

## **Council Briefing Minutes**

**Date:** Thursday, 19 November, 2020  
**Time:** 1:00 p.m.  
**Location:** Council Chamber  
Forum North, Rust Avenue  
Whangarei

**In Attendance**

Her Worship the Mayor Sheryl Mai  
(Chairperson)  
Cr Gavin Benney  
Cr Vince Cocurullo  
Cr Nicholas Connop  
Cr Ken Couper  
Cr Tricia Cutforth  
Cr Shelley Deeming  
Cr Jayne Golightly  
Cr Phil Halse  
Cr Greg Innes  
Cr Anna Murphy  
Cr Carol Peters  
Cr Simon Reid

**Not in Attendance** Cr Greg Martin

**Scribe** N. Pestana (Team Leader Democracy)

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The briefing commenced at 13.00pm and was facilitated by Her Worship the Mayor.

### **1. Apologies**

Cr Tricia Cutforth (late arrival) and Cr Greg Martin (away on Council business).

### **2. Reports**

#### **2.1 Approach to Draft LTP and supporting documents**

At the Council briefing on 20 October 2020, elected members reviewed the outcomes of modelling the 'first 15' capex projects alongside the business as usual programme for the 10 years of the LTP.

The purpose of this briefing is to update elected members and seek feedback / direction on more detailed financial modelling, along with the draft supporting

documentation. To be able to have the draft documentation ready for review by Audit in December 2020, direction is needed on the following:

- Comfort with debt levels;
- Targeted rates for water and wastewater;
- Recommendations for the Transportation programme;
- Making tweaks to renewals in order to ensure a balanced / prudent programme.

- **Debt levels – existing financial parameter**

Delyse Henwood (Manager Finance) advised that Council's planned debt in the draft 2021 LTP is still within the external net debt parameter set as part of the 2018/2028 Finance Strategy. The quantified limit is that net debt be no higher than 175% of total revenue.

*Elected member discussion / feedback*

Elected members generally supported continuing with the proposed additions to the programme and had comfort in increasing debt.

- **Targeted rates**

Delyse Henwood advised that draft calculations indicate that we are not collecting enough revenue from water rates to fund opex and capex for Water activity over the plan. In contrast, excess revenue is being collected from wastewater rates to fund existing opex and capex spend over the plan.

The suggested recommendation is a LGCI increase for water rates and growth only for wastewater rates. Elected members also have an option to maintain status quo until year three and then reassess once there is more clarity on Three Waters reform.

*Elected member discussion / feedback*

Generally, elected members supported the increase in water rates as recommended and maintaining the reserve in wastewater.

- **Transportation programme**

Previous discussions have highlighted the need to land on a sustainable and deliverable programme, noting that capacity (not debt) is the key constraint. Staff concerns are that the scale of the programme will be challenging to deliver, particularly on top of the current and PGF work programmes. NZTA has also strongly signalled a reduction in subsidies to Council. A focus of Audit will be on the deliverability of the capex programme.

It is recommended that Transportation be scaled back to \$2 – 3m p.a. for additional cycleway / shared path funding and \$2 – 3m p.a. for road sealing. Notwithstanding this reduction, the Transportation programme will be significantly increased.

#### *Elected member discussion / feedback*

Mixed feedback was provided. There was a desire from elected members to receive accurate advice on the issues concerning capacity. Elected members were advised that this advice has been provided

For road sealing, a few elected members felt that there were contractors who have capacity to deliver this work. There was strong support from elected members for a higher level of road sealing. Most elected members were willing to stage this over time with investment of \$3m for the first three years, then up to \$5m from year 4 and \$6m in the last years of the plan.

Elected members supported the recommendation to reduce and smooth request cycleways down to a \$2-3m p.a. request programme, with no change to business as usual.

- **. Depreciation to renewals**

Staff are working through the Asset Management Plans and Infrastructure Strategy to obtain a clear picture of renewals to depreciation for core assets. Further changes may be required to align renewals to depreciation.

The suggested recommendation is to increase renewal funding where required to address issues (particularly in wastewater and stormwater) in order to address issues and ensure a balanced plan. This was supported by elected members.

- **Supporting documents**

Tony Horton (Manager Strategy) briefed elected members on the Growth Model, Activity Profiles and Levels of Service.

Lynne Dahl (Team Leader Development Contributions) briefed elected members on the Development Contributions Policy and charges.

- **Next Steps**

A briefing is scheduled for 25 November to obtain direction and agreement on the LTP Consultation Document and to provide elected members with an update on the Infrastructure Strategy and Finance Strategy.

### **3. Closure of Meeting**

The briefing closed at 15.22pm.