

# Introduction



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# What is a Long Term Plan?

The 2015/16 – 2024/25 Long Term Plan sets out the Council's financial strategy for the next 10 years and contains information on the changes the Council plans to make to achieve this strategy, how we will measure our performance, the projects that the Council plans to carry out over the next 10 years and financial information including draft budgets, funding sources and changes to rates. The 2015/16 – 2024/25 Long Term Plan (LTP) also contains the Annual Plan for the 2015/16 year with information on fees and charges for the 2015/16 year. An LTP is a public accountability document and provides a basis for the community to assess their Council's performance.

An LTP is prepared and consulted on under the Local Government Act 2002 special consultative procedure every three years. An Annual Plan is prepared in each of the intervening years. The Annual Report for each year closes the planning loop by reporting back against the appropriate year's Long Term Plan or Annual Plan.

Amendments made to the Local Government Act 2002, in August 2014, resulted in new consultation processes and changes to the draft LTP documents used for public consultation and added new content requirements.

- Councils were required to prepare a 30 year infrastructure strategy for water supply, sewerage and the treatment and disposal of sewage, stormwater drainage, flood protection and control works, the provision of roads and footpaths. Note: flood protection and control works is not a service provided by the Dunedin City Council.
- Councils were also required to develop and adopt a Significance and Engagement Policy by 1 December 2014. This policy replaced the previously required Significance Policy.
- Councils must include for each year of the 10 year plan the projected number of rating units within the local authority at the end of the preceding financial year.
- A consultation document replaced the draft long term plan and summary documents and took a more tightly focused approach to the communication of major LTP issues to the community.
- The special consultative procedure was altered to allow Councils to use methods other than formal written submissions and hearing to obtain feedback during the LTP consultation period.

## Structure of the LTP documents

The LTP is published in two volumes.

### Volume 1 contains:

- An introduction from the mayor
- Introductory information about the Council and its structure
- The independent auditor's report on the LTP
- Section 1 of the LTP, Major Issues and Strategies.

Section 1 provides an overview of the major issues faced by the city and the Council. This includes a summary of the major issues consulted on with the community and the results of this consultation process. There is also a city profile with demographic and socio-economic information on the city; an outline of the Council's strategic framework, including the city vision and community outcomes; and full versions of the Financial Strategy and the newly required 30 year infrastructure strategy.

### Volume 2 contains:

- Sections 2-7 of the LTP.

These sections provide more detailed information about the Dunedin City Council's activities, financial management, and the policies and planning to achieve the city vision and manage the issues set out in Section 1 of the LTP.

The LTP was adopted by the Dunedin City Council on 29 June 2015.



# Introduction from the Mayor

Developing Dunedin's annual budget involves a balancing act between affordable rates, debt reduction and investment in enhanced city facilities and services for the future. Additionally a Long Term Plan (LTP) involves planning in order to spread those more or less evenly over a 10 year time frame.

On that basis, the draft budget the Council put out for consultation in March 2015 proposed a 3.8% rates increase for the next financial year. That was higher than our 3% limit because of two factors – a reduction in dividends from the Council owned companies and a different way of funding the Forsyth Barr Stadium. The Council decided that the spending that made up the 3.8% rise was all essential if the city was to maintain services and take advantage of the opportunities like the Gigatown win, the UNESCO Creative Cities of Literature designation and accelerating the Portobello Rd safety improvements.

Also included in the consultation document were a couple of unfunded items the Council was sympathetic to, but which it felt it didn't have funding for. They were the proposed Taieri aquatic centre and the University of Otago Oval cricket lights. The Council specifically asked for feedback on these projects.

Between developing the proposed LTP in January and hearing community feedback in May, much more was achieved. Among other things our Arts and Culture Strategy was signed off, more research and analysis was done on the aquatic facility plans and Otago Cricket submitted a new funding proposal. Additionally Council's full past year financials were crystalized. Operational efficiencies and lower debt draw-downs, including \$1.8 million savings in interest - a result of strenuous staff budgetary efforts – provided Council with more financial leeway – some \$2 million.

There were three broad ways that money could be used. The first is debt repayment.

Our current Financial Strategy calls for any savings or underspend be considered first for debt repayment. However under the Council's debt repayment programme the city holds no debt beyond a 20 year timeframe and some of it will be repaid sooner than that. We are already repaying debt at a steady rate with a target of reduction to \$230 million by 2021. In the coming year for instance we will pay off \$7 million.

