

Long Term Plan documentation

TO Thames-Coromandel District Council

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DATE 22 January 2015

SUBJECT Long Term Plan documentation

1 Purpose of report

The purpose of this report is to present the draft Consultation Document for the Long Term Plan for feedback, to present the draft Financial Strategy, draft Infrastructure Strategy and draft financial statements for endorsement for use in the audit, to present the forecasting assumptions and activity performance measures for adoption as supporting information for the Consultation Document and associated audits.

2 Background

The 2015-25 Long Term Plan process has new legislative requirements which affect the information being presented for consultation, the process for consultation and the order of adopting documents by the Council. The Council is required to consult on the Long Term Plan "consultation document" (which has prescribed content) and to consult on specific policies (if they have changed). These consultations will occur concurrently but are technically separate consultation processes. All the statements of proposal will reference the other consultations.

The Council must also adopt the supporting information that the "consultation document" relies on and as necessary information that will enable Audit New Zealand to audit the underlying information and verify the quality of that information (Section 93G, 93C LGA2002).

At the conclusion of all the consultations the Council will deliberate on all the statements of proposal and the submissions received and staff will amend the final Long Term Plan and the policies to reflect the Council's decisions. The final Long Term Plan and Revenue and Financing Policy will then be audited along with any supporting information. The Council will then adopt the policies, adopt the plan and then set the rates for the 2015/16 financial year.

3 Issue

Staff have amended the 10 year budgets with the direction given at the December 2014 workshops and applied retained earnings and reserves where it was considered appropriate and prudent. The forecast average rating impacts are listed below and fall within estimations given by staff at the workshop.

Average rating impacts forecast for the ten years

2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
3.57%	1.94%	3.76%	0.97%	2.06%	2.01%	1.04%	1.12%	1.49%	1.31%

In completing the financial modelling based on the direction gained from the council

workshops a significant change has resulted in the amount of wastewater debt to be moved from development contribution debt to ratepayer debt. At the December workshops it was noted that the projected growth levels were considerably lower than previous plans to the extent that some of the remaining capacity would not be taken up prior to the asset reaching its useful life. On that basis it was agreed to transfer the debt associated with that capacity to the ratepayer, as there would be no development funding received for this portion of debt. This changes the estimated wastewater debt to be transferred from \$31 million to \$46 million leaving \$8.8 million to be paid by future development.

4 Discussion

Draft "consultation document"

The draft "consultation document" attached (Attachment A) to this report portrays the information required by legislation. We have established a page per Community Board area to convey key project information and rating impacts for each area. The "consultation document" needs to include the following to provide a fair representation of the matters included in the long term plan:

- the key points of the financial strategy
- the key points of the infrastructure strategy
- description of each issue with the options considered and the implications on debt, rates and level of service
- significant changes to the way the council funds its expenditure
- graphs and charts to show the changes to rates, debt and levels of service
- examples of the rating impact on different categories of land and ranges of property values
- report from the auditor-general on whether the document gives effect to the purpose set out in legislation and on the quality of the supporting information

The draft document is not yet complete. There are some areas with placeholder text which we will table at the meeting. The document is simply the 'word version' - no design work has been incorporated. Over the next couple of weeks staff will be editing the document to improve the flow of information (order may change), reduce its size and refine the messaging based on feedback from councillors.

Staff are seeking approval of the issues identified for inclusion in the consultation document, feedback on the tone of the document and whether any additional information is considered appropriate.

The issues for inclusion in the consultation document need to be 'determined' by the Council as a requirement of the new Section 93C '*Content of consultation document for adoption of long term plan*'. The issues to be included in the consultation document were discussed at the December 2014 workshops and are the following:

- Changes to funding stormwater activity - local to district funded
- Changes to funding public conveniences and cemeteries - district to local funded
- Changes to funding Economic Development activity - new rate for short term accommodation; locally fund information centres at Coromandel, Pauanu, Tairua and Whangamata
- New rating remission for retirement village licence to occupy residents and second dwellings (under 50 square metres)
- New fees and charges - park and ride at Hahei, harbour facilities charges at Mercury Bay
- New Economic Promotions role for Thames Community Board area
- Change to footpath construction programme for Whangamata
- Additional project funding for Wentworth Valley Road walking and cycling
- World War 1 Memorial Forest project

The identified issues warrant treatment as an issue within the consultation document

because they have budgetary and rating implications that are either considered significant (under the Council's Significance or Engagement Policy); are needed because of other legal requirements (rate remissions); of high public interest or have been traditionally included in the Long Term Plan consultation.

The final consultation document will be presented for Council adoption on 4 March 2015 before public consultation commences on 9 March. Audit New Zealand's audit report will accompany the consultation document and staff will highlight any changes that have occurred as a consequence of the audit.

