty on the financial estimates provided in the LTP
Impacts of a decision not to participate in the Three Water Reform cannot be fully assessed until the final proposal can be assessed.			
<b>Resource Consents:</b> Resource consents held for Council activities will require renewal and will require increased monitoring.	Low	That Council cannot afford to comply or respond to monitoring requirements.	Potential service failures and/or adverse environmental effects. Potential infringement fines.
<b>Natural Disasters:</b> Council will continue to fund emergency management functions and utilise District Plan controls to address risk from potential natural hazards. It will not attempt to make its infrastructure disaster-proof aside from meeting Building Code legislative requirements. It will not be budgeting for full disaster recovery.	Low	That Council has not fully prepared prior to hazard events occurring.	Unexpected or emergency works will test the budgets in this plan. Potential for uninsured losses.

Forecasting Assumption	Level of uncertainty about the assumption	Risks underlying the financial estimates	Estimate of the potential effect of this uncertainty on the financial estimates provided in the LTP
<p><b>Climate Change:</b></p> <p>Council has not factored in specific climate change impacts/risks into its financial forecasting in the LTP nor into its current infrastructure specifications. Council will acknowledge potential climate change impacts/risks when making decisions to install new infrastructure.</p> <p>The Council will continue to monitor climate change science and the response of central government, and adapt its response where required.</p> <p>The Ministry for the Environment predicts the following affects of climate change for the West Coast Region:</p> <ol style="list-style-type: none"> <li><b>1. Temperature:</b> Compared to 1995, temperatures are likely to be 0.7°C to 1.0°C warmer by 2040 and 0.6°C to 3.0°C warmer by 2090.</li> <li><b>2. Rainfall:</b> Rainfall will vary locally within the region. The largest changes will be for particular seasons rather than annually.</li> <li><b>3. Snowfall:</b> The West Coast region is likely to experience significant decreases in seasonal snow. By the end of the century, the number of snow days experienced annually could decrease by as much as 30-40 days in some parts of the region. The duration of snow cover is also likely to decrease, particularly at lower elevations.</li> <li><b>4. Glaciers:</b> Overall glacier ice mass has decreased by 25 per cent over the last 60 years in New Zealand and is expected to continue to do so into the future.</li> <li><b>5. Sea level rise:</b> New Zealand tide records show an average rise in relative mean sea level of 1.7 mm per year over the 20th century. Globally, the rate of rise has increased, and further rise is expected in the future.</li> </ol>	<p>Low</p>	<p>The effects of climate change are more severe than expected, resulting in additional costs to mitigate impacts and increasing damage to Council infrastructure.</p>	<p>Unexpected or emergency works will test the budgets in this plan.</p> <p>Potential for uninsured losses.</p>

Forecasting Assumption	Level of uncertainty about the assumption	Risks underlying the financial estimates	Estimate of the potential effect of this uncertainty on the financial estimates provided in the LTP
<p><b>Emissions Trading</b></p> <p>The Emissions Trading Scheme (ETS) sets a regulatory limit on emissions by specific sectors and translates that limit into a market price with the intention to change behaviour. Each tonne of emissions carries the price to obligated parties of surrendering an emission unit to the government.</p> <p>The Climate Change Response (Emission Trading Reform) Amendment Act (the Act) has now passed into law. It makes a number of changes to ETS, which includes a number of price controls. Council has accounted for the carbon tax on Butler’s Landfill in this LTP based on an expectation that the ETS pricing will increase over the next three years as per the information available.</p>	Medium	That ETS pricing increases drastically, resulting in higher costs to Council.	Cost of increased taxes is not budgeted.
<p><b>Sales of Fixed Assets</b></p> <p>Assets will be sold if they are determined to not be required.</p>	Low	That sufficient resources have not been devoted to undertaking this exercise.	Potential profits are not realised.
<p><b>MDI Funding</b></p> <p>Council assumes that it will continue to manage the local major district initiatives (MDI) funding allowance.</p>	Low	That Development West Coast discontinues providing MDI funding to Councils.	District and community initiatives cease and/or groups may turn to Council for financial input. Negative economic impact on the District. Spiralling rates.
<p><b>Local Government Reorganisation:</b></p> <p>Local Government Commission Reorganisation Review completed in 2018 requires the Westland, Grey and Buller District Councils to create a combined ‘Te Tai o Poutini One District Plan’ for the region.</p>	Low	The costs and timeframe of the plan continue to increase.	Increased costs to the plan change not budgeted.

# Council's Rating System

## Overview

Council's rating system is calculated by capital value grouped by four differential sectors: commercial, residential, rural-residential and rural. The capital values by classification determine the general rates charges for ratepayers, which fund most activities.

Where a distinct user group benefits from a Council activity, a targeted rate is used because a general rate is not considered appropriate. This could be a specific community, sector or connected property.

In addition, our rating district is split up into eight community zones. These eight community zones are each charged a community rate charge, which differs based on the varying amount of Council services provided for each community.

Council's view is that rates are similar to a tax for services received. Therefore, an activity should be funded from the general rate, unless Council determines that a targeted rate is to the more appropriate way to allocate the rates. A breakdown of the different types of targeted rates is on page 261.

