

From: [BDC Lgoima](#)
To: [REDACTED]
Subject: Official Information Request for BDC Financial Strategy Ref: OIA 053/22
Date: Thursday, 15 September 2022 12:27:00 pm
Attachments: [image008.png](#)
[210414 Final Council Minutes Extraordinary Meeting Adopt Draft LTP.pdf](#)
[image006.png](#)

Dear [REDACTED],

Thank you for your enquiry relating to the change in the council's net debt ceiling from \$20 million as per the 2018-2028 LTP to \$25 million in the 2021-2031 LTP.

I have not been at council long so to understand how the change occurred, I have reviewed a workshop presentation to a council LTP workshop which was undertaken as part of the draft LTP preparation sessions. I have also read the appropriate pages of the draft and final LTP's regarding the council's forecast debt.

I believe the information provided to the council and the community during consultation about this specific change (net debt ceiling) is appropriate but I acknowledge that additional commentary to highlight the proposed lift in the net debt ceiling would have helped readers of the LTP identify the change.

I also note though that this change in debt ceiling must be taken in context with the other matters in the council's 2021-2031 LTP document that the council has had to consider in adopting the 2021-2031 LTP. It is not just one parameter that needed to be considered for change, but multiple issues that were considered to strike a balance for their final adoption decision.

Please also find attached the minutes to the Extraordinary meeting held on 14 April 2021.

I would welcome the opportunity to discuss this reply further if you require any further clarification about the change.

Kind regards

Douglas Marshall | Chief Financial Officer (Contractor)
Mobile 027 458 4157 | Email Douglas.Marshall@bdc.govt.nz

Buller District Council | Phone 0800 807 239 | bullerdc.govt.nz
PO Box 21 | Westport 7866

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From: BDC_Lgoima
Sent: Tuesday, 13 September 2022 4:55 pm
To: [REDACTED]
Subject: Official Information Request for BDC Financial Strategy Ref: OIA 053/22

Dear [REDACTED]

We refer to your official information request dated 16 August 2022 for BDC Financial Strategy.

We have decided to grant your request, however we need some more time to prepare the information for release. We will send you the information by Tuesday 19 September 2022.

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

If you wish to discuss this decision with us, please feel free to contact the Buller District Council by return email to lgoima@bdc.govt.nz.

Please note that it is our policy to proactively release our responses to official information requests where possible. Our response to your request will be published shortly at <https://bullerdc.govt.nz/district-council/your-council/request-for-official-information/responses-to-lgoima-requests/> with your personal information removed.

Kind regards

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MEETING OF THE BULLER DISTRICT COUNCIL, HELD AT 3.00PM ON WEDNESDAY 14 APRIL 2021 AT THE CLOCKTOWER CHAMBERS, PALMERSTON STREET, WESTPORT.

PRESENT: Mayor J Cleine (Chair), Deputy Mayor S Roche, Councillors J Bougen, D Hawes, J Howard, M Hill, M Montgomery, P Rutherford, R Sampson, G Weston

IN ATTENDANCE:

S Mason (CEO), M Duff (GM Assets & Infrastructure Services), S Judd (GM Regulatory Services), K Trigg (Acting GM Commercial & Corporate Services), B Murphy (Financial Accountant), F Woodhead (Project Accountant), L Brooks (Acting Deputy GM Commercial & Corporate Services), R Townrow (GM Community Services), V Hill (Governance Assistant)

MEDIA:

Ellen Curnow (Westport News)

MEETING DECLARED OPEN AT 3.00pm

Mayor J Cleine opened the meeting with a karakia.

1. APOLOGIES (p7)

Discussion:

Cr R Nahr sent her apologies to the meeting.

RESOLVED that Council receives apologies from Councillor R Nahr
S Roche/J Bougen
10/10
CARRIED UNANIMOUSLY

N Tauwhare (Iwi Representative) also provided an apology to the meeting.

2. MEMBERS INTEREST (p8)

Discussion:

Nil

RESOLVED that members disclose any financial or non-financial interest in any of the agenda items.
J Cleine/G Weston
10/10
CARRIED UNANIMOUSLY

3. 2021-2031 DRAFT LONG TERM PLAN AND CONSULTATION DOCUMENT (p9)

Discussion:

Mayor J Cleine introduced item, saying it was the first Long Term Plan he had been involved with as a mayor. A slightly different approach had been taken to ensure the project was resourced adequately.

The Long Term Plan preparation had been conducted at a complex time, with Covid-19, the implementation of the Provincial Growth Fund and regulatory changes meant it has been a busy time for staff and councillors.

Shaping our District is the theme, with focus groups and community surveys being utilized to establish the five goals of community outcomes that are now in the draft plan.

This strategy was used to inform every aspect of Council to develop projects and workplans.

Mayor Cleine indicated there are three key aspects and that for the first time a strategy and business plan had been developed for the port and dredge operations.

Resources were also being directed into climate change to establish an action plan and investing in a fit for purpose information management system was required to meet legal compliance risks.

Deputy Mayor S Roche reiterated that climate change, ageing infrastructure and information management challenges and the port and dredge operations need to be dealt with.

A reduction in interest rates on investments and the negative impact on non rates income also needed to be factored in.

Deputy Mayor Roche highlighted the proposal to ringfence the harbour operation as a standalone business service, so any profit or deficit will not affect rates.

The proviso that some projects will only proceed if external funding is secured was also noted by Deputy Mayor Roche.

S Mason (CEO) advised councillors that it had just been brought to the attention of staff this morning that there are areas in the Consultation Document to raise qualifications on. The Auditors Report had only come through from Audit New Zealand in the last five minutes.

