



BULLER
DISTRICT COUNCIL
Te Kaunihera O Kawatiri

Draft Long Term Plan **Consultation Document**

Council's plan for the
10 years from 2018 to 2028

'Fit for Future'



Our Values: Community Driven | One Team | Future Focused | Integrity | We Care

WEST COAST NEW ZEALAND
UNTAMED NATURAL WILDERNESS

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Introducing our Consultation Document

This Consultation Document sets out Council's directions for the next 10 years.

Any of the matters covered in this Consultation Document are open to public comment but Council has identified several Key Issues and Strategies that we believe are of particular importance to our community, and that we want your feedback on.

Council has a wide range of activities that it undertakes - many of which it must carry out by law, including:

Key infrastructure: roads, footpaths, water, sewerage, stormwater, waste and drainage.

Regulatory responsibilities: Resource Management Act policies, monitoring and consents, building consents, food and liquor.

Community facilities and support: libraries, community grants, emergency management.

Amenities and Reserves, Council properties: parks, reserves, housing for the elderly, Council owned properties.

Our vision, purpose, values and strategy (see page 3)

Our Council is committed to the efficient and effective delivery of services to our community. We will continue our significant past investments to maintain and improve our core asset infrastructure.

We recognise that we need to begin a process of long term district diversification and regional development to achieve long term growth and economic investment. In this 10 year plan, we turn words into actions, along with timelines and costs. Our key strategies support this consolidation and forward thinking approach by our Council.

We want our District's towns to remain attractive and pleasant places in which to **'live, work, invest and visit'**.

Financial Strategy (see page 24)

This Strategy sets out Council's financial position for the next 10 years. We want to know if you think we have got the balance right between strategic investments and debt, and service levels and rates.

Infrastructure Strategy (see page 32)

This Strategy outlines Council's planned projects for its core infrastructure assets. We want to know whether you think we have got our priorities right.

Key risks and issues for our District (see page 14)

Council has identified a number of key issues which cover a range of issues and opportunities that Council considers are likely to be of interest to our community – we would like to hear your views.

Significant changes to policies (see page 20)

These legislated policies provide the framework and key parameters for Council financial operations such as rating, funding and treasury management.

This Consultation Document is supported by a full draft Long Term Plan. These supporting documents are available on Council's website www.bullerdc.govt.nz/long-term-plan

ABOUT THIS CONSULTATION DOCUMENT

The Local Government Act 2002 was amended in 2014 and now requires Councils to produce a **Consultation Document** as the basis for public participation in decision making on its 2018-2028 draft Long Term Plan.

This Consultation Document sets out the major issues and projects over the next 10-years, the impact on rates, debt and levels of service of those projects. It also summarises Council's Infrastructure and Financial Strategies.

Within this document Council outlines the key issues being faced, options and seeks community feedback on them.

The Consultation Document and the full *draft* Long Term Plan will be available on Council's website, offices and libraries and i-sites throughout Buller.

Roadshows will take place in the main towns throughout our District, and the public are encouraged to read this document and to have their say.

The consultation period opens on 23 April 2018 and closes on 25 May 2018.

ABOUT THE LONG TERM PLAN

Every three years Council must produce its Long Term Plan which explains how these activities will be carried out and funded over the coming 10 years. The Long Term Plan describes:

- How Council intends advancing the achievement of its Community Outcomes. Focusing on these Outcomes enables Council to ensure that it accounts for issues such as environmental sustainability, the changing demographics of our people, economic drivers such as changes in the local economy and industries, land use change, environmental risks such as climate change and enabling participation in decision making and service delivery.
- Council's plans, major projects, performance targets and budgets for each of our activities.
- Council's financial policies and how it will finance its activities.

MAYOR AND CHIEF EXECUTIVE'S WELCOME

We are delighted to present Council's **2018-2028 *draft* Long Term Plan Consultation Document**.

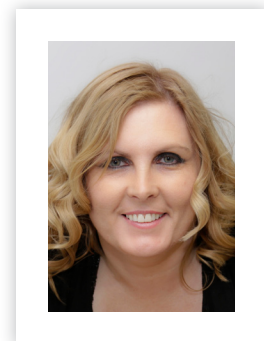
Considerable work has been done over the last 12 months to ensure that we can present you with a document that is **'Fit for Future'** and balances the need for effective service delivery, resilience, and quality infrastructure and amenities with affordability and financial sustainability in the future

Despite the economic downturn over the past few years things are slowly starting to trend upwards in the right direction. We have many new and exciting opportunities in our short to medium term future that have the potential to transform our District. This strategy and plan is designed to facilitate and support this transformation so Buller can transition to a more resilient and diverse economy. Key to this is ensuring that the Buller District is a desirable and attractive place to **'live, work, invest and visit'**. You will see some key projects linked to this transformation that we are looking for specific feedback on, including the Holcim investment opportunity and the Westport Revitalisation Project.

We thank the community for engaging with us to develop this plan, and encourage you to attend the public meetings and drop in sessions that will be held throughout the District. We invite feedback during this submission process which will be valued input and will give Councillors a much clearer picture of your priorities, dreams and aspirations for our District. It is only by working together that we can achieve our vision and make Buller **'Fit for Future'**.



Garry Howard
Mayor, Buller District



Andy Gowland-Douglas
Chief Executive Officer

WEST COAST  **NEW ZEALAND**
UNTAMED NATURAL WILDERNESS

VISION, PURPOSE, VALUES, STRATEGY

Vision: ***'Fit for Future'***

WHERE THE BULLER COMMUNITY IS GOING:

Buller is ***'Fit for Future'*** – a resilient, safe and thriving community.

Purpose:

HOW WE SERVE THE PEOPLE OF BULLER:

- Providing quality, resilient and affordable services and infrastructure to meet the current and future needs of our communities.
- Providing responsive leadership and engaging with our communities to achieve positive economic, social, cultural and environmental outcomes.

Key Strategies:

HOW WE ACHIEVE OUR VISION:

1. **Resilient** – Building and promoting resilience in community, services and infrastructure.
2. **Growing** - Facilitating growth and a transition to a diversified, resilient and sustainable economy.
3. **Quality infrastructure** - Providing reliable and sustainable infrastructure that meets the needs of current and future generations.
4. **Liveable** - Investing in our towns to ensure we are an attractive District to ***'live, work, invest and visit'***.
5. **Affordable** - Growing our non-rates income so rates are affordable to all residents.

Values:

HOW WE WORK:

- **Community driven** - We are responsive to our community and make a difference now and for future generations.
- **One team** - Shared direction, shared effort, quality outcomes.
- **Future focused** - We seek solutions that are ***'Fit for Future'***.
- **Integrity** - Open, honest and equitable in service, decisions and action.
- **We care** - Our social and environmental responsibility - about people and place.

Our District & Communities: *'Fit for Future'*

CURRENT ECONOMIC OVERVIEW

The current economic situation in the District has improved since the last Long Term Plan was compiled. At that time we predicted a contraction in economic activity followed the closure of the Holcim cement plant in Westport and the Globe Hill mine in Reefton, as well as the effects of cyclical activity in primary industries such as mining and dairy farming which are still the largest employers in the district.

Tourism continues to grow, with New Zealand experiencing significant international growth in tourism since 2013. The government expects this growth will continue with visitor arrivals on target to reach 4.9 million by 2023 (MBIE/Tourism NZ/Statistics NZ forecasts 2017). The improvement in current economic conditions has been underpinned by the increase in visitors to the district brought about to some extent by the closure of State Highway 1 due to the Kaikoura earthquake in 2016.

Moving forward visitor numbers to New Zealand are increasing which should mean that the Buller district will get a share of the domestic and international visitor spend even after reinstatement of SH1. There have also been modest improvements in commodity prices which also have an effect on economic activity in the region.

In addition there has been an increase in residential property sales in the district in 2017 (the highest volume since 2012). This suggests there may be growing confidence in the district from an economic perspective.

Therefore, in summary, economic conditions are a lot more stable and have a little more upside than was the case when the last LTP was prepared 3 years ago.

A WAY FORWARD

When Council reviewed this current Long Term Plan and its strategy, an evaluation of Buller's strengths, weaknesses, opportunities and threats and a range of factors which could have an effect on the district, was carried out.

It's clear that the Buller has a lot going for it. It also faces a number of challenges. On the plus side it has resilient communities, low cost land and housing, abundant natural resources, unique natural environment and endless recreational choices.

It has some challenges, some the Council has in common with the rest of the local government sector and some which are unique to our district and region.

It is important that we recognise that successful communities need a range of interlocking factors that combine to provide a district that is a great place to *'live, work, invest and visit'* and is *'Fit for Future'*. These include: a resilient community, services and infrastructure; schools and education providers that strive to provide the best quality education and consistently aim to turn out high achievers; fit for purpose health facilities and services; and resilient diversified economies that avoided the boom and bust cycles of the past. A vital part of our economic success will require resilient and reliable infrastructure and transport options (road, sea and air) to and from the region. These vulnerabilities have been

highlighted in the 2016 Kaikoura earthquakes.

A vibrant, diverse and flexible local economy that provides sustainable jobs will enable the population to stabilise, and the prosperity of the district to improve.

Council's role in all this is as a facilitator. It should provide reliable, affordable services and infrastructure that meet the communities needs, help develop attractive liveable towns and a district that people will want to visit and reside in. Also, Council's role as an advocate cannot be understated. Our district requires its share of regional development funding to be successful now and in the future and to help the transformation into modern attractive locations with all the quality services that are now expected in 21st century communities. Council will also work closely with other West Coast councils, central government and Development West Coast to ensure that high speed Broadband access to the internet becomes available across the district along with comprehensive mobile phone connectivity.

This means Council needs to continue to invest in key infrastructure. Over the life of this Plan Council expects to spend \$59 million on capital expenditure to maintain the level of service we currently have and to modernise our towns if the district is to be truly competitive as a place to *'live, work, invest and visit'*.

Affordability is one of the biggest challenges that many Councils, including Buller, faces. In the past three years leading up to this Plan Council has demonstrated that it has been prudent in the allocation of its expenditure and has come well within its predictions of expenditure and the resultant rates increases. It also scores well in prudence measures by third party rates watchdog organisations.

For this Plan to be sustainable it also needs to be affordable both in the short and long term and to continue with this philosophy. Looking at this LTP operating expenditure is sufficient to maintain the same level of service and is in line with the movement of the local government cost index over the life of this Plan, as are the resultant movement in rates.

Council continually looks at ways that it can provide better services or provide the same service a different way at a cheaper cost to the ratepayer. Shared services with other West Coast Councils are one potential way that costs can be saved. Council is doing this already with information technology, insurance, finance, civil defence, processing of building consents and planning. There are ways that councils can work with other organisations to set up a strategic focussed Economic Development service that will facilitate the desired economic diversification that Council believes it needs to make our district *'Fit for Future'*.

Proposed Holcim property portfolio purchase

INTRODUCTION

Council has an opportunity to purchase the Holcim assets (land, equipment and buildings) relating to their cement manufacturing plant at Cape Foulwind (the works) and the rock and limestone quarrying operations at Tauranga Bay (the quarry), as well as large land holdings in the area.

This is a big decision and involves the Council spending up to \$5.26 million of ratepayer money. The assets were part of an industrial manufacturing site that used and produced hazardous substances. Council will review all detailed site investigation reports, investigate risks and liabilities and associated environmental contamination along with the commercial and community benefits of such a purchase.

Council is asking the community to have their say. Council will weigh up the benefits and risks as part of a due diligence process and will decide to proceed with the proposed deal or not based on the outcome of this process and consultation with the community.

WHY IS COUNCIL CONSIDERING THIS?

This purchase could provide future benefits to the district of Buller by:

- Providing the opportunity for the Council to use the land for a range of different projects such as new reserves and cycle ways for the community and visitors to enjoy.
- The quarry may be a valuable long term source of rock and limestone that the Council could use, for example, for maintaining its roads and building sea walls, flood and coastal protection structures or supporting cycle trail construction. The supply of hard rock has become difficult and expensive to obtain.
- The purchase includes the Larsen Street housing block of 10 houses, and large amounts of other land that Council could use for other community purposes in the future or make available for developers.
- Other assets have facilities and equipment that would be useful for regional economic development.
- Preventing private investors from getting control of the assets, who may not clean up the contamination, or be concerned about the effects on the community. If they walked away the Council may be left to clean up the site using public money.
- Jobs could be created associated with the new uses of these assets, helping the community to thrive in the future.
- Making some additional revenue for the Council from the sale of some of the land, after paying down borrowings, which could off-set rates or be used for other community projects.

THE PROPOSED DEAL

Council is negotiating an option to purchase all of Holcim's assets in the Buller District. These assets comprise of approximately 500 hectares of land and ancillary buildings at a purchase price of up to \$5.0 million, plus estimated acquisition costs of \$260,000.

At this stage Council intends on only securing an option to purchase the assets while it consults with the community and more fully evaluates the project. **The terms include:**

- Holcim is paying for site investigation (investigating and weighing up potential risks and costs). Depending on the results of that, the Council can decide to proceed with the deal or pull out.
- Holcim is paying to demolish the existing buildings and related facilities at the works site relating to the manufacture of cement, that Council doesn't want.
- Holcim will be responsible for any liabilities (unexpected costs) that emerge including environmental contamination from known contaminants and potential health effects on land owned by Council for a period of 5-years after the deal is accepted. After that time Holcim would have no further responsibility, and the Council would accept the responsibility for the assets that it continues to hold and any potential impacts from them in perpetuity.
- Holcim will satisfactorily demonstrate the absence of any unacceptable contamination (and address it where it is identified) before Council would accept the properties.

The proposal could generate significant benefits to the district, provided it was looked into thoroughly. This is why the Council has been working hard on looking into the advantages and disadvantages.

Ultimately it's you the community that will decide whether the proposal proceeds to the final step or not; after the due diligence phase (i.e. investigating the details and weighing up the risks/benefits). This is why the Council needs to hear your views through the submissions you make on this Long Term Plan and what you have to say at public meetings.

It makes good business sense and is socially responsible to purchase all of the assets that Holcim wish to sell, rather than "cherry picking" the good ones. Efficiency will exist for Holcim dealing with one purchaser only and the whole portfolio should cost less than the sum of its parts. In addition if another party purchased the whole package Council may be unable to purchase the assets that it would like.

By obtaining control of the whole property portfolio, Council expects to on-sell assets not required, and focus on the ones that will have the best outcome for the community. Council has a responsibility to the community which a private developer may not. Put simply there is an opportunity for Council to make a profit on the sale of some of these assets and generate positive community outcomes for our district. On the other hand there also is potential to not make any profit, or worst case scenario, incur significant costs associated with potential environmental clean-up.

ABOUT POTENTIAL BENEFITS

The Council believes this could be a good deal with potential benefits to the community:

- The Council will be able to on-sell or lease property it doesn't need, and in a timeframe that will best benefit the community. Council expects to be able to on sell property over a number of years and make a profit on the transaction. Funds generated could be available for community projects or to offset rates through the funds generating term investment income. In addition any remaining land leases and quarry sales would generate income to offset holding costs.

The broad retention and divestment proposal is listed in the following table.