If the Council even more aggressively increased that repayment it would lose other opportunities.

The second option is a reduced rates rise. For context, the 20 year average movement in the Local Government Cost Index – that's the costs faced by local government - has been 3%. This differs from the Consumer Price Index (CPI) because the Council is buying

concrete, bitumen and pipes, rather than groceries. So a 3% rate rise simply keeps us where we are. Generally if we want to invest in, enhance and improve the city we will need to go above that.

If our only aim is to keep rates rises down we would only be looking at costs, not the value of investing in the city.

The third option is community investment.

If we want to make Dunedin an attractive place to work, live, study and visit, modest investments will be necessary.

The Council chose community investment - spreading the funding across some previously unfunded projects – funding (with conditions) for the cricket lights, towards concept development for the Taieri Aquatic Centre and resourcing the Arts and Culture Strategy.

All these projects are investments in the development of the city. The sped up work on the Portobello Road safety improvements will actually save money over the term of the project, is an investment in safety and a key piece of tourist infrastructure.

Accelerating the upgrade of the city centre protects and supports the vitality of downtown retailing and commerce.

All of the new spending that was put in place following submissions has been funded from savings identified during the course of the year. The rates increase that was signalled at 3.8% was held. That enables the Council to maintain affordability – a substantial portion of our community is on fixed incomes – with modest investment.

Over the last three to four years the Council has reined in spending, kept rates increases below where they were projected to be and push a more aggressive debt repayment programme than before.

For the coming years we have also been able to start investing in community infrastructure as well – enhancing our city “offering” for both existing citizens and for the new citizens, visitors and businesses we want to attract.



Dave Cull | Mayor of Dunedin

## Members of Council and Community Boards

### Members of Council



Dave Cull (Mayor)  
Office: 474 3855  
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Chris Staynes  
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(Deputy Mayor)  
Home: 453 6855  
Mobile: 021 523 682



David Benson-Pope  
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Doug Hall  
(Central)  
Mobile: 027 432 0023



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Jinty MacTavish  
(Central)  
Mobile: 021 231 9197



Andrew Noone  
(Waikouaiti Coast/Chalmers)  
Home: 465 7157  
Mobile: 027 430 1727



Neville Peat  
(Central)  
Home: 478 0803



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Work: 477 5510  
Home: 454 5771  
Mobile: 027 224 5739



Lee Vandervis  
(Central)  
Home: 467 5272  
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Andrew Whiley  
(Central)  
Home: 454 2262  
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Kate Wilson  
(Mosgiel/Taieri)  
Home: 464 3797  
Mobile: 027 443 8134

