

# Chief Executive's overview

## Buller District is at the crossroads

We need to look at our recent history before deciding the way forward over the next ten years.

Some years ago, the District's population peaked at about 11,000 inhabitants. Unfortunately, for a variety of reasons, economic activity subsequently declined, and the resident population fell away. The Councils of those days reacted by taking a very conservative approach to expenditure and maintenance of the basic Council infrastructure. This caution did help keep rates down at that time, but progressively the lack of reinvestment led to what engineers like to call an "infrastructure deficit". Core services such as water, sewerage, and roading gradually began to wear out, while upgrades and replacements were deferred to save money.

Eventually something had to give, and the District had to borrow to finance replacements. These costs were compounded in some cases by Central Government requirements to enhance services to meet new mandatory standards. Rates rose accordingly, and yet there were fewer people left in the district to share the burden.

Meanwhile, the outflow of residents looked so bleak that after the 2007 census, the Statistics Department predicted that the resident population for the entire Buller District would dip below the 9000 mark by 2030. Judging by the numbers available at that time, Buller District seemed headed for terminal stagnation. All that there would be left would be a bit of dairy farming, some residual mining, and a hand to mouth tourism industry based on the wild scenery, quaint history and photo opportunities of virtual ghost towns, where once there had been thriving communities in the "good old days".



The future did not look good. Buller District seemed destined to be stuck in some 1950's time warp with less and less permanent resident ratepayers left to pay the bills.

Fortunately the fall in economic activity seemed to bottom out about that time, as coal and other mining activities began to pick up in response to worldwide demand. New pasture techniques opened up more and more dairy farms on the back of the dairy boom. Some glimmers of hope started to emerge.

The Buller District Council's 2009/2019 Long Term Council Community Plan (the LTCCP) took the Statistics Department dire prediction and balanced it against the signs of recovery. The Council decided that the number of residents in the Buller District would stabilise at about 10,000 people.

The 2009/2019 LTCCP set out a plan to continue to work on the infrastructure deficit one bit at a time. Over the ten years, property and roads would be renewed, bridges put in place, and a start made on urban renewal. Drinking water upgrades were scheduled for Westport, Reefton, and Punakaiki. Wastewater projects were signalled for Westport, Reefton, and Little Wanganui. There would be various water renewals, and stormwater improvements. Replacement fire engines would be found for the three rural fire brigades.

The 2009/2019 LTCCP strategy also involved a series of projects designed to address the wider social, commercial and cultural needs of a modern Buller community. The Solid Energy Centre emerged as the biggest project, closely followed by the NBS Theatre, and the development of a "Cultural Hub" as a focal point in the middle of Westport. Playgrounds throughout the district would be upgraded to meet the new NZ standards. New pensioner housing units would be built at Karamea and the old ones at Reefton replaced with more modern facilities.

The aim was to lift the district and its communities to a new family friendly and future orientated level.

The 2009/2019 plan was a "big call", yet it is hard to see any real alternative, other than to have simply given up on any real future for the district.

None of this made the financial consequences any more palatable. Council costs had risen, and while service levels rose at the same time, there were few new permanent residents to take up additional shares of the ratepayer burden. The small recovery in population tended to largely take up the slack in the housing stock left over from the early peak. While there were more people on the streets, the number of ratepayers was only up slightly. Affordability became an even bigger issue.

The Council responded by putting more emphasis on the use of target rates, whereby the costs tended to fall on the beneficiaries of the service rather than the general population through the general rate. The Council also recognised the increased complexity of the rating system, which by now had a large number of "differentials" that impacted in a manner that was confusing and sometimes controversial.

Against that background, the 2009/2019 Plan announced an intention to undertake a formal rates review and consultation process that could lead to a changed rating system based on a mixture of land and capital values.

It was stressed that the changes from the rates review would not lead to the Council collecting any additional revenue.



Instead it was hoped that the rate burden would be reallocated in a manner that was more transparent and more equitable for the same static core of 10,000 permanent resident ratepayers.

Since the adoption of the 2009/2019 plan considerable progress has been made reducing the infrastructure deficit, but much remains to be done. While core infrastructure facilities are improved there is little spare capacity and there is still some way to go before the aims of the 2009/2019 plan will be achieved.

The popularity of facilities such as the Solid Energy Centre and the NBS Theatre is beyond dispute, but the scale of subsidies needed to keep admission prices within the reach of all members of the wider community, is a real concern.

The Cultural Hub projects are a work in progress, and the delays are placing great pressures on the Coaltown Museum and the I-site operations.