Holcim Property Portfolio - Proposed Retention and Divestment Summary:

Assets to divest upon settlement	Assets to hold and divest over a 3 to 20-year period	Strategic community sites for Council to retain
Housing: <ul style="list-style-type: none"> • Larsen Street (10 dwellings). • Managers house and land. 	Silos at Westport Harbour: <ul style="list-style-type: none"> • Future development potential/ on-sell. 	Cycleway: <ul style="list-style-type: none"> • Rural/coastal land along route of proposed Charleston to Westport coastal cycle trail.
Farmland: <ul style="list-style-type: none"> • Some grazing leases are already in place. • Willing purchasers exist. 	Packing plant along railway line: <ul style="list-style-type: none"> • Future development potential/ on-sell. 	Quarry: <ul style="list-style-type: none"> • Source of rock and limestone; coastal erosion and walking/cycle track surfaces.
Cliff top coastal land: <ul style="list-style-type: none"> • Residential development potential. 	Other sites also exist: <ul style="list-style-type: none"> • May be on-sold. 	Land at Tauranga Bay: <ul style="list-style-type: none"> • Create a community reserve, or • Residential/commercial development.
Industrial site: <ul style="list-style-type: none"> • Ex-cement works. 		Okari Water Supply: <ul style="list-style-type: none"> • Reticulated scheme, potential to link into Carters Beach & Westport supply.

- Council has an opportunity to be proactive in respect to future erosion protection and flood mitigation for local communities by securing a cost effective local supply of rock from the quarry. There is potential to produce rock from the Holcim quarry at significantly discounted rates for Council use on public works. Purchase of the Holcim quarry may provide a secure supply of rock for future community needs from a local supply, which should translate to lower cost for projects managed by either Buller District Council or the West Coast Regional Council. Cost synergies may also be achieved for the development of recreational activities as limestone chip creates a good surface for walkways and cycle trails.
- Local economic activity can be supported by making suitable land and limestone chip available for the proposed Charleston to Westport Cycle trail. This will add to the recreation activities available to both visitors and residents within the district. The proposed Charleston to Westport Cycle trail would traverse land primarily owned by Council and Holcim. The purchase of the Holcim land would secure access for the cycle trail project.
- Community and infrastructure assets can be boosted with the creation of a reserve at Tauranga Bay and the ownership of an additional water supply at Okari. The land is well suited for reserve purposes as it would preserve the undeveloped nature of this area and provide a new community asset. It would also enhance the visitor experience at an already popular DOC destination, the seal colony at Tauranga Bay and the Cape Foulwind walkways.
- The Okari supply is a high quality water supply suitable for a reticulated scheme that has the potential to link into the Carters Beach and Westport water supplies to provide a supplementary water source, and improve resilience.



ABOUT POTENTIAL RISKS

The assets include the industrial site that was used in the manufacture of cement for many years. There will be hazardous materials on this site and Council will need to assess the risks carefully before committing to the deal. All plant and buildings associated with the manufacture of cement (at the now disused Works) would be demolished by Holcim, as well as a silo at the Westport packing plant. Ancillary storage buildings at the Works would be retained by the Council for their on-going value. Holcim would manage and pay for the planned demolition.

One of the more significant risks associated with the potential purchase relates to contamination associated with the former cement manufacturing activities at the Works and surrounding areas. To protect against this, Council has agreed with Holcim that Holcim will bear the cost of remediation (cleaning up and minimising the effects) of contamination associated with the manufacture of cement for a period of 5 years, should Council purchase the Holcim assets. Experience in New Zealand and overseas has shown that costs to clean up contaminated industrial sites can be significant and can be in the order of millions to tens of millions of dollars. This may be well beyond the ability of Buller District Council to afford. There is a risk that Holcim could do nothing to clean up the site over the 5 year period and that Council is left carrying this cost, therefore Council is driving this process to ensure that the clean-up is satisfactory.

A number of environmental investigations have been undertaken over recent years to define the location, extent and significance of contamination at various Westport Holcim sites. Also the types of contamination and potential environmental effects associated with cement manufacture are well known. At this stage Council has not quantified what the cost of potential clean-up would be. The due diligence process will enable Council to understand the scope of any contamination and if it is not satisfied with the level of risk it can then withdraw from the proposed purchase.



Based on these investigations, potential contaminants of concern can be broadly categorised into:

- Waste products associated with cement manufacture such as cement kiln dust and nodulised stack dust (and their component parts such as heavy metals); wastewater from the corrosive kiln dust deposits around the site; and site-disposal and burial of general industrial waste.;
- Waste from plant construction;
- Compounds used in the manufacture of cement (e.g. lime, gypsum and other minerals and additives, and water treatment chemicals);
- Wastes associated with workshop and equipment maintenance (eg, oils, greases, solvents, paints, galvanising wastes, welding, sand blasting);
- Fuels used in the manufacture of cement (eg, fuel oil, waste oil, and coal);
- Waste oil (waste oil from throughout NZ was used as one of the cement kiln fuels and stored in bulk at the Works);
- Hydrocarbons (petrol, diesel and oil) from storage tanks (above and below ground tanks);
- Asbestos Containing Material (ACM) used in site buildings and pipelines; and
- Coolant fluids containing PCB's (polychlorinated biphenyls) associated with the site-based electrical substation (this is expected to be removed by the lines company).

The due diligence process will provide more specific information of what potential contaminants are present in the land, water, groundwater and in the ecosystem (plants and animals) now.

The Ministry for the Environment provide the standards that should be met to assess, clean up and mitigate the effects of contamination on the environment. They list the types of industrial activities that result in environmental contamination in their HAIL "Hazardous Activities and Industries List", which gives an idea of what to expect (MFE 2011). Many of these activities are represented at the Holcim sites.



SUMMARY OF ADVANTAGES AND DISADVANTAGES OF THE PROPOSED PURCHASE

Potential advantages of the Holcim purchase	Potential disadvantages of the Holcim purchase
Assets are purchased that will benefit the community (potential recreation areas and quarry, water supply).	Additional cost to the ratepayer in higher rates.
Council controls how the assets are dealt with for the benefit of the community.	Net debt levels increase.
Council may make a profit on the sale of assets not required by the community.	The risk and cost to clean up the site from contamination may be very high.

WHAT WILL THIS COST THE RATEPAYER?

Buller District Council has carried out financial modelling to assess the affordability and potential effects of the proposed deal on the rest of the Councils finances. From a capital funding and debt servicing perspective Council has the capacity to fund the Holcim property acquisition utilising debt funding. Council will briefly exceed its debt affordability benchmark of \$20m in year-3 of this plan for one year. Financial modelling has incorporated best, mid and worst case scenarios relating to property sale values and holding periods. The scenario that is incorporated into this plan is a mid-point scenario.

Engaging in this project will not delay any planned infrastructure replacement such as finalising all water upgrades. The modelling assumes that there will be no unexpected extra costs that arise from industrial contamination after the 5 year liability period is up for Holcim. After that the Council may be liable for any future clean-up costs and environmental effects which have not been provided for in this plan. The cost of any potential future clean-up is difficult to assess and has not been modelled. The due diligence process will enable Council to gain a greater understanding of these potential costs and it can then assess the decision to proceed with the purchase.

At this stage Council intends to finance the purchase using debt. Total cost of the project is expected to add around \$280,000 to the total amount of rates that Council collects (or 1.8%) in 2019/20 of this plan. This would include mainly interest costs, rates and project management costs. The amount reduces over time. There is also an additional cost to the ratepayer regardless of whether Council purchases Holcim assets or not, as Holcim currently contributes approximately \$170,000 in rates. This is the maximum amount that could be picked up by the ratepayer. The amount is likely to be considerably less when the future land use of the Holcim site is changed and rates are collected based on this use.

As surplus property is disposed of, the funds from these can be used to pay down debt and any funds banked could earn interest income to off-set rates. Also Council debt servicing relating to the project and other costs will reduce over time.

One of Councils strategic goals is to look for additional income streams that can offset rates. There is a potential that should Council make a profit on the sale of any land surplus to requirements the funds could generate income if invested with the bank although this may not be significant. Funds could also go toward development of the community assets that are held.

SUMMARY OF THE OPTIONS

Purchase the Holcim land and assets	Don't purchase the Holcim land and assets
Council controls what can be done with the asset for the benefit of the community. Key assets that can benefit the community can be retained and developed, any surplus assets sold.	Private enterprise may purchase and develop the asset without community interest. There will be no assets acquired which can benefit the community.
There will be a total acquisition cost of \$5.26 million and additional costs to manage the project and debt servicing cost. This increases total rates collected by approximately \$280,000 (1.8%) in 2019/20 and is ongoing. This does not include additional rates up to a maximum of \$170,000 that must be picked up by the community when the land use is changed (this may be less, based on rates collected on future land use for the site). Council may make a profit when all surplus assets are sold.	No financial cost or impact on rates to the ratepayer and no increase in net debt levels, but also no potential profit on subsequent land sales.
The liability for clean-up of hazardous material on the site, outside the 5-year warranty period, may be borne by Council if required. This could be significant.	If another party purchased the assets and could not meet the financial liabilities to clean-up any hazardous materials Council could be required to remediate.

COUNCIL WOULD LIKE TO HEAR YOUR VIEW ON THIS PROPOSAL

Council's preferred option is to purchase the Holcim assets for the community (subject to due diligence)

Your views on this potential major purchase really matter, the proposed purchase has both benefits and risks to the District. Please tell us what you think by making a submission to the Long Term Plan and coming along to the public meetings and **have your say**.

District Revitalisation

To make Buller **'Fit for Future'** Council has started a wider project to revitalise our district, focusing on social, economic, cultural and environmental outcomes. This will unfold over the next three years and will follow the **'Fit for Future'** strategy pathways.

Resilient: Council buildings will be brought up to building code and be suitable to play a central role during emergencies.

Growing: A focus on tourism and sustainability will bring visitors and businesses to Buller, in the town and country.

Quality Infrastructure: Existing infrastructure will be upgraded and new infrastructure to support a revitalised Buller will be designed to withstand a changing climate in the medium to long term.

Liveable: A revitalised Buller with liveable spaces in our community townships and gathering places will help attract businesses and visitors.

Affordable: By rationalising Council buildings and facilities and the Council exploring new ways to generate income. Council will have more resources to put into the community services. Council will also strive to keep the rates affordable.

WHERE WE CAME FROM

Building rationalisation and resilience

In the 2015-2025 Long Term Plan Council focused on building rationalisation and how we might get better value out of our significant property assets some of which were not utilised or under-utilised and/or required significant earthquake strengthening and upgrade.

These Council assets included:

- Carnegie Library
- Sue Thomson Casey Memorial Library
- Clocktower Council Chamber
- Brougham House
- Reefton Service Centre
- Reefton Community Centre
- NBS Theatre
- Victoria Square Grandstand

The Reefton Community Centre and Cinema received a significant upgrade in 2016/17 with input from the Inangahua Community Board and local community.

Council has an obligation both to its staff and to its community users to ensure that it is taking reasonable steps to address any buildings that do not meet current earthquake safety standards and an obligation to its ratepayers to ensure that we get the best value for money out of our assets and that they are fit for purpose for at least the next 25-years.

Since the Canterbury Earthquakes building codes with regard to seismic strengthening have been amended and the Earthquake Prone Building Regulations have come into force. These new regulations require that all government buildings, and buildings used by the public have to comply with rigorous standards to ensure the safety of the public and people working inside these

buildings. Council is obliged to comply with the building safety requirements in the timelines set in these regulations.

Since the last Long Term Plan all of the main Council buildings, except the Carnegie Library have had earthquake assessments. The Carnegie Library assessment is currently underway and is due soon. A number of buildings had seismic strengthening work completed to meet the minimum requirements for safety and meet the minimum building code required, however the work has not brought the buildings up to 65% or above of the building code determined as best practice by Council. Apart from the Coaltown and *i-Site* building in Westport all of the Council buildings including the Clock Tower Council Chambers, Brougham House, Carnegie Library, Sue Thomson Casey Memorial Library, NBS Theatre and the grandstand building at Victoria Square may require further strengthening and upgrade work to make them safer and more functional, liveable spaces.

Westport buildings

In relation to building rationalisation Council considered four options during the 2015-2025 Long Term Plan:

- Option 1 was strengthening, modernising, and extending Brougham House to provide a long term solution for Council offices and Council Meeting Room;
- Option 2 was modernising, and extending the Clocktower to provide a long term solution for Council offices and Council Meeting Room;
- Option 3 was modernising, and extending the Clocktower to provide a long term solution for a Community Cluster Library; and
- Option 4 was modernising, and extending the Clocktower to provide a long term solution for a Community Cluster Library, and the Council offices and Council Meeting Room.

Council decided that the best approach would be to adopt a staged approach based on Option 2 (above), but only after the Westport water upgrade was completed (2015-2025 LTP).

Redbox were commissioned to create a high level design for the Clock Tower rebuild and their proposal went further than this and created a town 'heart' concept. In parallel to this a project commenced to look at how we could better utilise and connect to the waterfront. Neither of these projects progressed beyond initial concept stage and were effectively put on hold awaiting completion of the Westport water repair and upgrade.

During 2016/17 there was budget set aside to progress both the Clock Tower rebuild and the waterfront and the two projects were merged into a wider project called 'Westport Revitalisation'. This was in recognition of the fact that the two precincts were connected and should not be looked at in isolation, but together as part of one larger urban area, and also in recognition of how hugely important the revitalisation of our towns are to the future of our district, both economically and socially.

WHERE WE ARE GOING

in order to revitalise our district we are starting with Westport as our largest town.

Westport Revitalisation

This project has 4 key focus areas:

1. Looking to the future (ECONOMIC)

Issues and opportunities

- Economic revitalisation - making Westport a more appealing place to live.
- Establishing a connection from the Kawatiri-Buller River and the waterfront opportunity.
- Potential museum redevelopment - how to gain the most benefit for the wider project.

3. Vulnerability (ENVIRONMENTAL)

Issues and opportunities

- Climate change and its impact on our community:
 - Coastal hazards
 - Flood hazards
- Earthquake prone buildings.

2. Belonging and buy in (SOCIAL)

Issues and opportunities

- Lack of cohesive story to build the community's future on.
- Community engagement and buy-in for the process and ongoing work.
- Pride.

4. Land and assets (COUNCIL)

Issues and opportunities

- Building and land rationalisation - being efficient with what we have.
- Asset issues - obsolete structures (wharf), underutilised building, heritage buildings, EQ standards.
- Services - disconnected and dispersed BDC services (eg, library and civil defence).
- Achieve best value for money for ratepayers.
- The development of non-rates income for Council (eg, building leases).

Council decided to use a "community placemaking process" to increase community engagement in the project and to allow for prototyping of ideas prior to completing an 'urban design framework' for Westport. After following a Request for Proposal process Council commissioned Creative Communities International (CCI) and Urban Kin (UK) to jointly carry out the work.

CCI introduced the concept of a 7 Day Makeover as a community engagement and public space prototyping tool. It was hugely successful and showed just how much community spirit there is in Buller and the power of community volunteering. Through the 7 Day Makeover Process we have learned a lot about what works and what doesn't. The bonus was the creation of an attractive and functional public space which was delivered at low cost and is very well utilised by locals and visitors. The other key outcome of this project was the development of new town stories for Westport (right), the themes of which have resonance with Buller District as a Whole. These have also helped to shape the Urban Design Framework. See <http://bullerdc.govt.nz/district-council/publications/westport-urban-design-framework> for further information.