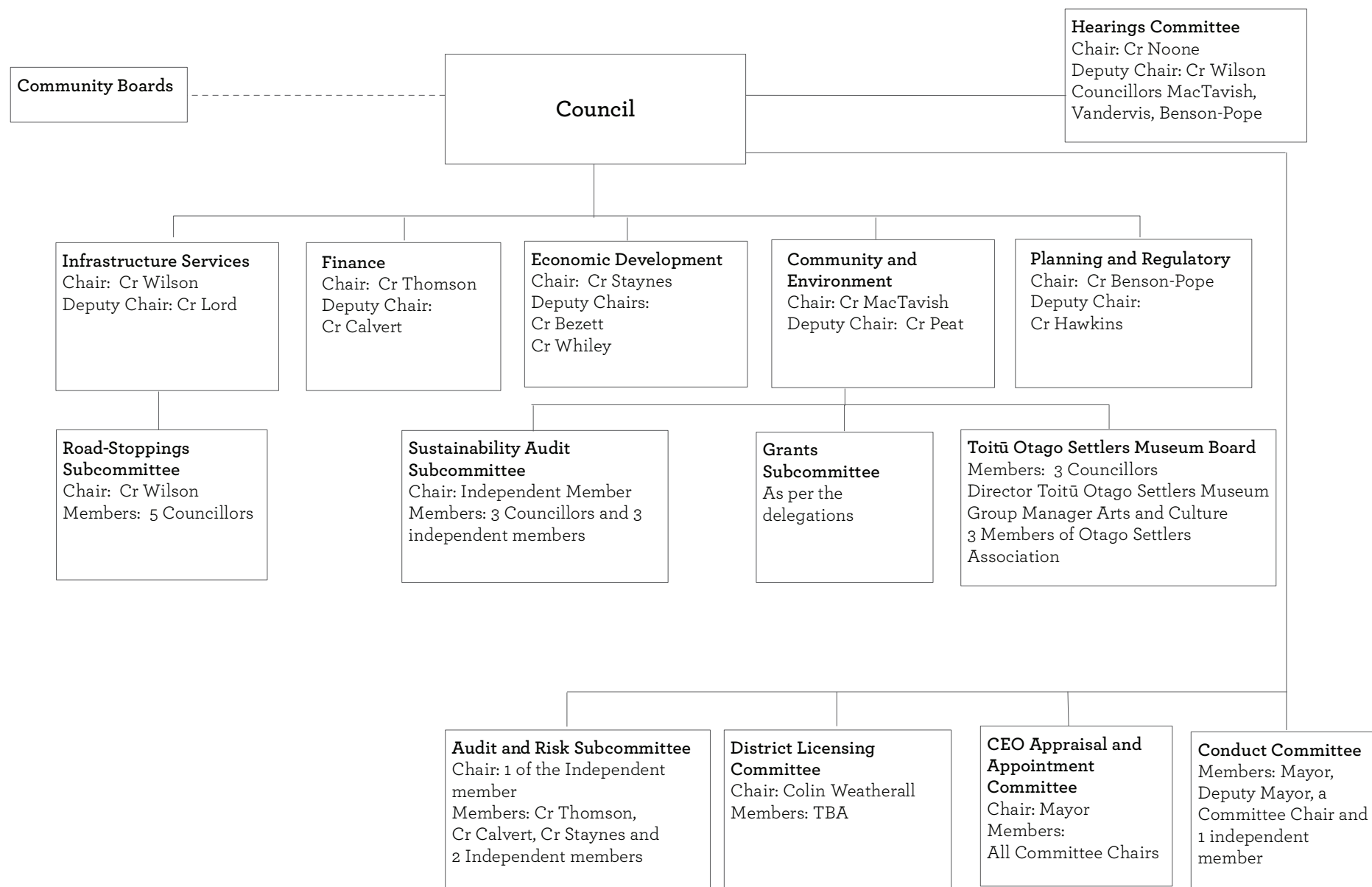
## Community Board Members

Chalmers	Mosgiel/Taieri	Otago Peninsula	Saddle Hill	Strath Taieri	Waikouaiti Coast
Steve Walker (Chair) H: 472 8409	Bill Feather (Chair) H: 489 5842 M: 027 598 1011	Christine Garey (Chair) H: 478 1133 M: 027 447 8876	Scott Weatherall (Chair) H: 481 1766 M: 027 440 4700	Barry Williams (Chair) H: 464 3718	Gerard Collings (Chair) H: 465 7604 W: 470 7494 M: 027 484 8800
Mel Aitken M: 021 190 5754	Blackie Catlow H: 486 1102 W: 489 4456 M: 027 489 4456	Lox Kellas H: 478 0209 M: 027 248 9789	Pam Jemmett H: 489 0453 W: 479 8447 M: 027 452 4199	Russell Anderson H: 489 1470 M: 027 224 8034	Mark Brown H: 482 2833 W: 482 2011
Peter Cole H: 472 7505 M: 021 025 42108	Martin Dillon H: 489 5277 M: 027 433 7800	Hoani Langsbury H: 478 0906 W: 478 0352 C: 027 430 6025	Keith McFadyen H: 481 1333 C: 027 444 8913	Bevan Dowling H: 03 444 4745	Alasdair Morrison H: 482 2505 M: 027 435 4384
Trevor Johnson H: 471 0632 C: 027 284 8611	Sarah Nitis  H: 484 7632 M: 027 5433 903	Christine Neill H: 478 0878 M: 027 223 4824	John Moyle H: 488 0651 W: 488 2317 ext. 5 M: 027 230 7779	Karen Dunn H: 464 3176 M: 021 084 38832	Richard Russell H: 465 7663 M: 021 444 421
Ange McErlane H: 472 7873 M: 027 438 0601	Maurice Prendergast H: 489 8612 M: 027 434 5545	Paul Pope H: 478 0630 M: 027 466 8446	Leanne Stenhouse H: 481 1400 M: 021 117 5195	Noel Matthews H: 464 3755 M: 027 251 0049	Tracey Scurr H: 465 8204 W: 465 7953 M: 027 497 8032
Raewynne Pedofski H: 472 8551 W: 472 7789 M: 027 201 4386	Mark Willis H: 489 4531 M: 021 990 032	Edna Stevenson H: 478 0543 M: 027 478 0543	Jonathan Usher H: 489 8681 M: 021 462 442	Joan Wilson H: 464 3473 M: 027 454 3620	Geraldine Tait H: 482 2517 M: 021 217 5492
Cr Andrew Noone H: 465 7157 M: 027 430 1727	Cr Kate Wilson H: 464 3797 M: 027 443 8134	Cr Neville Peat H: 478 0803	Cr Andrew Whiley H: 454 2262 M: 027 465 3222	Cr Mike Lord H: 486 2730 M: 027 438 0297	Cr Andrew Noone H: 465 7157 M: 027 430 1727

