Ref: [redacted]

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14 August 2024

[redacted]

By E-mail Only: [redacted]

Dear [redacted]

OFFICIAL INFORMATION REQUEST FOR INFORMATION RELATING TO SAVING TARGETS

I refer to your official information request dated 26 July 2024:

"We want to understand what measures that you, as a responsible elected official, have taken to ensure that council spending is going to the highest priority areas, isn't being wasted, and that the spending decisions within the council reflect the real-world economic situation being felt by Kiwis.

We are inviting New Zealand's Mayors to nominate examples where under your watch you (or your officials) have found savings, and (where they are easily calculated or reasonably estimated) the savings amounts.

Secondly, we would like to know what, if any, specific instructions have been issued by you (or your Council as a whole) to your Town Clerk/CEO (or other officials) about savings targets since the last local body elections. For example, Central Government has tasked certain government department heads to find at least 6.5 percent. Has your council tasked officials with a similar target? If so, how much?

Where that information exists, please provide the date of the request, and the relevant minute, communication, or instruction to the CEO/relevant officials…".

Please also include any examples where a council committee (such as Audit and Risk) have identified areas of possible savings (or cutting wasteful spending) since the election. If so, what, if any, reductions in spending were actually made (and from when)?

Nelson City Council's response to your request regarding savings targets focuses on the Long Term Plan 2024-2034 (LTP), which was the most significant opportunity for this Council to impact future spending.

Council acknowledged at the outset of the development of the LTP that households and businesses were under acute financial pressure and would be unable to absorb the cost of significant rates increases. Council faced a particularly challenging situation not only due to the tens of millions in costs to repair the damage from the August 2022 extreme weather event but because it was also facing the highest inflation in decades, sharply rising interest rates, high depreciation costs and increasing civic construction costs.

Council was very mindful of these financial challenges for the Nelson community and from the beginning of the process to develop the LTP, set out its expectations to the Chief Executive that rates increases would be kept as low as possible. Workshops with elected members discussed the appropriate financial strategy to deal with funding pressures, costs and trade-offs all with a view to keeping rates as low as possible, while still delivering the services the community needs. At the beginning of the budget development process, staff were instructed to keep budgets, including capital projects, within the financial envelope of what was already in the LTP 2021-2031. Once the initial draft budgets were collated, the Chief Executive further instructed staff to review their budgets with the expectation that operational costs would be reduced across activities to 2023/24 levels or lower.

These measures resulted in the initial proposed budget increase for 2024/25 being reduced from a double-digit rates rise to 8.2%, plus the targeted storm recovery rate.

To achieve this, it was proposed that some services would be stopped, while others would be reduced in frequency or provided to a different standard, while some capital projects would be deferred or removed from the Plan. A few examples of items that were reduced or removed from the budgets are outlined below for your information:

- Reducing the weed control budget for 2024/25 (savings of $720,000)
- Removal of rates remissions for heritage homes from 2024/25 (savings of $100,000 p.a. from 2024/25)
- Discontinuation of the Founders Heritage Park collection reorganisation project (savings of $601,118 over seven years
- Capping maintenance budgets at the 2023/24 levels for a wide range of water infrastructure, transport, property, facilities and parks, and active recreation assets.

Council's deliberations on submissions were conducted within a discipline of not adding new projects without savings being found elsewhere in the budget. As a result, the final average rates rise did not increase from that consulted on with the community.

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

Yours sincerely

NAMcDonald

Nicky McDonald
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