THE STORIES THAT 'EMERGED' FOR WESTPORT:

- A RIVER & BEACH TOWN SURROUNDED BY UNTAMED NATURAL WILDERNESS**
- OUR WORLD-CLASS BACK-COUNTRY BIKING AND HIKING TRAILS**
- AN ENTREPRENEURIAL JOURNEY**
- INCREASING RESILIENCE**

BUILDING RATIONALISATION

As in our previous Long Term Plan we still need to look at how we can get the best use and value out of our current building stock. We also need to ensure we have buildings that are fit for purpose and resilient.

These buildings include the Clock Tower Chambers, Brougham House, Carnegie Library, Sue Thomson Memorial Library and the Grandstand Buildings at Victoria Square, currently Emergency Operations Centre for Civil Defence (EOC). All require strengthening or work to make them more safe and functional.

What has become apparent from the Westport Revitalisation project so far is that we may have an opportunity to further rationalise our building stock by combining the council administration civic centre, library and EOC into one facility in either the Clock Tower site or a new build elsewhere in the town. The previous 'Redbox' proposal only solved the issue of Brougham House and the Council Chamber. The library upgrade was to be a separate project in the future. There is logic in rationalising buildings further by expanding the brief to include space for commercial and/or community activity and create an ongoing income opportunity for council. This concept is one of the four key parts of the Westport Revitalisation project and has been named the 'BACH' (Buller Area Community Hub).

The Carnegie library was gifted to the community, and therefore is not something Council would consider selling. Both this and the Clock Tower Chambers are heritage buildings with significant historical value to our district, however this does not prevent them from being redeveloped for the purpose of commercial activity either by Council or by a leasee. This could include things such as retail, hospitality, conferencing and exhibition or gallery space. Adding the Clock Tower building to the museum in order to expand this offering is also a possibility. Brougham House and the Sue Thomson Casey Memorial Library, on the other hand, could be become surplus to requirements and sold in order to offset the new build costs.

The other factor that was not considered in the original proposal is the impact that climate change is likely to have on Westport and our district as a whole. See page 17 for further information on climate change. These issues need to be understood and taken into consideration.

The previous proposal was to extend the Clock Tower Chambers and accommodate Council administration and the EOC only. This has been reviewed with options to rationalise other Council buildings and link to the waterfront now being considered which also includes the 'BACH' which incorporates a library, EOC and potentially some community/commercial space.

We are not seeking feedback on building options at this stage. There is a substantial amount of work to be done on developing the potential options, which may involve reutilising an existing building, such as the Redbox proposal, or building something purpose built in another location such as the 'BACH' concept. This substantive piece of work will be carried out in 2018/19 and will involve extensive community consultation to ensure we make the right **'Fit for Future'** decision for our district. What we are therefore consulting on is whether we should look to rationalize our buildings – not what form this should take as this is a conversation for next financial year.

There is an allowance of \$200,000 for capital expenditure during 2018/19 to progress the Westport Revitalisation project, including investigating the location options for the 'BACH' and starting some of the non-building non-volunteer aspects. \$500,000 has been budgeted for 2019/20 to take the preferred option from concept to 'build ready'. The capital amounts budgeted for Civic Buildings are \$3 million for 2020/21 and \$1.5 million for 2021/22. These values are based on quantity survey data not detailed designs and are merely an allowance at this stage, until key decisions can be made on location, scope and design, after which full costings can be done.



WEST COAST  **NEW ZEALAND**
UNTAMED NATURAL WILDERNESS

DISTRICT-WIDE REVITALISATION

When applied across the district, not specifically just Westport, the themes highlighted in the 'stories' become:

"We offer a world-class back country biking and hiking experience."

"We have the wildest backyard in NZ."

"We have a generous and entrepreneurial spirit."

"We need to built a resilient economy."

For the first 4-years of the Long Term Plan \$200,000 is budgeted for district-wide projects in order to allow communities in the Buller District to use the 7-Day Makeover/Community Placemaking process to take ownership of their public spaces and revitalise our towns in a cost effective manner. This would be contestable funding with specific criteria relating to community placemaking principles and in alignment with enhancing the new district 'themes'. One of the criteria will be ensuring that it is equitable on a per-head of population basis.

Westport revitalisation

During year-1 of the Long Term Plan, \$200,000 has been budgeted to progress the Westport Revitalisation Plan, including options for buildings.

\$408,000 and \$416,000 has been budgeted for years 2 and 3 of the Long Term Plan for non-building and volunteer aspect of the Westport Revitaliation Plan.

The capital expenditure for District Revitalisation is to be funded by a combination of debt and depreciation reserves. The ratepayer will fund increases in interest and depreciation costs.

There are other projects in the District which link closely with District Revitalisation:

There are no budgeted amounts in this Plan for the following two projects, however Council may consult on the Punakaiki 'master plan' in the future.

■ Biking and hiking trails:

A key part of our district revitalisation is the emerging story around back country biking and hiking. Westport, Reefton, Karamea and in the future Charleston and Punakaiki, all have the potential to become central 'hubs' for various biking and hiking offerings that either already exist or are in the pipeline. Council has a key role in advocacy and facilitation for projects such as the Old Ghost Road, Kawatiri Coastal Trail and the Reefton Mountain Bike Trails.

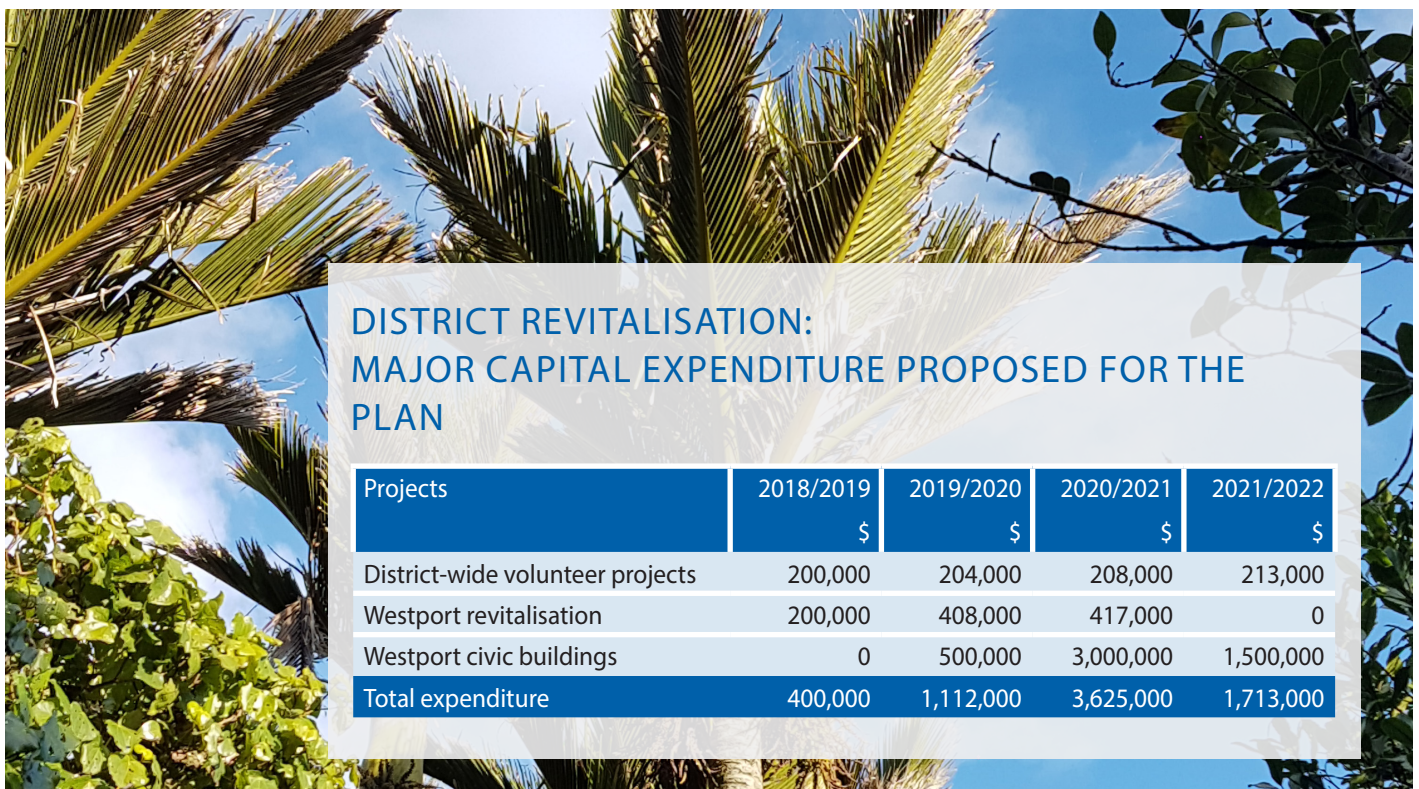
■ Punakaiki 'master plan':

Punakaiki is a key national and regional tourism centre and is the Buller District's major tourism drawcard/attraction. In recent years there has been significant growth in tourists visiting the area, and this has put considerable pressure on existing infrastructure.

The current development of the new Paparoa Track (Great Walk) in the Paparoa National Park is expected to add to this pressure in the next few years. The township and surrounds now needs a future focussed plan to set itself up for the long term.

Council, together with West Coast Regional Council, Grey District Council, Department of Conservation, NZTA, MBIE and other central government partners is currently developing a community master plan.

The initial concept study work is a high level analysis to build a framework for the future growth of the 'Greater Punakaiki' area stretching from Lookout Point/Meybille Bay to the North, and the Conservation Volunteers facility to the south.



**DISTRICT REVITALISATION:
MAJOR CAPITAL EXPENDITURE PROPOSED FOR THE PLAN**

Projects	2018/2019 \$	2019/2020 \$	2020/2021 \$	2021/2022 \$
District-wide volunteer projects	200,000	204,000	208,000	213,000
Westport revitalisation	200,000	408,000	417,000	0
Westport civic buildings	0	500,000	3,000,000	1,500,000
Total expenditure	400,000	1,112,000	3,625,000	1,713,000

THERE ARE THREE OPTIONS TO CONSIDER

Council's preferred option for District Revitalisation is **Option 2** and this has been included in the draft Long Term Plan document.

OPTION 1: Meeting Code of Compliance with existing buildings and invest in the 'Westport/District Revitalisation Project'

Key features:

- If Council does not proceed with Options 2 or 3, then Council will need to meet the building code regulations and upgrade the Grandstand and Emergency Operation Centre at Victoria Square, the Sue Thomson Casey Memorial Library and Brougham House administration centre.
- Connection to the river.
- Enhanced town centre.
- New and enhanced public spaces.

Costs:

- *Budget:* Additional earthquake strengthening of existing buildings to meet Council best practice, estimated cost \$2.2 million in 2020/21.
- *Budget:* Westport revitalisation \$200,000 2018/19, \$408,000 in 2019/20 and \$417,000 in 2020/21.
- *Budget:* district-wide volunteer projects \$200,000 2018/19, \$204,000 2019/20, \$208,000 2020/21 and \$213,000 2021/22.
- This is funded by either increasing debt and/or drawing on depreciation reserves. The annual additional cost to the ratepayer when completed in 2022/23 will be approximately \$210,000 (or an increase in total rates of 1.3%).

Advantages:

- Better utilisation of public spaces in Westport.
- Increased/enhanced ability to host public events. Westport becomes a more desirable place **'live, work, invest and visit'**.
- Better visibility and access to the river.
- Enhanced community pride and ownership in public spaces.
- Economic development opportunities surrounding new 'spaces'.
- Buildings would be earthquake compliant.
- Lower cost to implement.
- Social and cultural benefits.

Disadvantages:

- Council continues to pay to maintain several not fit for purpose buildings.
- Does not give the opportunity to rationalise buildings and reduce operating costs.

OPTION 2: Invest in the wider 'Westport/District Revitalisation Project', including rationalising Civic Buildings.

Key features:

- Rationalisation of current buildings into one purpose built space, ie, the 'BACH' concept combining an administration civic centre, library, emergency management operations centre and community/commercial space **or** building at the Clock Tower as per the Redbox proposal.
- Connection to the river.
- Enhanced town centre.
- New and enhanced public spaces.

Costs:

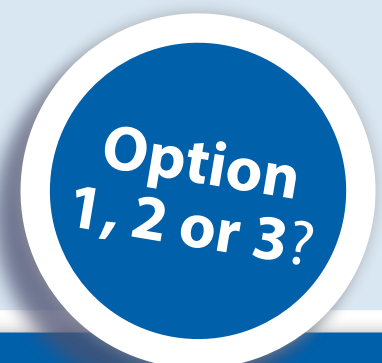
- *Budget:* civic building - \$500,000 2019/20, estimated costs \$3 million in 2020/21 and \$1.5 million in 2021/22 (**\$5 million cost**).
- *Budget:* Westport revitalisation \$200,000 2018/19, \$408,000 in 2019/20 and \$417,000 in 2020/21.
- *Budget:* district-wide volunteer projects \$200,000 2018/19, \$204,000 2019/20, \$208,000 2020/21 and \$213,000 2021/22.
- This is funded by either increasing debt and/or drawing on depreciation reserves. The annual additional cost to the ratepayer when completed in 2022/23 will be approximately \$400,000 (or an increase in total rates of 2.5%).

Advantages:

- Better utilisation of public spaces in Westport.
- Increased/enhanced ability to host public events.
- Westport becomes a more desirable place **'live, work, invest and visit'**.
- Better visibility and access to the river.
- Enhanced community pride and ownership in public spaces.
- Better activation of 'town heart'.
- Buildings would be earthquake compliant and current buildings would not require additional upgrade.
- Economic development opportunities surrounding new 'spaces'.
- Social and cultural benefits.
- More bang for buck in terms of capital spend.
- Surplus buildings can be sold to offset cost of build.
- Lower maintenance and operating costs in the future.
- Ability to increase council's non rates incomes from commercial leases.
- All civic functions in close proximity.
- Buller seen as leading the way in innovative and affordable building options.

Disadvantages:

- More expensive than options 1 and 3.
- Will take up to 3 years to complete.



OPTION 3: Invest in only in a Civic Buildings rationalisation project.

Key features:

- Rationalisation of current buildings into one purpose built space, ie, the 'BACH' concept combining an administration civic centre, library, emergency management operations centre and community/commercial space **or** building at the Clock Tower as per the Redbox proposal.

Costs:

- *Budget:* civic building - \$500,000 2019/20, estimated costs \$3 million in 2020/21 and \$1.5 million in 2021/22 (**\$5 million cost**).
- This is funded by either increasing debt and/or drawing on depreciation reserves. The annual additional cost to the ratepayer when completed in 2022/23 will be approximately \$380,000 (or an increase in total rates of 2.4%).

Advantages:

- Surplus buildings can be sold to offset cost of build.
- Lower maintenance and operating costs in the future.
- Ability to increase council's non rates incomes from commercial leases.
- Buildings would be earthquake compliant and current buildings would not require additional upgrade.
- All civic functions in close proximity.
- Buller seen as leading the way in innovative and affordable building options.

Disadvantages:

- Misses an opportunity to look at the 'big picture' for the town
- Does not provide wider social and economic benefits
- Less community engagement in the project.

