



22 April 2022

██████████  
Via email: ██████████

Dear Mr ████████,

### Local Government Official Information Request

Thank you for your request made under the Local Government Official Information and Meetings Act (LGOIMA), relating to Council's budget, received on 23 March. Our response to your questions are below:

1. Provide the Total Comprehensive Revenue & Expenses as reported in your 2021 published financial statements and reconcile this figure to your balanced budget obligation under s100 of the Local Government Act.

#### **Response:**

We note that you request information from the Annual Reports to reconcile to a Balanced Budget and would like to point out that the 'balanced budget' requirement applies to the Annual Plans and LTP, i.e., the budgets. It does not apply to the actual results (i.e., the Annual Report). Further, S100(2) LGA 2002 enables Councils to not have a balanced budget where it considers it prudent.

We are pleased to advise that the information you request is all publicly available from our website. The following links take you our Annual Reports, Annual Plans and Long Term Plans (LTP). All of the information you request is available from these sources:

- [Annual Reports - Rangitikei District Council](#) (Annual Reports)
- [Long Term & Annual Plans - Rangitikei District Council](#) (LTPs)
- [Long Term & Annual Plans - Rangitikei District Council](#) (Annual Plans)

Specifically, regarding our 'balanced budget' strategy we draw your attention to page 32 of our current LTP [Long Term Plan 2021-2031](#) (Finance and Infrastructure Strategy) that includes the following:

#### **Balancing the Budget**

Council is required, both morally and legally, to have a sustainable balanced budget. Where considered prudent, Council may set its operating revenues at a different level to its operating expenses.

Capital grants to be received in years 1 and 2 of the Long Term Plan prevent these years from being in deficit. However, Council is planning deficits for years 3 to 5 of the Long-Term Plan.

*Making this place home.*

A key cause of these deficits is the increase to the depreciation cost that Council incurs – depreciation has increased from \$10.6m in 2019 to a budgeted figure of \$14m in 2022. Without reducing its assets and infrastructure base, Council has very limited ability to manage this cost.

Council considers it prudent to rate for such cost increases over several years, thus avoiding unanticipated and large increases in any one year. Although this will result in Council having an unbalanced budget for some years of this Long-Term Plan, it will result in an ongoing, sustainable balanced budget.

Council considers this a better model than imposing large rate increases in the early years of the Long-Term Plan. Council has considered its ratepayers and its favourable funding position when making these decisions

Please note that it is our policy to proactively release our responses to official information requests, where appropriate. Our response to your request will be published shortly at <https://www.rangitikei.govt.nz/council/about/contact-us/official-information> with your personal information removed.

If you wish to discuss this decision with us, please feel free to contact Kezia Spence on 06 327 0099

Yours sincerely



Carol Gordon  
**Group Manager Democracy & Planning**