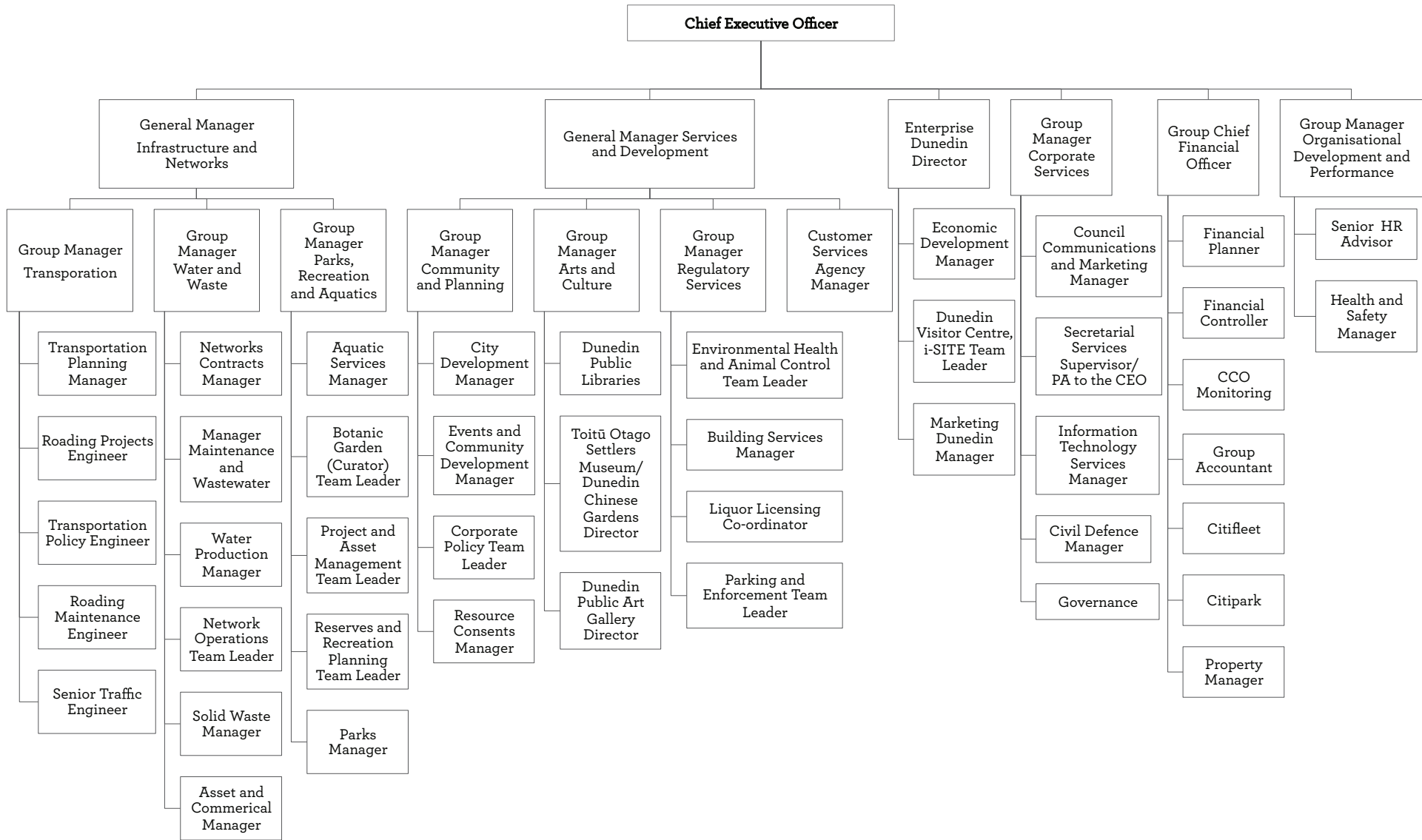
## Dunedin City Map – Central Dunedin and Community Board Boundaries