Our water....we are almost there!

The implications of the Havelock North water supply incident (where more than 5,000 members of the public became ill from drinking contaminated water supplied by their local council) is of significance to Council as these matters are under review by the Government.

HAVELOCK NORTH, WHAT DOES THIS MEAN FOR US?

Council is aware of and is closely following the national conversation about public water safety that is occurring following the findings of the Government Inquiry into Havelock North. The Inquiry findings have not yet been adopted by government, or translated into changed legislation, regulations or drinking water quality standards.

Council has considered the wide range of possible implications to public water supply service delivery following the Inquiry, including the potential for higher treatment standards, changes to quality standards, and higher costs of service delivery.

The key messaging and specific priority issues currently include:

- Bringing all drinking water supplies up to Drinking Water Standards New Zealand (DWSNZ) compliance.
- Residual disinfectant e.g. chlorination for all ground water supplies.
- Appropriate training and credentials for water supply personnel.

There is no doubt that future changes will increase costs of drinking water for all registered supplies. What hasn't been clarified on a national level is who will pay, and to what extent. In some cases eg, an already compliant system, the cost impact may be minimal. However, in other cases it could be substantial.

Affordability is the districts biggest challenge, especially for the small ratepayer-base rural supplies. Whilst the Inquiry has made its recommendations, the Government is yet to adopt into legislation, or address what financial assistance (if any) and under what framework would accompany new compliance requirements.

Council will continue to engage with the Buller communities on water supply changes and any new requirements. The financial implications of any changes will be addressed at that time. If required, Council will use Annual Plan processes to introduce and consult on changed water supply requirements.

RURAL DRINKING WATER UPGRADES

Waimangaroa

A proposed Waimangaroa drinking water supply upgrade did not proceed when serious storm damage to the primary raw water intake meant that the previously approved scheme would no longer be viable.

Currently Council staff are working with the Waimangaroa Water Board to establish a possible long term bore solution. The Ministry of Health has been advised of the situation and agreed to put the original application and subsidy on hold. An estimate of \$474,000 to complete the capital work upgrade has been provided for in year one of the Long Term Plan. However the final costs are not known until the location and design of a new system is known. When the cost of future requirements has been established a revised Waimangaroa water rate will be required.

Ngakawau-Hector

A proposed Ngakawau/Hector drinking water supply upgrade did not proceed due to lack of community support and issues around scheme design and ownership. Council will continue to work with the Ngakawau/Hector community to resolve the issues associated with the scheme. For the purposes of the Long Term Plan it is assumed that there will be no capital expenditure. However, Council has a commitment to continue working with the community to ensure the supply meets legislative requirements.

Inangahua Junction

The Inangahua Water Supply has recently been upgraded to meet NZ Drinking Water Standards and there is no other significant capital work planned.

Other rural water supplies

There are no significant capital upgrades planned for the Little Wanganui or Mokihinui drinking water supplies. Bringing these up to DWSNZ compliance is an affordability challenge given the small rate payer base. Council has decided to wait until the new regulatory environment and funding frameworks are clarified before budgeting for these future requirements. No significant capital work is planned for the Cape Foulwind non-potable supply as current levels of service are being achieved.

Council will also progress key responsibilities and authorities under our strategic five-point plan, including water safety plans, catchment risk assessments, resource consents, easements and land acquisitions as required to ensure future safety and security of all registered water supplies.

Council will need to progress past 'Gentlemens Agreements' and arrangements to legalise the route of supplies by appropriate easements. This is essential to safeguard future generations supply of water.

WESTPORT AND CARTERS BEACH

Significant work has been undertaken to upgrade the Westport Water Supply Treatment Plant and ensure the water fully complies with NZ Drinking Water Standards.

A collapse in the Westport water number1 tunnel, which supplies raw water to the Westport Water Treatment Plant, is currently under tender negotiations to repair this tunnel and reinstate the gravity fed supply of raw water. A total of \$3 million has been budgeted in 2016/17 and 2017/18 to complete the project. The future of the Westport Water Tunnels and the delivery of raw water is the biggest challenge facing Westport and Carters Beach water supply. This significant infrastructure failure means that the targeted water rate for consumers on this supply must increase to cover the unexpected cost.

Pipe renewal programs will continue to upgrade levels of service by upgrading existing 25mm galvanized steel mains throughout Westport with new 50mm polythene. This will improve pressure and flow to these areas currently serviced by 25mm mains.

Council will continue to investigate installing water meters for 'high use' consumers throughout the District water supplies.

REEFTON

Pipe renewal programs will continue and Council will continue to carry out leak detection work as water usage continues to be higher than expected. Some modifications are planned to the Reefton Water Treatment Plant with \$60,000 expected to be spent in year-1 of the Long Term Plan on new UV and pumping equipment to maintain the supply.

PUNAKAIKI

Council has completed medium-term process improvement investigations for the Punakaiki Water Treatment Plant, which has been plagued by Boil Water Notices (BWN) in recent years.

Stage 1 of the process improvements are already underway, with \$105,000 committed for priority functional, operational and compliance requirements. Work is expected to be completed in 2017/2018.

A further *Stage 2* of the medium term improvements requires \$175,000 to address treated water storage capacity and perimeter fencing to improve system resilience and security.

For the longer term Council are leading a masterplan process for Punakaiki in 2018/19 in conjunction with Department of Conservation, Grey District Council, MBIE, NZTA and West Coast Regional Council. One part of this masterplan is to ensure that the infrastructure is **'Fit for Future'**. This is a significant project and Council has a key role in advocacy and facilitation.



Our vital links, Karamea Highway

Council is currently working with New Zealand Transport Authority (NZTA) regarding the future management of the Karamea Special Purpose Road (SPR).

Of the 61 km SPR, 49 km from Mokihinui to Karamea (known as the Karamea Bluff), was originally constructed and operated as State Highway SH67. The remaining 12 km from Karamea to Kohaihai was managed as the Heaphy Track access road.

In the early 1990's, the 49km Karamea Bluff section was changed to SPR status, as part of a wider state highway review. SPR's attract 100% funding from NZTA.

The power to create SPR's was repealed in 2003 and NZTA are currently in the process of phasing them out. All affected road controlling authorities are now developing transition plans to facilitate and agree the terms for this process.

A business case for the SPR is being led by Council in consultation with NZTA to inform the transition plan. This process will consider a wide view of options and investment scenarios including but not limited to the following:

- The validity of returning the Karamea Bluff section to State Highway status based on NZTA's State Highway Review 2002 Criteria, specifically routes connecting locations of national economic significance such as major agricultural areas (e.g. Karamea dairy farms) and major tourist areas (e.g. iconic destinations including Oparara Basin and Heaphy Track).
- The capital investment required to mitigate what is currently a significant risk in terms of resilience, affordability and safety for road users. The original corduroy road construction and poor early build practices, the increase in size and frequency of heavy vehicle use, combined with the natural topography and propensity for landslip along the route makes the current Karamea Bluff section hazardous and expensive to maintain.

Previous work has been carried out including stakeholder workshops and investment logic analysis. Although useful background, this will need to be revisited and re-confirmed. The scope of the business case will incorporate an expanded and more detailed description of the current and forecast use and function of the Karamea Highway including:

- Annual average daily traffic and any projected growth
- Traffic composition e.g. freight, tourism, residents
- Service requirements
- Key asset inventory summary e.g. bridges
- Risk and resilience assessment
- Regional economic development plans

The core challenges with the Karamea SPR are safety, resilience and high repair and maintenance costs. This goes back to its original corduroy construction, which included organic materials e.g. trees, brush being covered over by soil fill. Decomposition over time causes unstable roadbeds, which together with slips and washouts due to the natural terrain, leads to what has been described as a significant risk. The following images show locations and an example of previous slips and washouts along the Karamea Bluff.



Council's position in the roading Asset Management Plan (AMP) is that Buller ratepayers cannot accept the financial risk of maintaining the SPR as part of the current financial assistance rate (FAR).

The cost of maintaining the Karamea Highway is approaching \$1m per annum. If the ratepayer were to pick up a share of this under the local road FAR, this could be in the excess of \$300,000 per annum. Based on the current level of rates in the district this raises affordability issues for ratepayers.

As a result, and based on the business case findings, Council will be seeking a new arrangement with NZTA which avoids any additional burden to district ratepayers.

Options may include reverting the road back to State Highway status, adjustment to the current FAR, or a special agreement considering the unique context and background.

Hence, the Asset Management Plan (AMP) have been developed assuming full funding from NZTA will continue in some form after SPR's are phased out in 2021/22.

Focus on resilience

CLIMATE CHANGE

Everyone has heard a lot about climate change particularly in the last few years. We know it means we will be facing more weather extremes such as droughts, floods and storm surges in the future, and more often.

Many scientists are working on climate change – the science behind it, measuring what’s happening to the climate, the atmosphere and global sea levels. They are investigating what happened in Earth’s distant past, for example, through looking at cores deep into the polar ice, lake sediments and the seafloor. The Earth has experienced numerous global or major climate change events in the past.

What’s different about the current global climate change event that we are beginning to experience now is that scientists believe that human activity is making the climate change faster than the natural events that have happened before. This activity includes pollution from industries and vehicles, where large volumes of carbon dioxide and other toxic chemicals have been released into the atmosphere since the industrial revolution in the late 1800s.

The New Zealand government’s response to global climate change is coordinated by the Ministry for the Environment. They recently released an update to provide guidance to local government and to present the latest views on the climate related changes New Zealand can expect (MFE 2017, Adapting to climate change in New Zealand Interim stocktake report from the Climate Change Technical Working Group).

“Decisions we make today about infrastructure, urban development, biodiversity and land and water management will have implications for how our future generations will adapt.” (MFE 2017, p6).

They note that over the last century the sea level around New Zealand has risen at an average rate of 1.8mm per year. The Intergovernmental Panel on Climate Change (IPCC), of which New Zealand is a party to, project that global sea level will rise by 0.2 to 0.4m by 2060, and 0.3 to 1.0m by 2100 depending on global greenhouse gas emissions (IPCC 2015). They determine that the mid range of the sea level rise over the next 50 years is 0.3m (30 cm, 11.8 inches).

The figures quoted by scientists are average sea levels. Sea levels vary from place to place, depending on a range of factors such as the nature of the local environment, its geology and whether the land may be sinking or rising because of geological forces.

Resilience is the best way we can adapt to and plan for climate change effects on the environment, our homes, towns and infrastructure in the medium to long term. The Buller District is in the same position as the rest of New Zealand in terms of the potential risks from global climate change, which is why the government is taking the lead on this complex issue, which is so important for future generations.

WHAT IS COUNCIL DOING ABOUT CLIMATE CHANGE?

As extremes of weather become more frequent over the next 30-50 years the Council will have to plan to spend more on building resilience of its infrastructure, and also on maintaining readiness and building capability of the local Civil Defence team.

This planning has already started and will be built upon in subsequent Long Term Plans as the central government response to climate change becomes clearer in years to come.

Our coastal communities are at risk. The communities of Hector and Granity on the seaward side of the State Highway are the most critical and at risk, as is the community at Punakaiki. Options are being explored with the regional council and the property owners. The community of Westport may require greater flood protection. Council is advocating with the regional council on a suitable option to protect the township.

Identification of Council assets and infrastructure that could be impacted by climate change is important. This includes roads and transport infrastructure, 3 waters infrastructure and Council buildings. Key assets identified and assessed to date include:

- **Westport Airport** – seawall extensions are planned in this LTP to address the threat (total cost \$390,000 in 2018/19, note Councils share of the cost is \$180,000 with the balance being funded by the Ministry of Transport).
- **Carters Beach Domain Hall** – a bund has been constructed to help protect the building.
- **Karamea Highway** - a section of the Karamea Highway near Granite Creek Bridge – to be monitored.
- **Punakaiki** - Dickinsons Parade has been closed to address the threat.

We are interested in your feedback on our resilience arrangements. How do you think we did in the recent significant storm events; what can we do better; and do you think we are focusing enough on this important area?

We encourage you to make a submission on this issue.

What other initiatives do you think the Council could adopt to make Buller more resilient?

The future of our Port, Westport Harbour

Council resolved to instruct the Directors of its wholly owned subsidiary Buller Holdings Limited to wind up Westport Harbour Limited (WHL) and to sell the Kawatiri dredge in late 2017.

The Port previously had Holcim NZ as its sole major user but when cement manufacturing ceased at Cape Foulwind in 2016 the Buller river bar was no longer required to be dredged for outgoing cement carriers.

Other out-port dredging opportunities were limited therefore the Directors of Westport Harbour Limited sought the prudent option which was to cease any dredging activity and wind up the company as it was losing money.

Westport ratepayers could not afford to continue the cost of dredging the bar when there were no major commercial users of the port except the commercial fishing fleet. Water and Hydrological Reports provided to Council indicate that dredging does not aid flood protection for Westport.

Council is currently in the process of selling the Kawatiri dredge as it is no longer required. Should this process take longer than required there may be opportunities to lease the vessel out to a third party.

In March 2018 Buller District Council bought the land assets relating to the port for \$1.3m back off WHL to ensure the assets were kept under direct control for future generations of Buller and to allow Councils wholly owned subsidiary Buller Holdings Ltd to focus on its remaining core businesses.

We have assumed for the purpose of this LTP that the port will continue as a commercial fishing port, but no longer be involved in large scale domestic or international shipping. There is potential for the port to be used for receiving waste from the north island as part of Waste To Energy project should this go ahead, but the likelihood of this is 2-3 years away. It is likely that if this occurred and dredging was required then this cost may be built into the total project cost of the initiative on a user pays basis.

The port is a good candidate for shared services and currently a regional harbourmaster is being explored, with the Grey District Council.

In this LTP there are costs assumed for running a port at this level. For year one of this Long Term Plan the cost to the ratepayer is estimated at \$230,000 for 2018/19 and is ongoing throughout the Plan.

There has been no provision in this Plan made for future maintenance of the wharves as this is unknown at this stage. However this will be included in future Annual Plan documents when an asset management plan has been updated based on the port use in the future.



MAJOR ASSUMPTIONS

Major assumptions made when preparing this document

RESIDENT POPULATION

In the prior Long Term Plan for 2015-2025, the Council assumed that the normally resident population as at 1 July 2015 would be in the region of 10,000 persons and that there would be further declines in population to a base level of about 9,500 persons post the Holcim closure. It was expected the normally resident population to stabilise and start to rise as coal prices began to recover as the Districts economic diversity slowly expands. By the end of the 10 years covered by this plan population levels were expected to have recovered to about 10,500 persons.

The March 2013 census recorded a total of 10,473 persons as being normally resident in the district.

For the purposes of this Long Term Plan we have assumed that the normally resident population as at 1 July 2018 is in the region of 10,000 persons. This is post the Holcim and Reefton Globe Hill Mine closures and some rationalisation that has occurred in the mining sector. By the end of the 10 years covered by this plan we expect population levels to be relatively stable at around 9,900 persons which is in line with Statistics NZ predictions.

The predicted societal changes mean there is likely to be an aging population. The proportion of the population over 65 years is assumed to increase from 19% to 29% over the next 25 years.

CLIMATE CHANGE

Climate change is likely to increase the magnitude of some natural hazards in the medium to long term. Therefore it is important to incorporate risk management in the design of infrastructure supporting new developments to maintain the same level of service throughout the design lifetime. The design of infrastructure for land development and subdivision needs to provide for the potential impact of sea level rise and the increased frequency of extreme weather events.

