

LTP Post Workshop Financial Alterations

Meeting: Council Briefing
Date of meeting: 20 January 2021
Reporting officer: Sue Davidson, GM Sustainable Growth & Investment

Purpose/Ngā whāinga

To report on changes made to Activity Budgets following the LTP Workshop in December 2020.

Context/Horopaki

The Long Term Plan (LTP) is going to be the blueprint for our community's futures. It is the strategic document for future projects that are going to occur, sets service levels, and also confirms the financial budgets for the 10 years. The LTP needs to balance the 'needs' of the community alongside what it can 'afford'.

Elected members have had one workshop where all the projects needed, and aspirations of Council were included in the plans.

The second workshop involved discussing the impact on general rates, and targeted rates. The financial strategy was also discussed in tandem.

Further changes have been made to the figures and are based on the desire to have some plans being developed to go forward with for growth and to support the need to invest in our aging infrastructure.

Rates are now an average of 2.98% over the 10 years which is in line with the Financial Strategy.

Debt is within our limits set by banks and the LGFA, however Council had expressed a desire to cap at \$60 million. This is breached 3 years in the LTP but is below this limit in 2031. Graphs in the Financial Strategy show that the debt per rateable property has actually decreased.

Discussion/Ngā kōrerorero

Overview

The overall rates increase is now forecast to be an average of 2.98% over the 10 years which is in line with the Financial Strategy. This is after growth of 1% being used, which is slightly more conservative than the 1.23% overall growth. Some smoothing of rises has occurred in outer years.

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Financial Contributions

Over the next 10 years we have forecast funds to be received from financial contributions of \$16.2 million. (uninflated). For the last 5 years income has been an average of \$1.9m pa so this better reflects actual income. There are also far more reserves projects being funded from these financial contributions than in the past.

The largest risk is the proposed increase in subdivision for areas. If this doesn't occur as anticipated, then projects will have to be deferred till the contributions come in.

Should the financial contributions for Dargaville increase as predicted there will be the potential to fund some future reserve projects e.g. Harding Park from financial contributions. At this stage projects in the West are forecast to come directly from rates. In the past investment in priority parks was funded solely from financial contributions.

Development Contributions

DCs have now been calculated annually based on growth. There will be a larger deficit in the development contribution reserves as we build infrastructure ahead of growth. This is the norm for Councils who are growth Councils. The deficit could grow from 24.7 million to just over 60 million. The largest risk is that the development doesn't happen as quickly as forecast and Council has built the infrastructure.

Activity Income

Income increases fairly evenly over the 10 years.

In 2024 \$8million has been provided as money raised by the trust and then paid out for construction of the Dargaville Civic Centre. After further discussion this is an error and will need to be altered but has to come out of both income and expenditure but does not impact on rates as the funds are in and out in the same year.

Expenditure

We made budget allowances to demolish the existing Dargaville offices of \$500k and \$400k for the demolition of the War Memorial Hall and allowed \$1.4m for recladding. The seismic upgrade has been deferred.

Council has provided \$250k seed money for the trust that will be seeking \$8m in funds to build a Dargaville civic centre.

Changes made to the Capital Expenditure list

Firstly, carry forwards that have been put into the capital expenditure table or projects approved during year that won't be completed have been added to the LTP year. These total approximately \$18m.

No new offices have been provided at this stage for Mangawhai staff,

- the assumption is made that we approach NRC to build. The decision will be considered at the next LTP,
- or we are a bit more proactive and we provide for land over the next 3 years as this is a scarce resource.

Other items changed or added are as follows:

	Project	\$000	Funding
Community 3.4m	Car Park Sealing - now 1.55m (increased to this figure over a number of years)	750	Financial Contributions
	Kaiwaka Bush Path – Could not be funded through the Redeployment Package as it did not meet criteria. Will be submitted for alternative funding.	550	Subsidy
	Mangawhai Coastal Walkway - Improve tracks at access points down to the harbour/estuary. Reduced from 7.5m to 3.3m	1 250	FC
Stormwater	Gent Gate - Removed and replaced with Bellamy (Gent Gate is currently being constructed and has been deleted in the latest LTP Programme)	100	Depn
Sewerage 13.5m	Station Rd marae	200	Loan, part DC
	Spring Rd, Dargaville	200	Loan
Solid Waste	Take out Maungaturoto Recycling Centre	(3200)	DC loan
Roading	Reduction - double counting	(2000)	Subsidy, rates

	Hokianga Road Improvements (Year 4) - Township Improvements removed and specific projects (aligned with NZTA projects) included.	2.7m	Subsidy, rates
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Rating Impact

QV revaluation has not as yet been approved by the Valuer General and these are key to understanding what will happen to rates as these are based on the revaluations. QV are still scheduled to be at the meeting on the 20th of January to present the changes to Council.

However, they have advised that they are unable to provide the figures to us at this time. Therefore, the rating impact is unable to be calculated.

Next steps/E whaiake nei

Staff need direction on the financials and any further changes to be made. It is hoped these will be minimal as it takes time to process the changes, update all the narrative and documentation and then put them through Deloitte audit team.

Attachments/Ngā tapiritanga

	Title
A	Draft Prospective Statement of Comprehensive Revenue and Expense
B	Draft Statement of Financial Position

Sue Davidson, 13 January 2021