# Council Committee Structure



# Dunedin City Council Organisation Chart





# Audit Opinion

## To the reader

### Independent auditor's report on

### Dunedin City Council's 2015-25 Long Term Plan

I am the Auditor General's appointed auditor for Dunedin City Council (the Council). Section 94 of the Local Government Act 2002 (the Act) requires an audit report on the Council's Long Term Plan (the plan). I have carried out this audit using the staff and resources of Audit New Zealand. We completed the audit on 29 June 2015.

## Opinion

In my opinion:

- the plan provides a reasonable basis for:
  - long term, integrated decision making and coordination of the Council's resources; and
  - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on Section 3, pages 191 to 194 (Volume 2) represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 and accurately reflect the information drawn from the Council's audited information.

### Uncertainty about achieving the total savings in the Long Term Plan

Without modifying our opinion, we draw your attention to the fact that the Council needs to find approximately \$101 million of savings and efficiencies throughout the 10 year period of the long term plan to meet its aim of keeping rate increases within 3% and to complete its planned renewal programme.

On pages 3 to 6 of Section 1 of the Long Term Plan, the Council discusses the major issues it faces over the life of the plan and how it plans to address them.

Within this discussion, the Council outlines that the level of rates it has forecast in the Long Term Plan exceed its desired 3% limit on rates increases, in seven out of 10 years of the plan. There is a gap of \$74 million of savings required from 2016/17 to enable forecast rates to be reduced to come within the Council's desired 3% limit. This is set out in Table 1 on page 3 of Section 1 of the Long Term Plan.

The Council also outlines the significant level of renewals required over the next 30 years and the need to catch up on an estimated \$60 million backlog of renewals in the water and waste area. This includes assets that have exceeded their useful lives and are/or are not capable of delivering suitable service levels. The Council has forecast extra spending over the next 30 years, but there is still a gap (\$88 million) between the Council's proposed funding levels (\$612 million) and the theoretical cost of the renewals needed (\$700 million). The Council notes that it expects that, through a combination of refining cost assumptions and delivering projects for less money, it can close the 16% gap between theoretical and actual cost to allow the backlog of renewals to be caught up by 2039/40. This gap totals \$27 million over the 10 years of the Long Term Plan.

The Council is committed to consulting the community if the 3% rates target cannot be met without reducing services or where it considers "exceptional circumstances" require a rate greater than 3%.

We draw your attention to these matters because, if the Council is not able to realise such savings, it may well adversely impact on rates, levels of service, and debt projections.

In drawing your attention to these uncertainties, we are not commenting on the merits of the content that they reflect. We consider the disclosures in the Long Term Plan to be adequate.

This opinion does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee complete accuracy of the information in the plan.

## Basis of Opinion

We carried out our work in accordance with the Auditor General's Auditing Standards, relevant international standards and the ethical requirements in those standards.

We assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate audit procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our audit procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;

- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face over the next 30 years;
- the information in the plan is based on materially complete and reliable asset and activity information;
- the Council's key plans and policies have been consistently applied in the development of the forecast information;
- the assumptions set out within the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures and forecast financial information has been adequately explained within the plan.

We did not evaluate the security and controls over the electronic publication of the plan.

### Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

I am responsible for expressing an independent opinion on aspects of the plan, as required by sections 94 and 259C of the Act. I do not express an opinion on the merits of the plan's policy content.

### Independence

We have followed the independence requirements of the Auditor General, which incorporate those of the External Reporting Board. Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council or any of its subsidiaries.



Ian Lothian

Audit New Zealand

On behalf of the Auditor General, Dunedin, New Zealand