Council has budgeted for protection of infrastructure in this plan.

Council uses the Ministry for the Environment (MFE) guidelines set out in "Coastal Hazards and Climate Change 2017" for estimating Sea Level Rise (SLR).



ROADING FUNDING AND THE KARAMEA HIGHWAY

The New Zealand Transport Agency (NZTA) financial assistance rate provided to Councils roading programmes is currently 63% for Local Roads and 100% for assistance for the Karamea Highway which is a Special Purpose Road (SPR).

NZTA advised Council that the Financial Assistance Rate (FAR) for local roads will be further increased by 1% each year for the next 3 years from 64% to 66% in year 2020/21.

At the same time the review requires all financial assistance for roading programmes to be judged in terms of the new One Network classifications.

This Long Term Plan assumes that the local roads financial assistance rate will increase to 66% until the end of 2020/21 financial year and the drop back to 61% for the 2021/22 and it will continue at that rate for the rest of the term of the Long Term Plan. A similar assumption is made that the 100% financial assistance rate for the SPR will continue until the end of the 2020/21 year and it will then revert back to State Highway status for the rest of the Long Term Plan. The Long Term Plan also assumes that the present levels of service applied to the District's roads will not be materially different from any new levels established by the One Network classifications. The consequence of these assumptions is that (before inflation) the cost of roading to the ratepayer will be fairly stable.

NZTA have indicated to the Buller District Council that it is proposed that the Karamea Special Purpose Road will lose its designation and revert from 100% subsidy to the Buller District Council's financial assistance rate of 66%, with a three year phase-in period.

In examining the risk associated with the long term maintenance of the Karamea Special Purpose Road, the financial risks associated with this proposal could raise affordability issues for Buller District Council's ratepayers to fund.

At this stage we have assumed that the Karamea Highway to revert back to State Highway status from 2021/22.



Significance and Engagement Policy

INTRODUCTION

The Significance & Engagement Policy is one of the policies that the Local Government Act 2002 requires councils to have (refer section 76AA, LGA 2002). The Buller District Council adopted the last Significance & Engagement policy on 1 December 2015. The policy has been updated as part of the 2018-28 Long Term Plan.

The purpose of the policy is to provide councils with guidance on how important or “significant” things they have to make decisions about are; and how much engagement or consultation they should have with the public about them. This is also to ensure that council decision-making is transparent and fair. The Act is specific about how council conducts consultation processes, to ensure the public have their say about significant issues that may affect them and their communities.

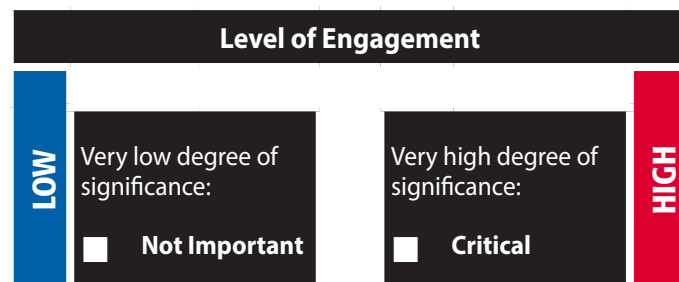
ABOUT SIGNIFICANCE

The Act provides guidance and requirements on how councils determine the significance of proposals and decisions on communities.

The significance generally mirrors the engagement required. Low significance proposals and decisions generally require less engagement; and high significance requires high engagement, unless they are particularly contentious.

The council will consider the likely impact of the proposals or decisions on:

- The Buller district; and
- The people who are likely to be particularly affected by, or interested in, the matter; and
- The financial impact on the council's overall resources; and
- The capacity of the council and its ability to perform its role, carry out its activities, ability to achieve its community outcomes and provide for community wellbeing, now and in the future.



When accessing the significance of proposals or issues the Council considers the following types of things:

- Those that affect a large portion of the community.
- The likely impact on interests of the community and future generations, and recognising iwi cultural values and their relationship to land and water.
- Those that are likely to generate a high degree of interest or controversy in terms of the number of people, the area potentially affected, and the duration of the impacts.
- Whether the potential impacts are reversible.
- Where the financial implications, now or in the future, on the council's overall resources are substantial.
- Whether the community views are already known, including the preference of the community about the form of engagement.

Proposals and decisions with high significance are considered on a case-by-case basis.

ENGAGEMENT

Community engagement includes a wide range of things, including consultation. Consultation is a common requirement of many types of legislation, for example under the Resource Management Act.

For the purposes of this policy, consultation is the genuine communication or exchange of information and points of view between decision-makers and the community, before council makes the decision. It is a two-way interactive process that is fair and transparent.

The full Significance and Engagement Policy is available for viewing in the 2018-2028 draft Long Term Plan.

Revenue and Financing Policy

There are only minor changes to the Revenue and Financing Policy. Some cost centres and activities have been added, including Westport Harbour, and minor modifications have been made to funding percentages to align them to the expected performance in the current economic climate.

The full Revenue and Financing Policy is available for viewing in the 2018-2028 draft Long Term Plan.

RATES - HOW THEY IMPACT YOU

Rate Assessments

Rates assessments are made up of two types of rates, broadly speaking there are General Rates and Targeted Rates.

GENERAL RATES

Everybody pays something in the form of a general rate which is based in the first instance on the land value of your property. General rates are value based and the amount payable rises in accordance with the amount of land value. General rates are also affected by the use category defined for each property. Some categories pay at higher rates and some pay at lesser rates.

TARGETED RATES

Targeted rates are only payable by those properties in a certain geographical area, or those deemed to be in receipt of a particular benefit. Targeted rates can be calculated on a Value basis or a Uniform basis. All of Council's present targeted rates are calculated on a uniform or flat basis whereby all ratepayers irrespective of the value of their property pay the same amount.

UNIFORM ANNUAL GENERAL CHARGE (UAGC)

There is only one target rate that is applicable to all properties and this is known as the Uniform Annual General Charge or UAGC.

The UAGC for year-one of the *draft* Long Term Plan is \$435 (GST exclusive).

OTHER TARGETED RATES

Water and sewerage targeted rates are increasing mainly due to drinking water supply upgrades and the financing and depreciation costs associated with these upgrades. Targeted rates are also increasing due to inflation.

Targeted Rates (rounded, GST exclusive)	2018/19 \$	2019/20 \$	2020/21 \$	2021/22 \$	2022/23 \$	2023/24 \$	2024/25 \$	2025/26 \$	2026/27 \$	2027/28 \$
Solid Waste:										
Zone 1 Waste Management	115	120	120	125	132	135	135	137	139	145
Maruia	85	90	90	95	95	100	105	110	110	115
Karamea	85	85	87	89	90	95	97	99	104	107
Sewerage:										
Westport	880	890	920	960	980	1,000	1,020	1,030	1,040	1,060
Reefton	580	590	600	620	630	640	660	680	700	720
Little Wanganui	630	640	640	650	650	660	670	680	690	700
Water Supplies:										
Westport	740	760	800	820	840	850	860	870	880	900
Reefton	550	590	630	650	670	690	700	720	740	760
Little Wanganui	220	230	230	240	240	250	250	250	260	270
Mokihinui	260	270	270	275	275	280	285	290	300	310
Ngakawau-Hector	310	310	310	320	320	320	320	330	330	330
Waimangaroa	370	550	550	560	580	580	600	610	630	640
Punakaiki Water	900	900	910	910	920	920	930	930	940	940
Inangahua Junction	500	500	510	510	520	520	530	530	540	540
South Granity	240	250	255	265	270	280	295	305	315	330

RATING EXAMPLES

2018/19 RATING EXAMPLES WITH COMPARISON TO PREVIOUS YEARS

SECTOR Location	Res 101 Karamea	Res 103 Little Wanganui	Res 103 Mokihinui	Res 103 Seddonville	Res 104 Hector	Res 104 Waimangaroa
Land Value	\$43,000	\$57,000	\$76,000	\$32,000	\$48,000	\$40,000
General Rates	143.88	202.89	270.51	113.90	165.87	138.23
UAGC	434.78	434.78	434.78	434.78	434.78	434.78
Targeted Water Rate	0	220.00	260.00	0	310.43	370.43
Targeted Sewer Disposal Rate	0	630.43	0	0	0	0
Targeted Solid Waste Rate	85.22	85.22	114.78	114.78	114.78	114.78
Net rates	\$663.88	\$1,573.32	\$1,080.08	\$663.47	\$1,025.87	\$1,058.23
GST	\$99.58	\$236.00	\$162.01	\$99.52	\$153.88	\$158.73
Total rates	\$763.46	\$1,809.32	\$1,242.09	\$762.99	\$1,179.85	\$1,216.96
Comparison to Previous Year	\$729.36	\$1,745.36	\$1,220.15	\$754.33	\$1,170.33	\$1,184.94
% Change	4.68%	3.66%	1.80%	1.15%	0.80%	2.70%

KEY: Res (Residential) Com (Commercial) RR (Rural Residential) Rur (Rural)

SECTOR Location	Res 106 Westport (Brougham)	Res 106 Westport (Russell)	Res 108 Carters Beach	Res 113 Charleston	Res 114 Punakaiki	Res 101 Ikamatua
Land Value	\$60,000	\$54,000	\$76,000	\$80,000	\$180,000	\$41,000
General Rates	636.59	572.93	513.10	320.68	837.34	137.19
UAGC	434.78	434.78	434.78	434.78	434.78	434.78
Targeted Water Rate	740.00	740.00	740.00	0	900.00	0
Targeted Sewer Disposal Rate	880.00	880.00	880.00	0	0	0
Targeted Solid Waste Rate	114.78	114.78	114.78	114.78	114.78	114.78
Net rates	\$2,806.16	\$2,742.50	\$2,682.67	\$870.24	\$2,286.90	\$686.75
GST	\$420.92	\$411.38	\$402.40	\$130.54	\$343.04	\$103.01
Total rates	\$3,227.08	\$3,153.88	\$3,085.07	\$1,000.98	\$2,629.94	\$789.77
Comparison to Previous Year	\$3,072.80	\$3,000.52	\$2,932.58	\$989.10	\$2,449.73	\$780.77
% Change	5.02%	5.11%	5.20%	1.18%	7.36%	1.15%

KEY: Res (Residential) Com (Commercial) RR (Rural Residential) Rur (Rural)

SECTOR Location	Res 115 Reefton	Res 101 Springs Junction	Com 131 Karamea	Com 134 Westport	Com 140 Reefton	Rur 141 Karamea
Land Value	\$29,000	\$35,000	\$90,000	\$180,000	\$78,000	\$810,000
General Rates	215.76	117.11	1,466.53	6,570.34	1,222.95	1,601.19
UAGC	434.78	434.78	434.78	434.78	434.78	434.78
Targeted Water Rate	550.43	0	0	740.00	550.43	0
Targeted Sewer Disposal Rate	580.00	0	0	880.00	580.00	0
Targeted Solid Waste Rate	114.78	85.22	85.22	114.78	114.78	85.22
Net rates	\$1,895.76	\$637.11	\$1,986.53	\$8,739.91	\$2,902.95	\$2,121.19
GST	\$284.36	\$95.57	\$297.98	\$1,310.99	\$435.44	\$318.18
Total rates	\$2,180.13	\$732.68	\$2,284.51	\$10,050.89	\$3,338.39	\$2,439.37
Comparison to Previous Year	\$2,112.98	\$732.97	\$2,231.13	\$9,810.08	\$3,256.56	\$2,384.02
% Change	3.18%	(0.04%)	2.39%	2.45%	2.51%	2.32%

KEY: Res (Residential) Com (Commercial) RR (Rural Residential) Rur (Rural)

SECTOR Location	Rur 143 Cape Foulwind	Rur 141 Grey Valley	RR 151 Karamea	RR 152 Granity	RR 151 Fairdown	RR 152 Alma Road
Land Value	\$1,750,000	\$1,870,000	\$118,000	\$106,000	\$136,000	\$155,000
General Rates	2,761.40	3,696.58	471.72	387.20	543.67	566.18
UAGC	434.78	434.78	434.78	434.78	434.78	434.78
Targeted Water Rate	0	0	0	0	0	0
Targeted Sewer Disposal Rate	0	0	0	0	0	0
Targeted Solid Waste Rate	229.57	114.78	85.22	114.78	114.78	
Net rates	\$3,425.75	\$4,246.15	\$991.72	\$936.76	\$1,093.24	\$1,000.97
GST	\$513.86	\$636.92	\$148.76	\$140.51	\$163.99	\$150.14
Total rates	\$3,939.61	\$4,883.07	\$1,140.47	\$1,077.28	\$1,257.22	\$1,151.11
Comparison to Previous Year	\$3,900.35	\$4,822.17	\$1,101.59	\$1,064.63	\$1,242.30	\$1,127.85
% Change	1.01%	1.26%	3.53%	1.19%	1.20%	2.06%

KEY: Res (Residential) Com (Commercial) RR (Rural Residential) Rur (Rural)

Refer to Funding Impact Statement for Sector Code details in the full Long Term Plan (page xx).

Financial Snapshot

FINANCIAL REPORT CARD FOR THE LONG TERM PLAN

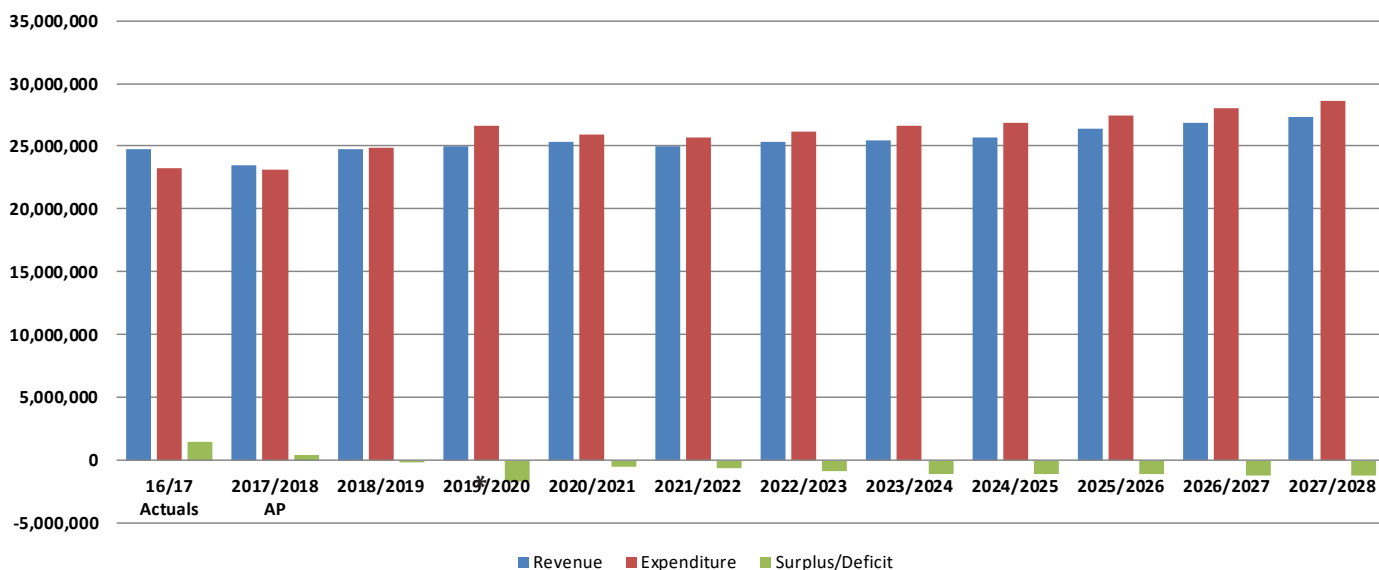
Council has managed to keep total rates increases low over the last 3 years since the 2015-2025 Long Term Plan. There are a number of factors which are driving rates moving forward. Transfer of the Westport harbour to Council has added around \$230,000 to rates proposed in 2018/19. In addition there are increases planned in the renewal programme for Westport water and Westport sewerage which increases targeted rates for these schemes. Collectively this increases total rates by over 3% for 2018/19.