The components and rationale behind the rating system are set out in the Council's Revenue and Financing Policy and Rates Remissions policies. These policies included in this document, and are available on the Council's website [www.westlanddc.govt.nz](http://www.westlanddc.govt.nz) or can be obtained from the Council offices.

## Key elements of the rating system

It is important to Council to demonstrate financial prudence when funding operating expenses. Remaining operating expenses will only be funded from rates after all other funding sources have been exhausted. For many activities, however, rates will be the main funding source. A portion of the rates intake funds the capital (principal) repayments of debt. We use rates to fund some small items of capital expenditure and some capital projects in advance (by collecting funds for depreciation).

Setting rates is a complex process. We have chosen to have two general rates; a uniform annual general charge (UAGC) and a general rate based on the value of the property. We have chosen capital value as the basis to calculate the general rate.

In the first year, the UAGC has been set at 17.5% of total rates. A UAGC is generally applied to every rating unit. An exception is if contiguous (joining) properties are being used as one unit. The Rating Policy sets out the circumstances when only a single UAGC may be applied.

There are nine community zones that receive targeted rates relevant to the local services they receive.

Where user charges are not practicable, but discrete user groups can be identified, Council applies targeted rates. The community rate is an example of this, along with reticulated water utilities and such elements as the Hokitika Area Promotions rate.

Targeted rate boundaries have been drawn with the intention of encompassing whole rating units. Should a boundary spilt a rating unit, Council will rate the property based on the predominant use of the property.

The general rate is applied to activities that provide a benefit to the whole district.

General rates and community rates are based on how the land is used. Council adopted four differentials: Residential; Rural Residential; Rural and Commercial. Council undertakes reviews to update its information about what activity properties are being used for. It can also review the differentials.

## Rates cap

Council has maintained its 5% rates cap for annual increases following strong feedback from the public that it must provide a level of certainty as well as demonstrating efficiency and prudence.

The rates cap is explained further in the Financial Strategy (see Part D: Key Strategies).

## Rates remission opportunities through the Council

Remission on rating is available for land owned by Council and/or owned and occupied by a charitable organisation, which is used exclusively or principally for sporting, recreation, or community purposes.

This does not apply to any body (including a society, associated organisation, whether incorporated or not) that is for the purpose of profit or gain and/or to groups or organisations who engage in recreational, sporting or community services as a secondary purpose only.

No remission will be granted on targeted rates for water supply, wastewater services or refuse collection.

Remission is available on/for:

### 1. *Schools*

In order to provide relief and assistance to educational establishments in paying wastewater charges.

### 2. *New Subdivisions*

Remission on new subdivisions is available to provide temporary rates relief to new subdivisions:

- to limit the immediate rates impact of multiple Uniform Annual General Charges (UAGC) and service charges in the first year,
- provide a rating policy that is consistent with accommodating growth expectations for the district; and
- to encourage or at least not discourage continued subdivision activity in the district as allowed by the District Plan.

### 3. *Non-contiguous Farm or Horticultural Rating Units*

The Uniform Charges, where the same ratepayer owns non-contiguous Rating Units that are operated as a single farm or horticultural unit.

### 4. *Unoccupied Māori land*

Where no income is derived from the land and the liability for rates cannot be definitively attributed.

Council also has policies on remission and postponement for:

### 1. *Rates on Māori Freehold Land.*

“Māori Freehold Land” is defined in section 5 of the Local Government (Rating) Act 2002 as land whose beneficial ownership has been determined by the Māori Land Court by freehold order. Only land that is subject to such an order may qualify for remission under this policy.

### 2. *Extreme Financial Hardship.*

The policy offers rates postponement to ratepayers that may be suffering or have suffered extreme financial hardship.

## How can I get a remission on my rates?

If you do not currently receive a remission and believe you qualify via one of the sections described above, please apply in writing to the Council, detailing the circumstances.

## The Department of Internal Affairs Rates Rebate Scheme

Council administers this rates rebate scheme on behalf of the Department of Internal Affairs (DIA). It provides a subsidy to low-income homeowners on the cost of their rates.

Ratepayers apply for this scheme through their local council. Westland District Council receives the application form from DIA. You must wait until you get your first quarter rates bill before you see us about organising a rebate.

When applying for a rebate you will need:

- Your rates notice (including your West Coast Regional Council rates notice if billed separately) for the current rating year
- Information about what your partner/ joint homeowner's income was if she/he was normally living with you.

## Rate accounts

We will be working towards making rates accounts more itemised. We will also continue to develop electronic methods for delivering and paying accounts as well as instalment options. We welcome your input on this.

## Disputes

Objections to the Rating Information Database and rates records will follow the rules laid down by sections 29 and 39 of the Local Government (Rating) Act 2002. Any dispute over the application of any of these rating policies that cannot be resolved through liaison with officers, must be made in writing to the Chief Executive. Should the Chief Executive be unable to reach agreement with the ratepayer the matter shall be decided by Council or any such committee or sub-committee it so delegates.

For full information on Council's Rating System, see Part D "Key Strategies" and Part E "Financing Policies" or our website: [www.westlanddc.govt.nz](http://www.westlanddc.govt.nz).

## Council's Direction

[PLACEHOLDER]

Consultation results – what the community told us

- Summary of the consultation process and results

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