

# Adoption of 2018-2028 Long Term Plan Consultation Document and supporting information

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<b>TO</b>	Thames-Coromandel District Council
<b>FROM</b>	Scott Summerfield - Policy and Planning Manager
<b>DATE</b>	5 March 2018
<b>SUBJECT</b>	<b>Adoption of 2018-2028 Long Term Plan Consultation Document and supporting information</b>

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## 1 Purpose of report

The purpose of this report is to:

- present the outstanding information which supports the Long Term Plan consultation document, for Council approval;
- approve the final consultation document as the basis for public consultation; and
- inform elected members of the consultation process details.

## 2 Background

Section 93 of the Local Government Acts 2002 (LGA) prescribes how councils must consult on their long term plans. This requires a month-long special consultative procedure under section 83 of the LGA. The LGA also prescribes that a consultation document must be used as the basis for public consultation, and the content which a consultation document must include, as follows:

- (a) each issue that the local **authority** determines should be included having had regard to—
  - (i) the significance and engagement policy adopted; and
  - (ii) the importance of other matters to the district and its communities; and
- (b) for each issue identified under paragraph (a),—
  - (i) the principal options for addressing the issue and the implications (including financial implications) of each of those options; and
  - (ii) the local authority's proposal, if any, for addressing the issue; and
  - (iii) the likely consequences of proceeding with the proposal on the local authority's rates, debt, and **levels** of service; and
- (c) other matters of public interest relating to—
  - (i) the proposed content of the local authority's financial strategy including, without limitation, the quantified **limits** on rates, rates increases, and borrowing in that strategy; and
  - (ii) the proposed content **of** the local authority's infrastructure strategy; and
- (d) any **significant** changes that are proposed to the way the local authority funds its operating and capital expenditure requirements, including changes to the rating system; and
- (e) using **graphs** or charts, the direction and scale of changes to the local authority's rates and debt levels that will result from the proposed content of the long-term plan; and
- (f) using graphs or charts where practicable, the direction and nature of changes to the local authority's **levels** of service associated with the proposed content of the long-

term plan; and

- (g) the impact of proposals on the rates assessed on different categories of rateable land with a range of property values.

Council has had workshops and meetings to consider the supporting information to be provided with the consultation document since the election in October 2016. Further decisions to finalise the remainder of the supporting information are now required.

### 3 Issue

Council is required to adopt the audited Consultation Document and all the supporting information to initiate consultation on the 2018-2028 Long Term Plan. Council is also advised to adopt the communication and marketing plan supporting the approach to consultation.

### 4 Discussion

#### Financial Information

The following table shows the average rates movement for each year of the LTP, which includes an initial 5.17% increase in year one and an average year on year increase of 2.85% across the life of the LTP. Average rates increases by Community Board area and property type are included within the consultation document.

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
District Average Rates Increase %	5.17%	4.22%	3.15%	1.11%	0.82%	3.39%	4.26%	1.74%	0.82%	0.84%
District Average Rates \$	2,822	2,941	3,034	3,067	3,092	3,197	3,333	3,391	3,419	3,448

#### Financial Strategy

The Financial Strategy is included as **Attachment A**. This reflects Council direction on how we manage our financial reserves, how we manage debt, maximising the funding from uniform rates and improving our levels of asset maintenance and renewals.

#### Infrastructure Strategy

The Infrastructure Strategy is included as **Attachment B**. The strategy sets out how we will manage our assets over a 30 year timeframe (as opposed to the 10 year life of the LTP) and includes \$1.02 billion of capital expenditure and \$2.54 billion of operational expenditure in that period, focusing on:

- Maintenance and renewals programmes based on quality information
- Priority safety improvements
- A small number of growth related projects
- Investment to improve standards and meet consent conditions where necessary
- Local network improvements

#### Financial statements

**Attachment C** includes the following financial statements:

- 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
- Allocation of rates to activities

### Group of activities

The group of activities pages that will form part of the final Long Term Plan have been collated and provide background information for each activity and a summary of the future projects and expenditure levels. The group of activities pages are included as **Attachment D**.

### Consultation Document

Staff advise that the consultation document has been prepared in accordance with, and is compliant with, section 93 of the LGA.

At the time of preparing this report, the audit of the consultation document, **Attachment E**, was almost completed. Any changes from the latter part of the audit process will be tabled at the meeting. The substantive changes to the document since the 31 January and 7 February Council and Community Board workshops are:

1. Removal of targeted roading rates as a consultation topic.
2. Addition of consultation topic on removing the rates remission for second dwellings.
3. Addition of consultation topic on maximising the funding from uniform rates (increasing the UAGC as per our Financial Strategy).
4. Inclusion of additional financial information about our debt, depreciation reserves, other financial reserves and rates subsidy.
5. Project costs have all been adjusted for inflation.
6. Addition of text explaining our role in advocating for widening of existing one lane bridges in the district.