In 2019/20 the financial effect of the proposed Holcim purchase impacts on debt servicing cost and ultimately on rates. When these one off factors are considered Council has controlled its expenditure on its 'business as usual' costs well. Overall the total increases in rates, after taking into account inflation, is close to the total movement in the Local Government cost index (a Council benchmark) over the Plan which is a satisfactory result. Council exceeds its debt affordability and rates affordability increase benchmarks in this plan. Council believes that this is appropriate given the benefits of the investment in the future that is proposed over the next 10-years of this plan.

Council runs accounting deficits over the life of this LTP. This is mainly because it is not fully funding the depreciation expense for all activities where we have assumed assets will not be replaced or will be funded from external sources. In addition Council is funding renewals for roading rather than depreciation. The effect of this is significant. The difference between funded renewals and depreciation in the Roading activity is \$1.4m in 2018/19 increasing with inflation projections to \$1.5m in 2028/29. When this is taken into account Councils has sufficient cash income to cover cash expenses over the life of this LTP.

For this Plan Council has set its revenue to cover all the actual money needed to be spent to provide the levels of service as detailed throughout the plan.

Operating Revenue and Expenditure



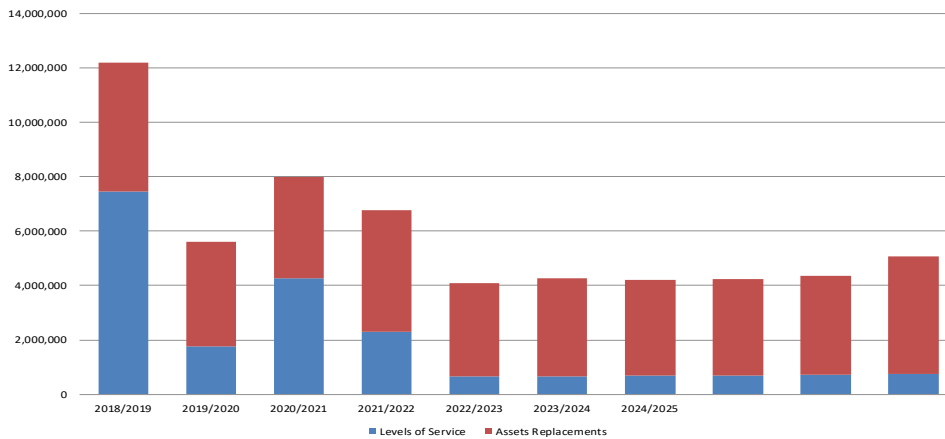
* Note: Excludes the one-off disposal of Karamea Highway to NZTA (2021/2022 \$21.5m loss).

ALLOWANCES FOR INFLATION

Buller District Council focuses on affordability of rates for its communities. Over the life of the plan Council has attempted to keep operating expenses, to provide the level of service that the community requires, to a prudent level. Inflation increases the cost of the goods over time. Council has tried to keep rates increases close to the level of inflation that is predicted for the type of goods and services that it needs. This is one of the key measures of Councils performance relating to rates increases in this plan.

OVERALL CAPITAL EXPENDITURE

Capital Expenditure: 2018 to 2028



The replacement costs of assets signalled through the asset management plans aggregate to a total capital works programme of \$59m over the 10-years. Capital expenditure totalling \$20m (34%) is targeted at improving levels of services and \$39m (66%) is used to fund asset replacements.

Significant Capital Expenditure across the 10 years of the plan

Details	Total Cost
Water:	
Mains replacements and upgrades over the 10 years of the plan	Westport - \$4.7m Reefton - \$1.1m
Waimangaroa Drinking Water Standards Upgrade deferred to 2018/19. Expected subsidy \$ 0.4m	\$0.5m
Roading:	
Local Road renewals for the 10 years of the plan	\$12.3m
Karamea Highway for the first 3 years of the plan	\$1.1m
Rough River Bridge contribution to Grey District Council 2019/20 (BDC contribution to capital costs)	\$1.1m
Footpaths:	
Footpath renewals over the 10 years of the plan	\$2.2m
Sewerage:	
Sewerage asset replacements and upgrades for the 10 years of the plan	Westport - \$7.8m Reefton - \$2.0m Little Wanganui - \$0.2m
Stormwater:	
Stormwater asset replacements and upgrades for the 10 years of the plan	\$2.4m
Property:	
Holcim sites purchase 2018/19	\$5.3m
District wide volunteer based urban makeovers over the 10 years of the plan	\$1.2m
Westport Revitalisation: 2018/19 \$200,000, 2019/20 \$408,000, 2020/21 \$416,500	\$1.0m
Westport Civic Building: 2019/20 \$500,000, 2020/21 \$3,000,000, 2021/22 \$1,500,000	\$5.0m
Airport:	
Rock Wall extension 2018/19	\$0.4m
Runway re-surfacing 2018/19	\$0.2m
Runway replacement 2027/28	\$0.6m
Support Services:	
Core enterprise software system replacement 2021/22	\$0.8m

Financial Strategy

The Financial Strategy sets out where we are heading with our finances over the next 10-years and the financial limits we are committed to working within.

FINANCIAL OVERVIEW

We have to do more than just limit spending. Council also needs to look for opportunities to increase its income. Along the way we still need to make sure that our infrastructure assets are meeting community needs and that they also meet the various legal requirements they operate under.

This is always a balancing act. On one hand we need to make sure our assets, such as pipes, roads, and treatment plants, meet environmental and health standards (such as the water quality standards). On the other hand, asset renewals and replacements are expensive and we need to make sure that any increases in Council’s income (which primarily comes from rates and fees and charges) are affordable for our Community, all the while meeting our overall goal of “a balanced budget” as stipulated in the Local Government Act.

	AP 2017/18 \$000	LTP 2018/19 \$000	LTP 2019/20 \$000	LTP 2020/21 \$000	LTP 2021/22 \$000	LTP 2022/23 \$000	LTP 2023/24 \$000	LTP 2024/25 \$000	LTP 2025/26 \$000	LTP 2026/27 \$000	LTP 2027/28 \$000
Operating Revenue	23,469	24,716	24,972	25,355	25,035	25,316	25,519	25,725	26,430	26,862	27,370
Operating Expenditure	23,084	24,921	26,674	25,893	47,148	26,172	26,573	26,820	27,482	28,029	28,558
Surplus/(Deficit)	385	(205)	(1,702)	(538)	*(22,113)	(856)	(1,054)	(1,095)	(1,052)	(1,168)	(1,188)

* **Note: includes the one-off disposal of Karamea Highway to NZTA (\$21.5m loss).**

Council has accounting operating deficits over the life of the plan. This is primarily because Council funds renewals rather than depreciation for one of its biggest capital spends which is on roading. 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 network which is higher. Hence there will always be an accounting deficit when taking this into account. In addition there are capital subsidies for sponsorship that cease from 2019/20 which add to the deficit. On a cash basis Council is operating prudently and income is at a sufficient level to cover its expenses. Council will continue to monitor long term sustainability to ensure that adequate resources are available to maintain the current level of service for the roading network.

STATEMENT CONCERNING BALANCING THE BUDGET

Council's budget over the life of this Plan does not balance (a balanced budget is considered one where each year’s projected operating revenues are set at a level sufficient to meet that year’s project operating expenses). Council is not fully funding the depreciation expense for all activities where we have assumed assets will not be replaced or will be funded from external sources. In addition as highlighted earlier Council is funding renewals for roading rather than depreciation. The effect of this is significant. The difference between funded renewals and depreciation in roading is \$1.4m in 2018/19 increasing with inflation projections to \$1.5m in 2028/29. When this is taken into account Council would run a balanced budget for the majority of the years in the Long Term Plan.

For this Plan Council has set its revenue to cover all the actual money needed to be spent to provide the levels of service as detailed throughout the plan. This includes the replacement and renewal of assets where required.

THE FINANCIAL STRATEGY CAN BE SUMMARISED AS FOLLOWS:

1. Expenditure to be adequate to maintain existing services and to maintain the quality and avoid deterioration of assets and capacity. Additional expenditure will be considered if it improves resilience and reliability of Councils services delivery and meets the current and future needs of the community. This includes providing financial support to community led development opportunities that meet Councils overall strategy.
2. Manage debt and finance costs in a financially prudent manner. Council have set a net debt ceiling benchmark at \$20 million.
3. Allowing for rate increases for improvements in service delivery, core infrastructure and initiatives that may attract new economic activity in the district. Rates affordability is a strong consideration for our communities. Council has set a benchmark to keep rates increases within the long range Local Government Cost index which is 2.4% per annum.
4. Minimise Council reliance on rates income by considering external investment opportunities and external funding options. Borrowing to facilitate these initiatives will be considered if this is consistent with Councils overall strategy.

SPENDING ON ASSETS

It is important that asset condition is maintained to avoid a reduction in service delivery to our communities and also to avoid deterioration of these assets. Maintaining service levels and avoiding deterioration of assets is important because our communities expect a certain level of service and there is a cost in the long run of deferring maintenance and replacement of assets. The risk is that if we do not spend this money now then it is likely that we would end up spending more later on and we also run the risk of infrastructure failing.

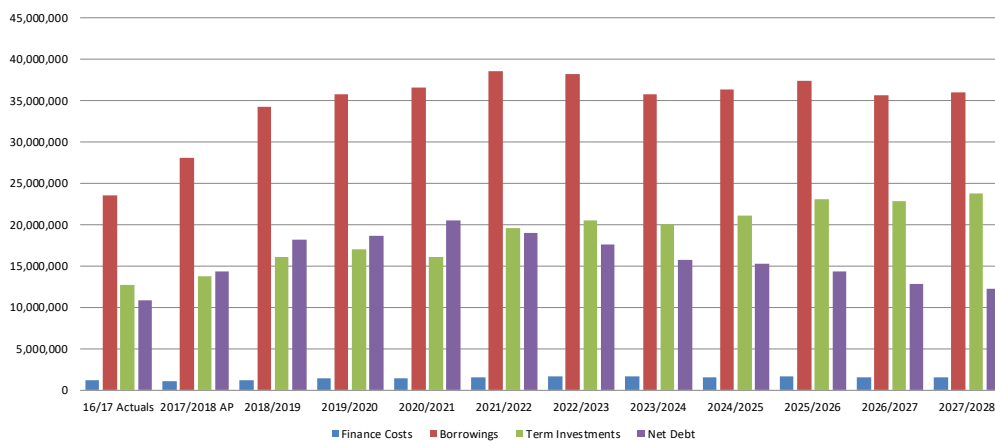
There is a key link between our Infrastructure Strategy (on page 32) and this Financial Strategy. Affordability, adequate service levels and maintaining the quality of our assets are all important. Some of our assets are getting old, and need to have repairs or replacements in the near future. Some are new or in good condition and require less to be spent on them. The spending on assets is considered necessary to maintain our current levels of service. But there is a cost in doing this. Therefore this is a delicate balancing act to ensure that we get the formula right and don't expose our communities to undue risk or cost!

COUNCIL'S DEBT

It is crucial that debt levels are within affordable and sustainable levels. Council set its net debt cap at \$20m within the 10 Year Plan. We only borrow to invest in long term assets or opportunities that can increase income for Council. Council does not borrow for operating purposes.

Council has produced a plan which demonstrates sustainable external debt levels. Net debt (being gross external debt less term deposit investments) is anticipated to be at \$18.2m in 2018/19 and is projected to be at \$12.2m in 2027/28. In 2020/21 Council is expected to exceed its net debt benchmark of \$20m for that year, this is because of the proposed Holcim purchase. The net debt is predicted to fall after this year. Council at the same time is committed to a significant capital expenditure program totalling \$59m over this plan. This is to be funded from a mix of depreciation reserves, external and internal borrowings.

Debt, Investment, Net Debt: 2018/2019 to 2027/2028

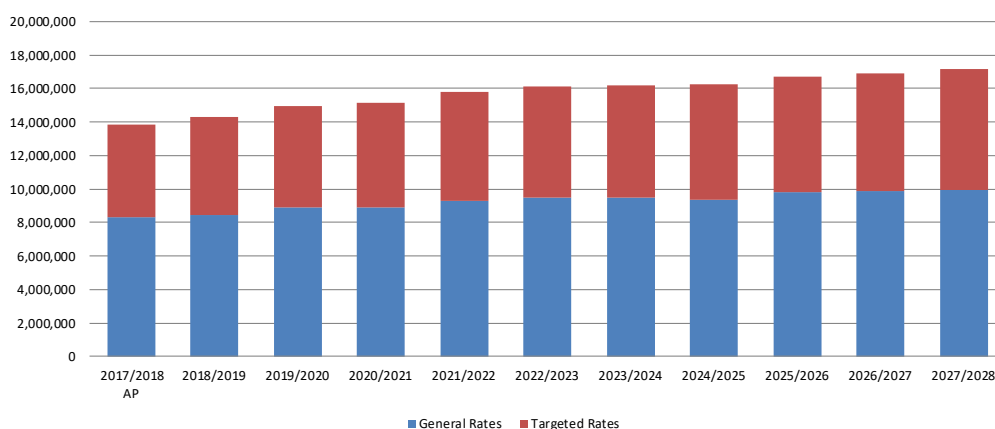


Gross debt is predicted to increase over the 10 years of the plan from \$34.3m in 2018/19 to \$36m. Term investments are expected to grow from \$16m to \$23.8m at end of plan. Net debt which is a key measure for Council is expected to reduce to \$12.2m at the end of the 10 years of the Plan.

FORECASTED TOTAL RATE INCREASES ACROSS THE 10-YEAR PLAN

Total rates expected to be collected by Council increases from \$14.3m to \$17.2m over the life of this Long Term Plan. This is mainly due to inflationary increases that are accounted for in this plan as well as the effect of major projects proposed such as the Holcim purchase and the District revitalisation. The sum of the proposed rates increases over the Plan is slightly less than the sum of the long run Local Government cost index that Council uses as its rates inflationary benchmark.

Total rates: 2018 to 2028



WHAT ARE THE QUANTIFIED LIMITS ON RATES AND RATE INCREASES?

Council will endeavour to keep the income required from rates steady as well as creating predictability in the level of rates required. This will include taking a multi-pronged approach of managing the cost to the ratepayer (through efficiency gains and/or service reductions), increasing other revenue sources (to reduce dependency on rates revenue) and/or disposing of surplus assets. The Council is required by legislation to include a statement on quantified limits on rates. Currently Council draws about 55% of its income from Rates because it has limited alternative revenue streams. It does not have significant financial investment funds or investments in corporate enterprises that can generate large income streams. Consequently Council has taken a fairly low risk approach to borrowing.