Economically, the winds of change have swung back in favour of the Buller District. Mining, especially coalmining, has grown rapidly with the Stockton plateau home to New Zealand's most profitable coal mining operations. Major expansions of activity have been planned and are poised to proceed once the legal and regulatory process has run its course. Dairying is still building momentum and tourism continues to play a vital supplementary role.

The inherited slack in the housing market has now been taken up. The additional people who have come into the district have become tenants and rents have risen to big city levels. Second hand houses, especially those at the lower end of the market tend to find quick sales. The district is becoming used to the phenomenon of the "drive in/ drive out" worker.

The subdivision and new housing market is better than it was but hardly booming, yet this is the source of new ratepayers.



More and more people are now dependent on Buller based jobs, but this has still not translated into much needed more permanent resident ratepayers.

Anecdotally, it seems that there is reluctance by the new workers to invest in the Buller District. The District has a perception problem.

- ▶ There is a fear that the coal will not last, and that investing in a house might be unwise if it could not be sold when the industry comes to a halt.
- ▶ Socially, "the Coast" still suffers from negative perceptions as a wet, wild and deprived locality.
- ▶ There is a concern that the health services are inferior and inadequate. Child care services are seen to be insufficient for the modern family that needs two incomes to service a mortgage on a new house.
- ▶ Parents worry that the District schools fail to offer enough opportunities.
- ▶ "There is nothing to do but to get into trouble."

Fortunately these are perceptions rather than reality.

- ▶ The coal industry and other mining activity are expanding rapidly and worldwide demand will continue into the future. Mining itself is now a highly regulated and controlled activity that addresses environmental concerns comprehensively and sustainably. Advances in technology will ensure that this abundant source of energy will continue to be sought out in the future.
- ▶ Modern communications and transport have removed the isolation problems of the past and it is now possible to participate in global commerce and enjoy the wonderful environment of the top of the Coast, without the need to be living in a crowded and expensive city. At the same time the District is fortunate in that it has extremely low costs of land and the ability for a young couple to build an affordable new home in the Buller is unequalled anywhere else.
- ▶ The pleasant reality of the top of the Coast near subtropical climate is a surprise to most visitors and is a story that needs to be told.
- ▶ Specialist health services may involve travel but are available without undue delay. The full range of primary health services is available within the District. A modern integrated health centre is in the wings, pending consultation with the community and the District Health Board.
- ▶ The District has an unparalleled natural recreation environment, and a wide range of affordable and accessible sporting and cultural activities. Schools rate highly in ERO reports and crime statistics are well below city levels in a community that cares and looks after its own. It is a great place in which to raise a family.

## We are at the crossroads!

### This brings us to the start point for this 2012/2022 Long Term Plan.

Coal mining is prosperous and set to expand considerably. This increased production is beyond the ability of the present rail tunnels to Lyttelton and as an alternative it is intended to ship much of the additional production from the Westport harbour to Port Taranaki from where it will be sent overseas. To enable this to happen the existing Westport port facilities will be greatly expanded and upgraded at a cost of up to \$30m. The financing of the development is external to this plan and is being progressed by Buller Holdings. This construction project, coupled with the probable construction of a hydro dam at Mokihinui, will also boost the number of jobs in the District in a manner that will seriously test the District's infrastructure capacity and wider social and cultural fabric.

While on one hand it can be said that the influx of new people is vastly better than observing a further decline, just how the District intends to handle the economic growth and the influx of workers, is crucial to the long term future of the Buller District and its communities.



**In one direction** lies the possibility of a sustained growth in a District that has a positive future in which gradual diversification builds on the back of the prosperous and sustainable coal industry. New subdivisions and permanent homes would come into being and the range of service industries and activities would expand in modern vibrant towns.

The number of permanent resident ratepayers would grow as the District's population passes 11,000 and climbs towards 12,000.

These new residents would see a long term future for themselves, and they would invest in permanent homes and businesses.

This additional permanent ratepaying population would share the burden and make the cost of expanded Council services economically viable.

**In the other direction** the District experiences a "boom" that is based on an increase in transient population numbers. Rents continue to rise, and the new housing stock is comprised of "re-locatables" rather than permanent homes. Wherever possible these temporary structures would be crammed onto existing rateable sections. Out of town providers would look after the services and expanded activities. Social problems would emerge.

There would only be a small increase in the number of ratepaying permanent residents. The cost of the necessary expansion of council services would fall on the original and largely static number of ratepayers. Rates would go up as the council scrambled to maintain services and meet demand.

Instead of investing in the District, the temporary residents would make no lasting contribution beyond what was needed to exploit the District, before moving on.



**This Long Term Plan will decide which direction the Buller District takes.**

The Buller District has taken many hits over the last few decades. The anticipated economic development from coal offers a chance in a lifetime.