All other changes are editorial in nature.

The final consultation document has been reviewed by the Audit team and has been sent for the final part of the audit process - the "hot review" which is the review process conducted by the Office of the Auditor General. Once this is completed, and subject to any further change requirements, we will receive a signed audit opinion for inclusion in the document. The audit opinion will be tabled at the meeting.

As a result of the document being audited, no wording changes are possible by Council without requiring the document to be reviewed again by Audit.

The submission form to accompany the Consultation Document is **Attachment F**.

### Forecasting assumptions

Through the audit process, we have become aware that two of the financial forecasting assumptions adopted by Council on 20 February 2018 need to be corrected (the interest on borrowing calculation referenced the beginning of the year instead of year end information and the cumulative inflation table had three years of information missing). We have updated the relevant forecasting assumptions as follows. Once approved these assumptions will be included within the full set of forecasting assumptions in the LTP supporting information.

**Table 3: Asset Revaluation Cumulative Inflation Predictors**

Year Ending	Roading	Community Activities	Water and Environmental Management	Planning and Regulation	Other
June 2019	4.00%	3.40%	4.20%	3.80%	4.20%

Year Ending	Roading	Community Activities	Water and Environmental Management	Planning and Regulation	Other
June 2020	6.30%	5.50%	6.80%	6.00%	6.30%
June 2021	8.60%	7.70%	9.20%	8.20%	8.50%
June 2022	11.10%	10.00%	11.80%	10.50%	10.80%
June 2023	13.70%	12.40%	14.50%	12.90%	13.20%
June 2024	16.50%	14.90%	17.40%	15.50%	15.70%
June 2025	19.40%	17.60%	20.40%	18.20%	18.40%
June 2026	22.50%	20.40%	23.60%	21.00%	21.30%
June 2027	25.80%	23.30%	27.00%	23.90%	24.20%
June 2028	29.30%	26.50%	30.60%	27.00%	27.40%

Topic	Forecasting assumptions	Risk	Level of uncertainty	Impact of risk			
<b>Interest rates on borrowing</b>	Interest on existing and new borrowing is forecast as follows:	Interest rates will increase beyond those budgeted for in the 10 year long term plan.	Low	The cost per annum to the Council given a 1% increase in the interest rate is below:			
	<b>Average cost of funds</b>						
	Year ending						
	Jun-19				5.71%	\$25M	\$250,000
	Jun-20				5.31%	\$50M	\$500,000
	Jun-21				4.85%	\$75M	\$750,000
	Jun-22				4.60%	\$100M	\$1,000,000
	Jun-23				4.69%		
	Jun-24				4.73%		
	Jun-25				4.70%		
Jun-26	4.59%						
Jun-27	4.71%						
Jun-28	4.79%						

### Fees and Charges

The schedule of fees and charges for the Development Contributions Policy are included as **Attachment G**. Revised development contribution fees were not available for the 20 February meeting (these are derived directly from the development contributions model) and are included in the version attached to this report.

Other changes to the schedule of fees and charges identified to Council at its meeting on 20 February have been incorporated however the general rounding approach requested has not been undertaken at this stage as the schedule had already been audited at that time. Rounding will be undertaken before the schedule is finalised in June 2018.

### Consultation process and timeframe

Consultation on the Long Term Plan includes wide availability of the consultation document, and the opportunity for interested persons to make their views known to the Council prior to final decision making. The consultation period is from 16 March to 16 April. The proposed approach to consultation has been canvassed with Council at the 20 February 2018 workshop. The communications and marketing plan is included as **Attachment H**.

The consultation information and process has been geared towards providing the information via the internet and encouraging submissions online. This is considered particularly appropriate for our Council given the large, dispersed area of the Peninsula as well as the fact that the majority of ratepayers reside outside of the district. While we have a significant part of our population over 65 years, older people are increasingly connecting online. Copies of the consultation document and submission will be made available through our libraries and offices for those unable or unwilling to participate online.

To improve our face to face contact during consultation we have asked prominent community groups to either host meetings for their members which we will attend, or for staff to attend existing meetings. At the time of writing, meetings were still being finalised for the Whitianga community and business groups, Moanataiari School and community, Tairua Residents and Ratepayers Association members, and Thames High School Board of Trustees.