Limits on rates collected

While the Council will continue its approach of allocating rates as a funding proportion based on who causes and benefits from its activities, it plans to limit the rates collected each year to a maximum of 65% of total Council revenue. We believe this would represent an equitable and prudent upper limit.

Limits on rate increases

While the Council will continue to consider affordability issues when setting rate levels each year, Council is required by legislation to include a statement on quantified limits on rates increases. Limiting the increase to the Rates forecasted in the Long Term Plan reflects the realities of higher local government costs, ie, the cost of doing Council business. It also recognises that from time to time Council will need to increase the level of service that it is providing to meet, for example, community needs and new resource consent requirements. Individual properties may experience smaller or larger increases depending on movements in property values, the services that they receive and their location. Council would like to set the quantified limits on rates at the 20 year average of the Local Government Cost Index (between 2007 and 2028), which is 2.4%. This index is based on the current range of services provided under a local government context.

FINANCIAL PRUDENCE BENCHMARKS

On 1 May 2014 the Local Government (Financial Reporting and Prudence) Regulations 2014 were introduced. These regulations seek to:

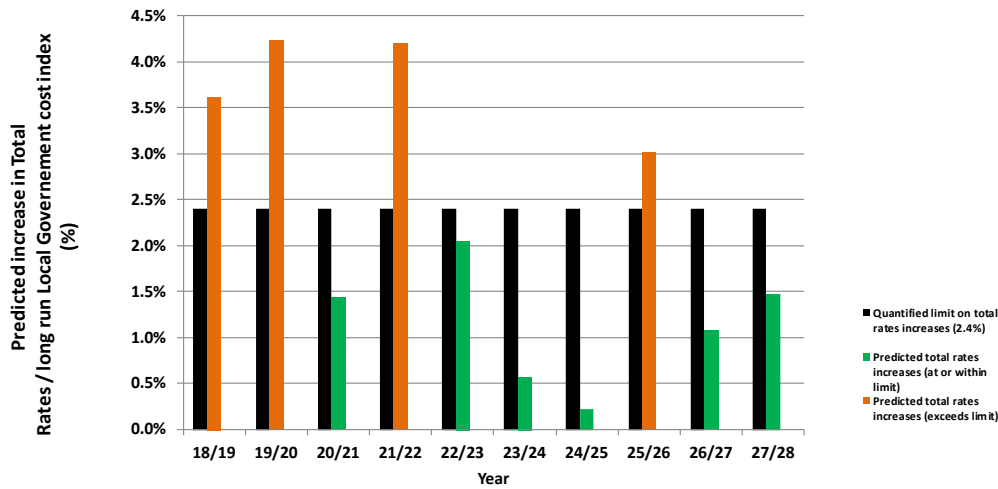
- assist in identifying local authorities where further enquiry is warranted in relation to their financial management; and
- promote prudent financial management by local authorities.

The regulations prescribe how Councils must report these benchmarks and indicators in their Annual Plans, Annual Reports and Long Term Plans.

The following benchmarks were introduced:

Affordability benchmarks	Rates affordability and rates increases benchmark	Rates revenue and rates increases complies with the limits set in Council's financial strategy.
	Debt affordability benchmark	Debt complies with the limits set in Council's financial strategy.
Sustainability benchmarks	Balanced budget benchmark	Operating revenue, excluding development and financial contributions and revenue from revaluations, exceeds operating expenditure.
	Essential services benchmark	Capital expenditure on the five network infrastructure services exceeds depreciation on those five services.
	Debt servicing benchmark	Interest expense is less than 10% of operating revenue, as defined in the balanced budget benchmark.

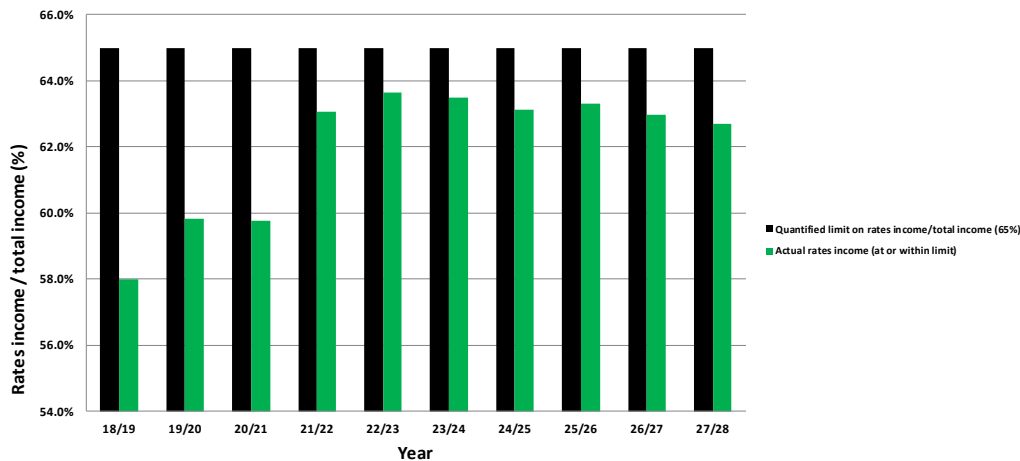
RATE INCREASES AFFORDABILITY BENCHMARK



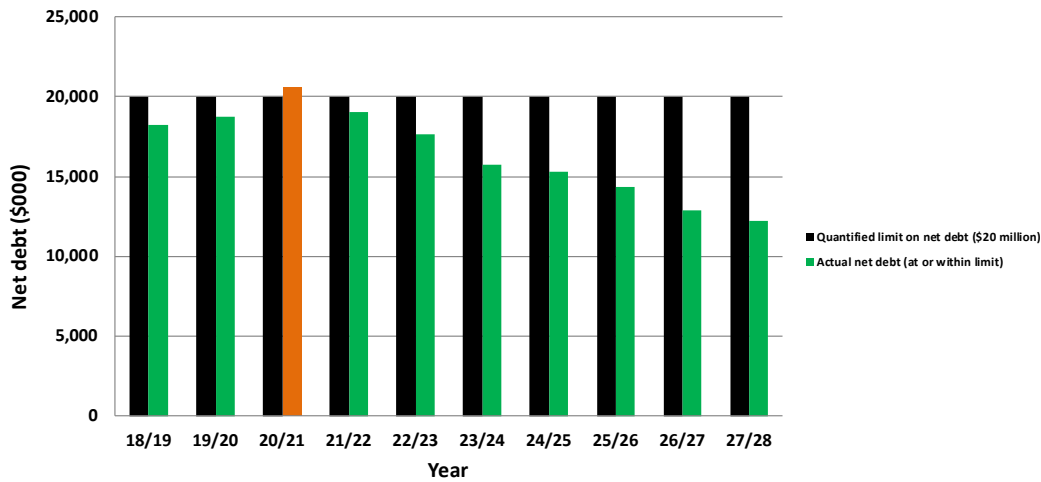
The total rates increases over the benchmark set in the Long Term Plan are explained below:

Year	Main driver why benchmark is not met
2018/19	<ul style="list-style-type: none"> Impact of Westport Water tunnel upgrades & transfer of Westport Harbour.
2019/20	<ul style="list-style-type: none"> Council expects to exceed the rates increase affordability benchmark due to funds needed for debt servicing the Holcim loan.
2021/22	<ul style="list-style-type: none"> Council incurs debt servicing for new Civic Building , additional Grants, Karamea Highway divested to NZTA reduces weighted average of FAR, effect of increase in Westport Sewer Target rates.
2025/26	<ul style="list-style-type: none"> Expected additional roading maintenance, general inspection costs and resource management costs indicate the benchmark will not be met.

RATES INCOME AFFORDABILITY BENCHMARK

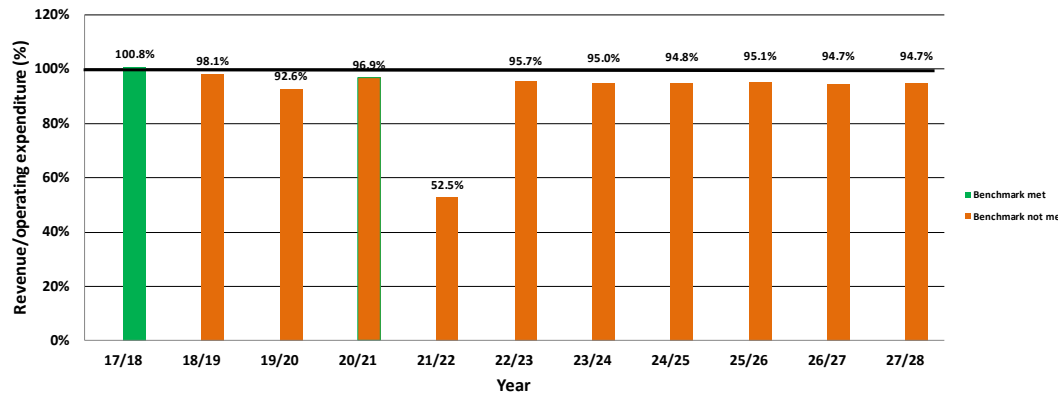


DEBT AFFORDABILITY BENCHMARK



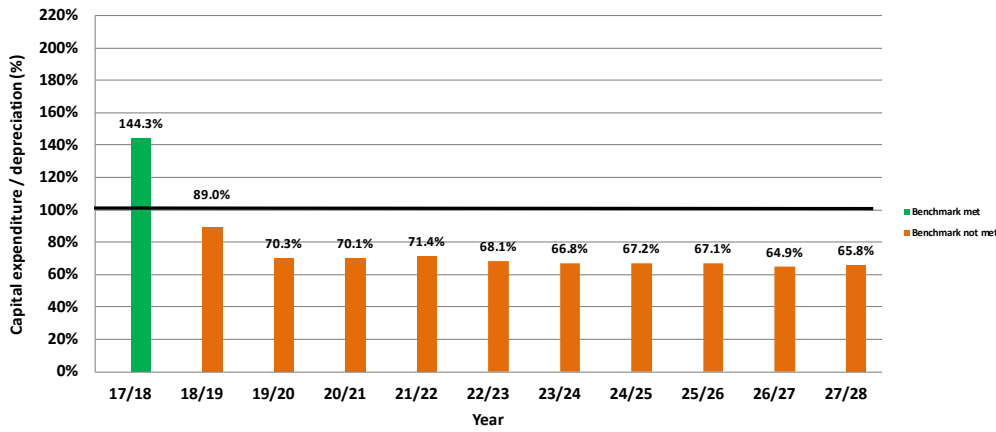
Year	Main driver why benchmark is not met
2021/22	<ul style="list-style-type: none"> A small spike caused by loans drawn for completion of Civic Building, plus Information Systems Enterprise Software.

BALANCED BUDGET BENCHMARK



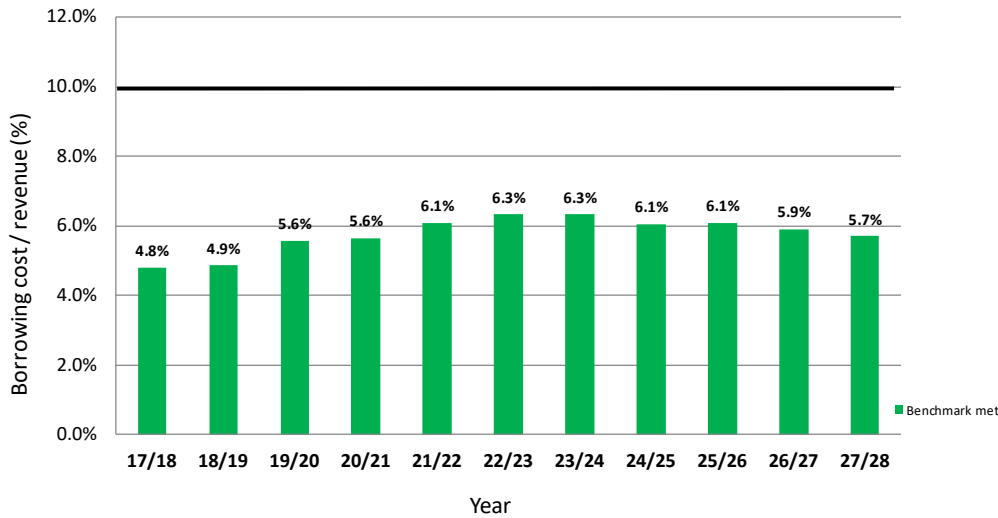
Year	Main driver why benchmark is not met
2018/19 - 2027/28	<ul style="list-style-type: none"> Council's expenditure is predicted to exceed income over the life of the Long Term Plan. This is primarily because the depreciation expense for roading exceeds each years' planned capital spend on the roading network.
2021/22	<ul style="list-style-type: none"> Council has recognised an asset write off totalling \$21.5 million in respect to the proposed transfer of the Karamea Highway to NZTA.

ESSENTIAL SERVICES BENCHMARK



Year	Main driver why benchmark is not met
2017/18	<ul style="list-style-type: none"> During 2017/18 the capital expenditure on the Westport Water Tunnels was budgeted at a level that exceeds the annual depreciation.
2018/19 to 2027/28	<ul style="list-style-type: none"> Council does not meet this benchmark through the life of the LTP primarily because the roading asset renewals are set in conjunction with NZTA based on our actual roading network condition rather than the level of annual depreciation.

DEBT SERVICING BENCHMARK



INFRASTRUCTURE STRATEGY

This is Council's Summary Infrastructure Strategy. It includes assets that are required by the legislation, including roads, water supplies, sewage treatment and disposal, and stormwater. We are presently collecting data for other assets such as parks and reserves, cemeteries and buildings will be improved and included in future strategies.

WHAT ARE THE GOALS OF THE INFRASTRUCTURE STRATEGY?

The role of infrastructure is to support, promote and achieve the Council's Community Outcomes.

The core of our strategy is:

1. To provide the best range of services that are affordable for the community.
2. That moving forward we will focus on efficient and effective delivery of services.
3. To seek out savings while maintaining the assets in a sustainable manner.

