

Community Briefing

With this briefing we are inviting you to have your say about what your Council plans to do next year.

COVID-19 has changed many things, including our plans for the year ahead, which were originally set out in our Long Term Plan 2018-28. So, we need to make some changes and we want to run them by you before Council meet to approve those changes on 25 June. COVID-19 has shortened the process, so we are giving you this opportunity to have your say.

The problem we face

As owners of the Hanmer Spring Thermal Pools and Spa complex, the Council - representing the ratepayers of Hurunui - has benefited from a steady stream of profits derived from the Hanmer complex. Hurunui rates are one of the lowest in the country, in part because these profits have effectively subsidised our rates income.

The COVID-19, lock-down levels four and three, closed the pools and stopped a vital income stream. The pools are now reopening with reduced capacity (and reduced income) but the problem doesn't stop there. A large percentage of the complex's customers were overseas tourists and this market segment is projected to reduce to almost zero for the next year - possibly even longer. It is a problem shared with other participants in the inbound tourism sector and it is causing considerable uncertainty, nationally.

The immediate effect on Hurunui is that, even after scaling back pool complex staffing and other expenses, we anticipate that profit from the pools will fall from \$3.4 million to \$64,000 in the 2020/21 financial year. This represents an income loss to the Council of \$3.3million from that which was anticipated in the Long Term Plan. This briefing outlines our plans to deal with that loss.

What it all means

So, what does the loss of \$3.3million in revenue mean? Well, if we were to try and replace that amount through rates, we would need to increase rates across the board by 15%. Clearly, in the current post-COVID climate, an increase of that size would neither be possible, nor economically advisable. We therefore need to find other ways of dealing with the loss without placing an additional burden onto ratepayers.

Being unable to increase our rates income, the only other recourse is to reduce costs. This is the course of action your Council is proposing in this briefing. The adjustments proposed are temporary and relate to the 2020/21 year only. There are three areas where we propose to make savings:

Direct cost saving measures

We have identified \$455,000 of costs that can be saved from the budget, covering wages, maintenance, consultants, grants and awards and other sundry items.

Use of financial reserves and pause in funding

We are proposing to defer the repayment of just over \$1million of debt, to redistribute windfall treasury reserves accruing from lower interest rates, and temporarily halt funding for some ongoing projects such as the Canterbury Museum, earthquake prone buildings and ward reserves funding.

Deferment of capital works

Finally, Council propose deferring some capital expenditure - principally the building of the Amberley Swimming Pool, and the replacement of Council owned vehicles. This does not directly impact rates but does help secure the Council's debt position.

Outcome

The changes that the Council have proposed have resulted in an overall rates increase of only 3.74% which is lower than the 5% originally proposed in the Long Term Plan, and considerably lower than the 15% which would have been necessary to redress the loss of pool complex income. This has been achieved without resorting to funding operating costs from Debt.

Although Council has made some hard decisions, especially in suspending funding for grants and awards, it is mindful that the long term effects of Covid-19 are still to be addressed when they are fully known. The Council is about to undertake its Long Term Planning process for the 2021-31 period and the community will have an opportunity to make a meaningful contribution in assessing the long term direction of the Hurunui District at that time.

Further information

Of necessity, this briefing outlines the situation in broad terms and lacks fine detail. For those who wish for more detail, the proposed financial statements and other facts that support this brief, can be found on the Council's website at:

www.hurunui.govt.nz/report/ap-progress

It should be noted that any rates increase will vary slightly across the district. Actual proposed rates for sample properties are available on the council web site at the above web address.

Have your say

We want to know what you think:

- Is our response to this difficult situation about right?
- Were there other courses of action that you would rather have seen us take?

If you wish to respond to these proposals, there will be limited opportunity at **four community meetings** to be held in the evenings at **Culverden** (Monday 8 June), **Hanmer Springs** (Tuesday 9 June), **Amberley** (Wednesday 10 June) and **Cheviot** (Thursday 11 June). If you wish to attend one of these meetings you **MUST** call Jo Retallick on 027 808 8024 to make a booking (due to COVID restrictions).

Alternatively, you may send a written response by email or letter. These responses will be considered by Council on 18 June. If you also wish to address the Council in person, please indicate in your response that you wish to do so and provide a telephone contact so that we can arrange a suitable ten-minute slot for your presentation. Send your written response to:

info@hurunui.govt.nz - Subject: Annual Plan
or to
PO box 13, Amberley 7441, North Canterbury.

Your written comments should arrive **no later than 5:00pm on Friday 12 June**.

Thank you for reading this briefing and participating in the future of the Hurunui community.



“The Council has worked hard to come up with a solution to the challenges we face while meeting the needs of our whole community.

He waka eke noa.”

Marie Black, Mayor