Financial Strategy

The Financial Strategy must be prepared as part of the Long Term Plan. Its purpose is to facilitate prudent financial management by providing a guide to consider proposals and expenditure against and as context for the consultation. It must include:

- factors having a significant impact on the council
- expected changes in population and land use and the capital and operating costs of providing for those changes
- expected capital expenditure on network infrastructure
- other significant factors affecting ability to maintain existing levels of service and to meet additional demands for services.
- quantified limits on rates, rate increases, and borrowing - and statement on ability to keep inside the limits
- policy on the giving of securities for its borrowing
- Objectives for holding and managing financial investments

The attached draft financial strategy (Attachment B) is complete with only cross-referencing within the document to be completed once other documents are finalised, but it would benefit from some editing. It is proposed to do this between now and the 4 March council meeting where it will be presented for adoption. The strategy has been built up from the principles determined at the council workshops and then verified against the outcomes from the financial model.

The Financial Strategy acts as supporting information during the consultation phase and becomes part of the final Long Term Plan when it is adopted in June 2015.

Infrastructure Strategy

The Infrastructure Strategy must be prepared as part of the Long Term Plan and must cover the next 30 years. Its purpose is to identify significant infrastructure issues and principal options for managing those issues including the implication of those options. It must include:

- 30 year forecasts for operating and capital expenditure
- key issues for next 30 years and options for managing the issues
- key assumptions

The attached draft Infrastructure Strategy (Attachment C) is largely complete. There is a mix of inflation and non-adjusted inflation figures within the document. The final strategy for the final Long Term Plan will be aligned and all figures will include inflation adjustments.

Forecasting assumptions

The significant forecasting assumptions that underpin the Long Term Plan are included as Attachment D. These assumptions were discussed with Council in May 2014 and at subsequent workshops as circumstances arose. The population projections are based on the report from Rationale that was adopted by the Council at its May 2014 meeting.

The forecasting assumptions document acts as supporting information during the consultation phase and becomes part of the final Long Term Plan when it is adopted in June 2015.

Activity performance measures

At the October workshop determined the following principles for the review of the Long Term Plan performance measures:

- only measures that are associated with major levels of service will be included
- measures that only restate a level of service will not be included
- only measures with source data that can be replicated readily will be included
- measures will be customer/resident focused, not technical in nature
- targets will be developed that are achievable with current resourcing
- they will be supported by management/operational/technical measures that will form part of the organisation's performance management framework that is under development

The 2015-25 Long Term Plan is the first plan to include mandatory performance measures for the infrastructure groups of activities. These measures were developed by the Department of Internal Affairs and must be included in our Plan word for word.

The proposed measures that were endorsed at the November 2014 workshop saw a reduction in measures from the 2012 Long Term Plan going from 147 to 67. Baseline data and targets were to be developed with systems tested to ensure the source data was available and able to be replicated. Several of the measures agreed at the November workshop have since been rejected because they have failed the testing stage. The data for these measures will be developed further and reporting will commence when the data is robust.

Several activities include a measure to report against a work programme e.g. Economic Development and Strategic Planning. These work programmes will be drafted for either the Council or a committee to approve in April/May so that the target can be set before the measures are adopted within the final Long Term Plan.

Several measures require further work to determine either their baseline data or an appropriate target. This work will be a priority and the targets presented to Council for adoption at a later date.

The activity performance measures act as supporting information during the consultation phase and become part of the final Long Term Plan when it is adopted in June 2015.

Financial statements

Attachment F includes the following financial statements as supporting information and will form part of the final Long Term Plan:

- Prospective Statement of Comprehensive Income
- Prospective Statement of Changes in Equity
- Prospective Statement of Cash Flows
- Prospective Statement of Financial Position
- Financial Reserves
- Statement of Financial Reserves
- Funding Impact Statement
- Activity Group statements
- Rating scenarios
- Allocation of rates to activities

Capital expenditure by area

The capital expenditure by area is attached as Attachment F and aligns to the budgets agreed at the December workshops.

5 Suggested resolution(s)

That the Thames-Coromandel District Council:

1. Receives the 'Long Term Plan documentation' report, dated 22 January 2015.
2. Approves the content of the draft consultation document with any noted amendments as a basis for the Long Term Plan audit in February 2015 ;
3. Endorses the draft content of the following supporting information for use in the audit, noting that final documents will be presented for adoption in March prior to consultation:
 - Draft financial strategy
 - Draft infrastructure strategy
 - Draft financial statements, capital expenditure and rating information
4. Adopts the following supporting information, required to be adopted by Section 93G of the Local Government Act 2002, in relation to the 2015-25 Long Term Plan and the Consultation Document:
 - Forecasting assumptions
 - Activity performance measures
 - Capital expenditure by area

References-Tabled/Agenda Attachments

Attachment A	<i>Draft Consultation Document</i>
Attachment B	<i>Draft Financial Strategy</i>
Attachment C	<i>Draft Infrastructure Strategy</i>
Attachment D	<i>Forecasting assumptions</i>
Attachment E	<i>Activity performance measures</i>
Attachment F	<i>Financial statements and Capital expenditure by area</i>

Attachment A

[Attachment A - Draft Consultation Document January 2015 Council meetin...](#)

Attachment B
Attachment B - Draft Financial Strategy January 2015 Council Meeting

Attachment C

[Attachment C - Draft Infrastructure Strategy January 2015 Council meet...](#)

Attachment D
Attachment D - Forecasting assumption January 2015 Council meeting

Attachment E

Attachment E - Consolidated Performance Measures 22 January 2015 Final...

Attachment F - Financial Statements and Capital Expenditure by area