Ms Mason provided assurances around the qualification points. Assumptions had been put in around funding from central government regarding the Karamea special purpose road and Punakaiki water supply scheme. The assumption around the Westport port and Kawaitiri dredge were also queried in relation to possible revenue from a large commercial operator.

It is stated clearly in the narrative that these projects are subject to appropriate funding and if funding does not arrive, projects will not go ahead and there will be no risk to ratepayers.

Councillors queried staff and debated rates affordability, the impact of depreciation on rates costs and how this information is being presented to the public.

Cr P Rutherford raised concerns over the lack of commentary in general, and particularly around the Inangahua rates increases.

Cr Rutherford also reiterated the need for further discussions regarding the impact depreciation has on rates affordability.

Crs D Hawes and J Bougen agreed, querying incremental increases continuing in the years following the Reefton water upgrade.

L Brooks (Acting Deputy GM Commercial & Corporate Services) and F Woodhead (Project Accountant) addressed these issues, reminding councillors that costs have been spread across the 10 years of the plan in order to ameliorate the effect of upgrade costs on a small ratepayer base.

The timing of the Waimangaroa water supply costs feeding into the Long Term Plan was also discussed.

S Mason (CEO) assured councillors staff will make it clear to the community about the timing of the resolution.

Cr R Sampson queried costs incurred by the Three Waters reforms.

Mayor J Cleine advised councillors that the instruction from the Auditor General is that this should be treated as business as usual. The costs coming through relate to the true costs of just meeting compliance.

S Mason (CEO) agreed and said this includes not stopping all depreciation, which would be a cynical move.

Deputy Mayor S Roche reminded councillors that costs won't be just around capital expenditure or the cost of borrowing or investing in the asset. Some operational expenditure will be involved.

In response to a question from Cr R Sampson, L Brooks (Acting Deputy GM C&CS) advised councillors that figures are GST exclusive.

M Duff (GM Assets & Infrastructure Services) reminded councillors that compliance costs are a legacy issue, rather than meeting reform requirements.

General and targeted rates percentage increases and the Uniform Annual General Charge were also discussed

1. RESOLVED that Council receives and adopts the following underlying information relied on as the basis for the Draft 2021-31 Long Term Plan and Consultation Document:

- a. Draft 2021-31 Financial Strategy,
- b. Draft 2021-51 Infrastructure Strategy,
- c. Draft Revenue & Financing Policy,
- d. Draft Significance & Engagement Policy,
- e. Draft Development & Financial Contributions,
- f. Draft Rates Remission Policy

J Cleine/S Roche
9/1

Against: R Sampson
CARRIED

2. RESOLVED that Council approves the list of proposed fees and charges that are included in the Draft Long Term Plan 2021–2031

J Cleine/S Roche
8/2

Against: D Hawes, R Sampson
CARRIED

3. RESOLVED that Council confirms that per the Draft Long Term Plan, for year's 2028/29 and 2030/31 (inclusive), the operating revenues are not set at a level sufficient to meet the year's projected operating expenses

S Roche/J Howard
10/10

CARRIED UNANIMOUSLY

4. RESOLVED that Council deems the forecast deficits to be a prudent approach for the reasons outlined in detail in the Financial Strategy, notably:

- a. Roothing & Transport Activity: Council's current renewal investment (expenditure) is less than the annual depreciation expense. Council raises revenue (rates and New Zealand Transport Authority NZTA financial assistance) to fund the renewals and given depreciation is higher than renewals, this activity subsequently runs at a loss (deficit). NZTA in its latest audit of our roading network has determined that the network as a whole is in very good condition. The roading programme is set with NZTA based on this premise and not on the level of depreciation for the network which is higher. Hence there will always be an accounting deficit when taking this into account. On a cash basis Council is operating prudently and income is at a sufficient level to cover its expenses

J Cleine/P Rutherford
10/10

CARRIED UNANIMOUSLY

5. RESOLVED that Council receives the Audit opinions from Audit New Zealand for the Draft Long Term Plan Consultation Document,

S Roche/J Cleine
10/10

CARRIED UNANIMOUSLY

Resolution 6 & 7

As there were small alterations required to correct grammatical and other immaterial errors, councillors agreed to Deputy Mayor S Roche's suggestion that Resolution 6 be amended to include "subject to minor changes being made"

This same amendment was made to Resolution 7.

Cr R Sampson made it clear that she will not be voting for Resolutions 6 & 7 as they are lacking in a number of areas.

Crs Hawes and Rutherford agreed with Cr Sampson, saying there was inadequate commentary, however they would support the general resolutions.

S Mason (CEO) told councillors there would be an opportunity through media releases and drop-in sessions to cover off these concerns expressed by the councillors.

Q&A sheets that are district specific would be provided for councillors to clarify the information already provided.

6. RESOLVED that Council adopts the Consultation Document as the statement of proposal for the draft LTP, subject to minor changes being made,
S Roche/G Weston
9/1
Against: R Sampson
CARRIED

7. RESOLVED that Council adopts the Draft 2021-31 Long Term Plan, subject to minor changes being made,
J Cleine/S Roche
9/1
Against: R Sampson
CARRIED

Resolution 8

Councillors agreed it would be appropriate to have public meetings in addition to drop in sessions to inform the public and answer questions.

The following is to be added to Resolution 8 "to include public meetings in Karamea, Ngakawau, Reefton and Westport.

8. RESOLVED that Council approves the consultation period that runs from Friday 16 April 2021 and closes at 4.30pm on Tuesday 18 May 2021, including public meetings in Karamea, Ngakawau, Reefton and Westport
J Cleine/J Bougen
10/10
CARRIED UNANIMOUSLY

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- There being no further business the meeting concluded at 4:30pm
 - **Next meeting:** 3:00pm, Wednesday 28 April 2021, Clocktower Chambers, Palmerston Street, Westport.
-

Confirmed: **Date:**