THE BIG PICTURE AT A GLANCE

The District is well placed with many key infrastructure upgrades complete or nearing completion:

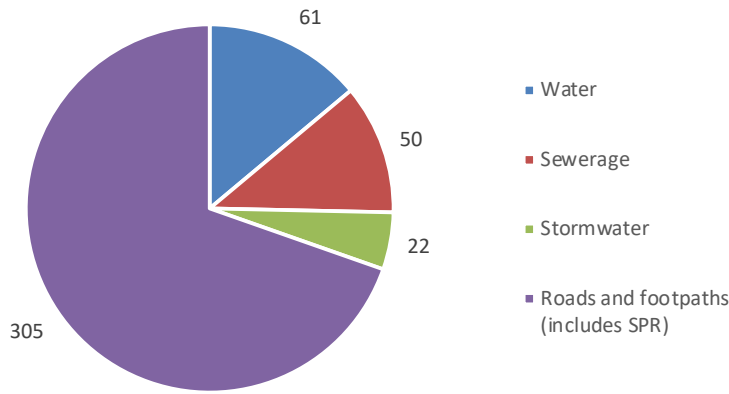
- The Westport Water treatment plant tunnel upgrades are expected to be nearing completion during the first year of this plan. District drinking water upgrades are expected to be completed early in the plan. The result of the Havelock North water enquiry on drinking water legislation may result in more stringent regulations and this may mean additional costs for some communities if additional water upgrades are required.
- Councils renewal programme for Westport water and Westport sewerage has been increased over this plan to align with the updated Asset Management Plan and recent revaluation of the assets and these activities.
- Council's roads have been maintained in accordance with their function. This will continue with the recently developed national classification system with New Zealand Transport Authority. A recent NZTA audit has determined that districts roads are in good condition and the renewal and maintenance programme has been developed on this basis in conjunction with NZTA. The Karamea Highway which is a special purpose road fully funded by NZTA that is assumed to revert to a State Highway in year-3 of this plan.
- Bridges are evaluated structurally every three years and this provides information on maintenance programmes as well as determining the bridge replacement. The Rough River Bridge near Ikamatua has been brought forward for replacement to year-2 of this plan. Council contributes a half share in the replacement of this bridge with Grey District Council.

WHAT DOES OUR INFRASTRUCTURE LOOK LIKE?

Buller District Council manages \$438m of infrastructure assets.

Asset	Description	Replacement Value (2017)	% of total
Water	Water extraction, treatment and distribution	\$61m	14%
Sewerage	Wastewater collection, treatment and discharge	\$50m	11%
Stormwater	Stormwater collection and discharge	\$22m	5%
Roads and footpaths	Roads (arterial, collectors, local; curbs and gutters), bridges, footpaths	\$305m	70%
TOTAL		\$438m	100%

INFRASTRUCTURE VALUATION (2017: \$MILLIONS)



RISKS TO ASSET PERFORMANCE:

The greatest risk to all of the asset performance is natural disasters. The Buller District has the Alpine Fault running through it as well as a number of lesser known but just as damaging fault lines. This exposes the district to the likelihood of earthquakes. The region is also close to the Southern Alps and is subject to large rainfalls in isolated areas or across the district, causing widespread damage mainly to roading and bridges.

The district is also subject to economic swings which affects the ability to fund infrastructure. A significant portion of the district is non-rateable land (eg, Department of Conservation Estate), which means services (eg, roading) are provided but there is no revenue stream.

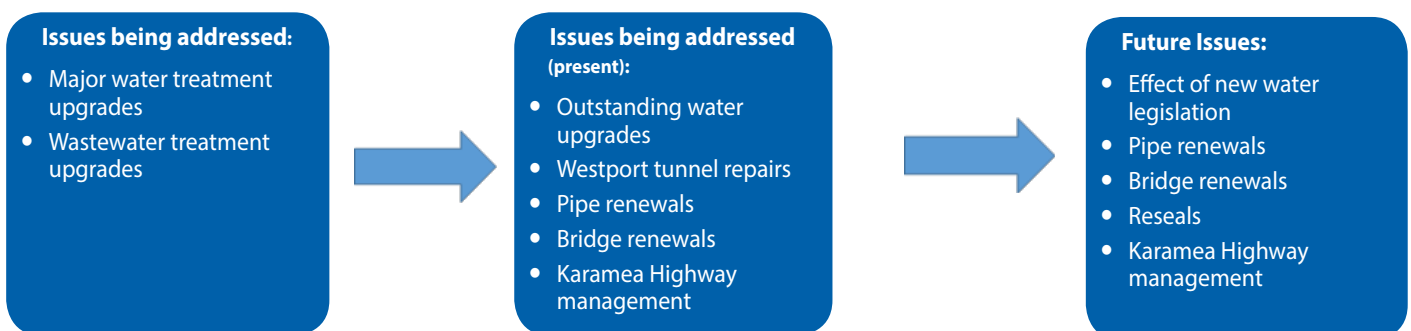
Affordability of all assets is becoming an increasing issue as they age and the maintenance costs rise. Asset management for local authority assets is an effective method of identifying the future cost, timing and the renewal of assets. Many assets are well into their useful lives and because of this no depreciation has been funded for replacement reserves. It will require a combination of loan funding and depreciation to maintain the levels of service that the community expects.

The Special Purpose Road (Karamea Highway) is a difficult and expensive road to maintain, with over 90% of land serviced by

the road being non-rateable. In examining the risk associated with the long term maintenance of the Karamea Special Purpose Road, the financial risks associated with the new subsidy proposal are considered to be beyond the financial resources of Buller District Council’s ratepayers to fund. At this stage we have assumed that funding for the Karamea Highway will continue at 100%. Council has assumed that the Karamea Highway will revert to being a State Highway after 2020/21.

To sum up, the task of building, operating and maintaining these infrastructure assets in an affordable manner is becoming increasingly difficult in view of demographic changes, environmental impacts, economic changes and aging infrastructure assets. Council will address these challenges by developing key strategies and plans, and implementing on a priority basis the activities which bring greatest benefit for our community. This will incorporate a more robust assessment of work selection and ranking criteria including stakeholder factors, legislative and statutory, service level output, quadruple bottom line (social, economic, environmental, governance), strategic alignment, risk, safety and asset renewal priorities. Delivery of services will focus on performance measurement, progress reporting and change management to ensure all infrastructure expenditure for both operating and capital achieves “best bang for buck”.

IN SUMMARY:



Given the current economic context, Buller District Council has three broad options in terms of infrastructure management and provision:

1. Reduce the level of spend; this would result in a decrease in the level of service, or an increased level of risk of asset failure.
2. Continue with the ‘current’ approach.
3. Increase expenditure where investment in infrastructure may assist economic growth.

There is no one perfect option. Council has adopted a policy of optimising the optional factors. Council is already extending asset lives and delaying renewal work within acceptable risk limits. As a second step, our spend has been re-prioritised within similar budget bands to where the most benefit aligns with Council’s goals. Thirdly, we have signalled our Council will consider the provision of infrastructure if an opportunity will result in real benefits to the District.

SIGNIFICANT INFRASTRUCTURE DECISIONS REQUIRED

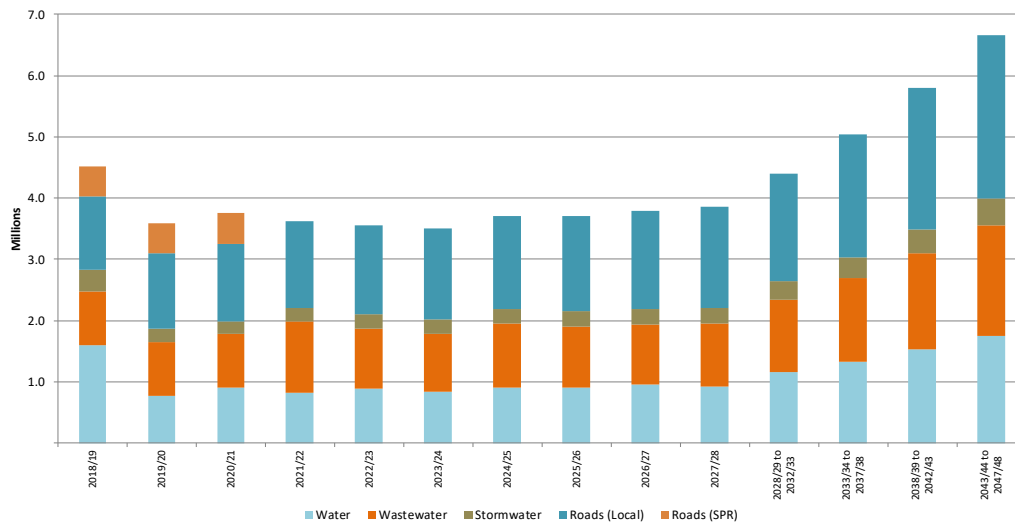
Taking a long term view to the management of infrastructural assets, Buller District Council needs to make key decisions in a timely manner. In addressing community desires and priorities the following key decisions have been identified.

Key Decision	Indicative Timeframe
Water Supplies – water quality and management: <ul style="list-style-type: none"> • Programme of upgrades required and the role of community members as operators. 	2018/19-2020/21
Wastewater consent: <ul style="list-style-type: none"> • Westport Consent 408/2 discharge to river during storm overflow expires July 2023. 	2020 (for 2021 LTP)
Stormwater: <ul style="list-style-type: none"> • Improvements and addition of SW Pump Station at Brougham Street. 	2021/22 following WCRC flood protection decisions
Bridges: <ul style="list-style-type: none"> • Renewals and upgrades - timing and level of service to be provided. 	2023/24-2044/45
Karamea Highway: <ul style="list-style-type: none"> • Special Purpose Road – options for future management. 	2018/19-2020/21 Decision prior to 2021/22-2031/32 LTP

INFRASTRUCTURE EXPENSE GRAPH

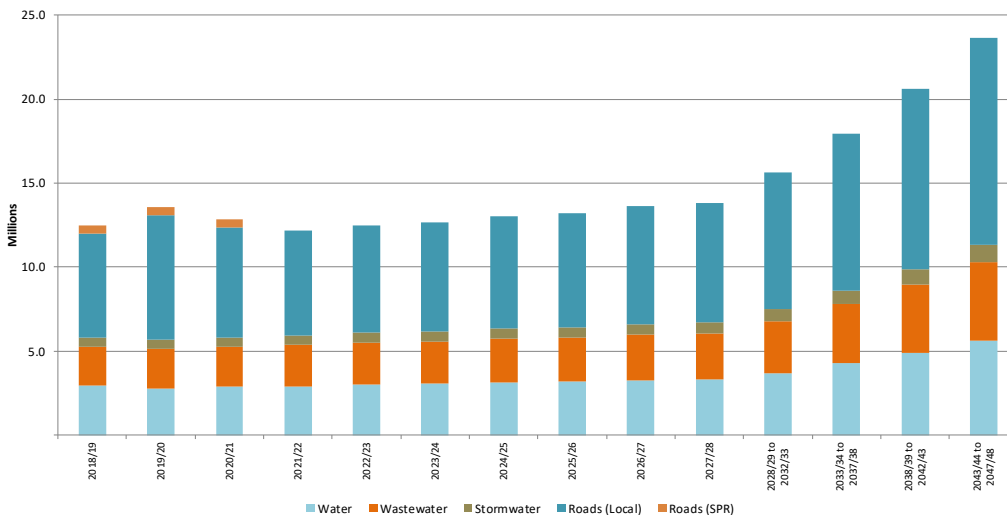
The projected capital expenditure associated with the significant infrastructure assets are graphically represented below:

Combined Infrastructure Forecast - Capital (inflated)



PROJECTED OPERATIONAL EXPENDITURE - INFRASTRUCTURE ASSETS

Combined Infrastructure Forecast - Operations and Maintenance (inflated)



Independent auditor's report on Buller District Council's Consultation Document for its proposed 2018-28 Long-Term Plan

I am the Auditor-General's appointed auditor for Buller District Council (the Council). Section 93C of the Local Government Act 2002 (the Act) requires an audit report on the Council's consultation document. We have done the work for this report using the staff and resources of Audit New Zealand. We completed our report on 17 April 2018.

Opinion

In my opinion:

- the consultation document provides an effective basis for public participation in the Council's decisions about the proposed content of its 2018-28 long-term plan, because it:
 - fairly represents the matters proposed for inclusion in the long-term plan; and
 - identifies and explains the main issues and choices facing the Council and district, and the consequences of those choices; and
- the information and assumptions underlying the information in the consultation document are reasonable.

Basis of opinion

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the consultation document. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the consultation document.

We did not evaluate the security and controls over the publication of the consultation document.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements relating to its procedures, decisions, consultation, disclosures, and other actions associated with preparing and publishing the consultation document and long-term plan, whether in printed or electronic form;
- having systems and processes in place to provide the supporting information and analysis the Council needs to be able to prepare a consultation document and long-term plan that meet the purposes set out in the Act; and
- ensuring that any forecast financial information being presented has been prepared in accordance with generally accepted accounting practice in New Zealand.

I am responsible for reporting on the consultation document, as required by section 93C of the Act. I do not express an opinion on the merits of any policy content of the consultation document.

Independence

In carrying out our work, we complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 (Revised); and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended).

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 CCOs.



Jacques Coetzee
Audit New Zealand
On behalf of the Auditor-General

HAVE YOUR SAY

Council has highlighted potential issues and risks identified to occur during the 10-years of the 2018-2028 draft Long Term Plan. Activities and projects to be carried out have been detailed.

We would now like to hear what you think of our Consultation Document, which is based on Council's 2018-2028 draft Long Term Plan.

Please tell us what you like about Council 10-year plan, and what you don't like!

Council's draft Long Term Plan (LTP) and Consultation Document are available for public consideration from Wednesday 23 April 2018, with submissions being accepted until 4:30pm Friday 25 May 2018.

During this time there are a number of ways you can find out more information about any aspect of this document or the full draft Long Term Plan and the consultation process being undertaken:

- ▶ Roadshows will be held throughout the District. This will give everyone the opportunity to attend one in their local area, to come along and discuss the LTP and Consultation Document with Council. Dates and locations as shown below.
- ▶ The Consultation Document can be found on Council's website www.bullerdc.govt.nz/long-term-plan/ along with the full LTP, submission form and other supporting documentation:
Consultation Documents and submission forms can be picked up from our Council offices and libraries in Westport and Reefton, or by emailing LTP@bdc.govt.nz.
Consultation Documents and submission forms are also be available from i-Site and Resource Centres in Karamea, Ngakawau and Punakaiki.
- ▶ Councillors and staff are available during the consultation period to discuss the LTP and Consultation Document, or to clarify any issues.
 - To make an appointment phone (03) 788-9618 or email LTP@bdc.govt.nz.
 - Councillor's contact details are available on our website www.bullerdc.govt.nz/mayor-a-councillors/.
- ▶ A hearing to hear verbal submissions to the LTP will be held on Thursday 7 June 2018. Please indicate on your submission form if you wish to speak, if you do not indicate either way we will assume you only intended to submit in writing.

Verbal submissions are an opportunity to speak directly to the Mayor and Councillors, and add items of interest to your original written submission. **DO NOT read your written submission** as our elected representatives have already read and familiarised themselves with all submissions received.

WHAT HAPPENS NEXT?

- ▶ The consultation period closes at 4:30pm on Friday 25 May 2018. Written submissions must be sent to the Council by that date, no late submissions will be accepted.
- ▶ The Hearing for verbal LTP submissions will take place 7 June 2018. If you indicated on your submission form that you would like to speak to Councillors about your submission, you will be contacted closer to this date with a time to speak.
- ▶ After hearing and considering all submissions Council will make any necessary changes to the draft LTP with the final LTP being adopted on 27 June 2018. This document will come into effect from 1 July 2018.

Further details can be found on Council's website:

www.bullerdc.govt.nz/long-term-plan/

Roadshows

Tuesday 1 May 2018
7pm @ **Reefton** (Reefton St John Hall)

Wednesday 2 May 2018
7pm @ **Punakaiki** (Pancake Rocks cafe)

Monday 7 May 2018
7pm @ **Karamea** (Last Resort)

Tuesday 8 May 2018
7pm @ **Ngakawau** (Ngakawau hall)

Tuesday 15 May 2018
7pm @ **Westport** (Westport Bridge Club)