It could lead to sustained growth and a brave new future for the District, provided a significant component of that wealth is captured and invested here, instead of evaporating away.

However this will only happen if the present community is prepared to adopt a Long Term Plan that is designed to encourage and enable permanent growth, in a manner that embraces change, while ensuring that the costs are spread to ensure inter generational equity.

In order to grow the ratepayer base, newcomers to the District will need to believe that their investment in the Buller District will be a sensible one. They will need to see that the full range of social and cultural activities is in existence. They will demand a clean green and healthy environment that is safe for their children. It will also mean addressing the manner in which rates are apportioned to ensure the ability to pay and equity issues are considered and that there is a consensus that rates are "fair".

To some this growth scenario is "fields of dreams" stuff, based it on the notion that if we build it they will come.

The trouble is that "they" will be coming..... whether we like it or not.

The expansion of mining activity and the associated construction boom will come. We cannot turn back that reality. If we do not exploit that opportunity, then the market will find its own solution, as it has in other construction project towns and the "fly in/fly out" mining towns of Australia. The transient population will have no interest in investing in the District, nor in creating new forms of economic activity. The static permanent ratepayer population will shoulder all the costs of a churning socioeconomic situation.

While some will benefit dramatically in the short term from this artificial environment, and not mind the impact on rates, others who are not in that fortunate position will suffer. No amount of fiddling with the rating system will cure that ill.



**This plan is based on the strategy that growth will occur and that the best long term interests of all communities and inhabitants of the District, both now and in the future, will be greatly enhanced if steps are put in place to build the permanent resident population from the existing 10,400 people to 11,229 people.**

This plan assumes growth to 11,229 based on the expansion of Bathurst Mining activities. Although there is the potential for a greater increase, the plan has assumed a population increase to 11,229 in 2021/2022. The plan allows for an increase of 390 ratepayers over the next ten years.

The practical reality is that there will be an initial surge as the construction phase unwinds, followed by a gradual expansion, as confidence in the District's economic and social future consolidates. Whatever the Council does, there will still be some elements of transient population, and there will be better use of existing rateable properties especially if there is a degree of urban renewal as older housing stock is replaced.



**Paul Wylie**  
Chief Executive Officer

**Therefore a high growth scenario would aim at another 1,000 ratepayer properties over the ten years covered by the new Long Term Plan. An average of 390 new properties over the life of the Plan seems to be an achievable target.**

The 2012/2022 Long Term Plan numbers anticipates this level of growth in an indicative fashion only, because that it all the data that is available at this time. We have therefore based all calculations in the Long Term Plan on the assumption that a 'most likely' growth scenario will see the growth pattern outlined on [page 52](#) of this Plan (being a population increase of 829 and a ratepayer increase of 390 properties). This growth is 'front end loaded' but does not achieve the 12,000 population figure within the next ten years. Over the next few months further work will be undertaken which may result in further enhancement and amendments to this plan. However the indicative figures will allow for an initial planning sequence to be established. This will allow for subsequent iterations of this plan to flexibly alter to complement the more refined population predictions that will become available over time. If the growth comes faster we will speed up, if it comes slower we will slow down.

Council will need community support and buy in for the changes necessary. This will place tremendous pressure on the resources of the Council and its community. Fortunately the 2009/2019 Long Term Plan foreshadowed much of the necessary work.

We have tried to put together a comprehensive package that will deliver a more secure future for the District. Nothing comes free and we have set out the costs and how we expect things to be funded.

This plan seeks to put all those matters transparently before the Buller community. We expect some controversy and hope that there will be constructive debate. This plan is about the future of your community and we do want to hear from all sections of the population. Council will consider that feedback carefully and by the end of June make the final decisions that set the direction.

## Key Points in the Long Term Plan



- \* The direction set out in the 2009/2019 Plan continues. The Vision 2010 projects will be completed, Buller 2050 reinvigorated, and the District Plan overhauled to proactively enable sustainable growth.
- \* The infrastructure renewal and rebuild programme will see just over \$57.7m invested across the district over the next 10 years (see full programme on [page 229](#))
- \* Council will borrow to fund the long term investments in infrastructure, but the net borrowings (Term bank debt less Term bank deposits) will stay low and decrease over time (See full table on [page 56](#))
- \* The Council's net cost of operating generally only increases at a rate that is less than the Local Government cost index.
- \* The average rate per capita stays within or close to inflation guidelines, but the effect of target rates and existing differentials will impact quite differently depending on property values and localities.
- \* A full and formal version of the rating policies will be undertaken as soon as possible to ensure that future rates are assessed on a basis that remains logical and equitable.