<b>Date</b>	<b>Group</b>	<b>Venue</b>	<b>Time</b>	<b>Attendees</b>
<b>March 12th</b>	Coromandel Business Association	TCDC Coromandel office	5:30pm	Business Assn Members
<b>March 17th</b>	Hahei Ratepayers Association	Hahei Community Hall	10am	Hahei Ratepayers Assn
<b>March 17th</b>	Whangamata community	Whangamata Memorial Hall	3pm	Ratepayers Assn, business groups and the public
<b>March 19th</b>	Pauanui Community Office	Pauanui Community Hub	930am	Pauanui Community Office committee
<b>March 20th</b>	Active Thames and sports and recreation Groups	Council Chambers, Thames	Noon	Active Thames and Thames sports and recreation groups
<b>March 24th</b>	Thames Market	Pollen St, Grahamstown, Thames	8-Noon	Public
<b>March 25th</b>	Transition Town Thames	Thames Civic - Conference room	4-6pm	Public
<b>March 30th</b>	Coromandel Market	31 Kapanga Rd, Coromandel	8-Noon	Public
<b>March 31st</b>	Whitianga Market	Soldiers Memorial Hall, Whitianga	8:30-1pm	Public
<b>April 1st</b>	Kuaotunu RRA	Kuaotunu Hall	4pm	KRRA
<b>April 1st</b>	Whangamata Market	Whangamata Library carpark	Morning	Public

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April 1st	Coroglen Market	Gumtown Hall, Coroglen	9-1pm	Public
April 10th	Onemana Ratepayers Association	Spa Pool complex, Onemana Drive	9am	Onemana Ratepayers Assn Committee

Attendance by Councillors at meetings across the district is encouraged to increase visibility and ownership of the LTP as a district wide document.

Alongside the consultation about the Long Term Plan, we are also consulting on changes to the Revenue and Financing policy, and the Rates Remission Policy. These matters are referenced within the consultation document and will be raised during the public meetings.

Once consultation closes, there will be a further opportunity for those who wish to present their views at Council hearings scheduled for early May. Deliberations to consider the views presented and submissions made are scheduled for mid-May with Community Boards and late May with Council. After deliberations, the final Long Term Plan will be produced and then will be audited. The Council will then adopt the policies, adopt the plan and set the rates for the 2018/19 financial year.

## 5 Suggested Resolution(s)

That the Thames-Coromandel District Council:

1. Receives the 'Adoption of 2018-2028 Long Term Plan Consultation Document and supporting information' report dated 22 February 2018.
2. Approves the Financial Strategy and Infrastructure Strategy included as Attachments A and B respectively as supporting information for public consultation.
3. Approves the financial statements included as Attachment C as supporting information for public consultation.
4. Approves the Groups of Activities descriptions included as Attachment D as supporting information for public consultation.
5. Approves the Development Contribution Policy schedule of fees and charges included as Attachment G as supporting information for public consultation.
6. Adopts the revised financial forecasting assumptions below as the basis for development of the 2018-2028 Long Term Plan.
7. Approves the 2018-2028 Long Term Plan Consultation Document for public consultation from 16 March to 4pm 16 April 2018.
8. Approves the Submission Form included as Attachment F for use in public consultation.
9. Approves the Communications and Marketing Plan included as Attachment H.

**Table 3: Asset Revaluation Cumulative Inflation Predictors**

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	Jun-25 4.70%			
Jun-26 4.59%				
Jun-27 4.71%				
Jun-28 4.79%				
				\$25M \$250,000
				\$50M \$500,000
				\$75M \$750,000
				\$100M \$1,000,000

### References-Tabled/Agenda Attachments

- Attachment A** *Financial Strategy*  
**Attachment B** *Infrastructure Strategy*  
**Attachment C** *Financial statements*  
**Attachment D** *Groups of activities service descriptions*  
**Attachment E** *2018-2028 TCDC Long Term Plan Consultation Document*  
**Attachment F** *2018-2028 LTP Submission Form*  
**Attachment G** *Fees and Charges: Development Contributions*  
**Attachment H** *2018-2028 LTP Communications and Marketing Plan*

[Financial strategy 16 February version sent to Audit](#)



**Final Draft 2018 Infrastructure Strategy**

**Attachment C Financial Statements**

[Attachment D: Group of Activities services descriptions](#)

***Attachment E***

**[2018-2028 LTP consultation document Council order paper version](#)**

***Attachment F***

<<Insert DW Link or place Attachment here>>

**Fees and Charges: Development Contributions**

**Attachment H: LTP 2018-2028 Comms plan March 2018**