

WORKSHOP MATERIAL

Date of Release: Thursday, 27 April 2023

Workshop: Annual Plan 2023/2024

Date: Wednesday, 14 December 2022

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Annual Plan 2023/2024

14 December 2022

Thriving and resilient Tasman communities



Workshop Contents

- context
- working towards a programme and budget for 2023/2024
- timeline and next steps

Context



Thriving and resilient Tasman communities

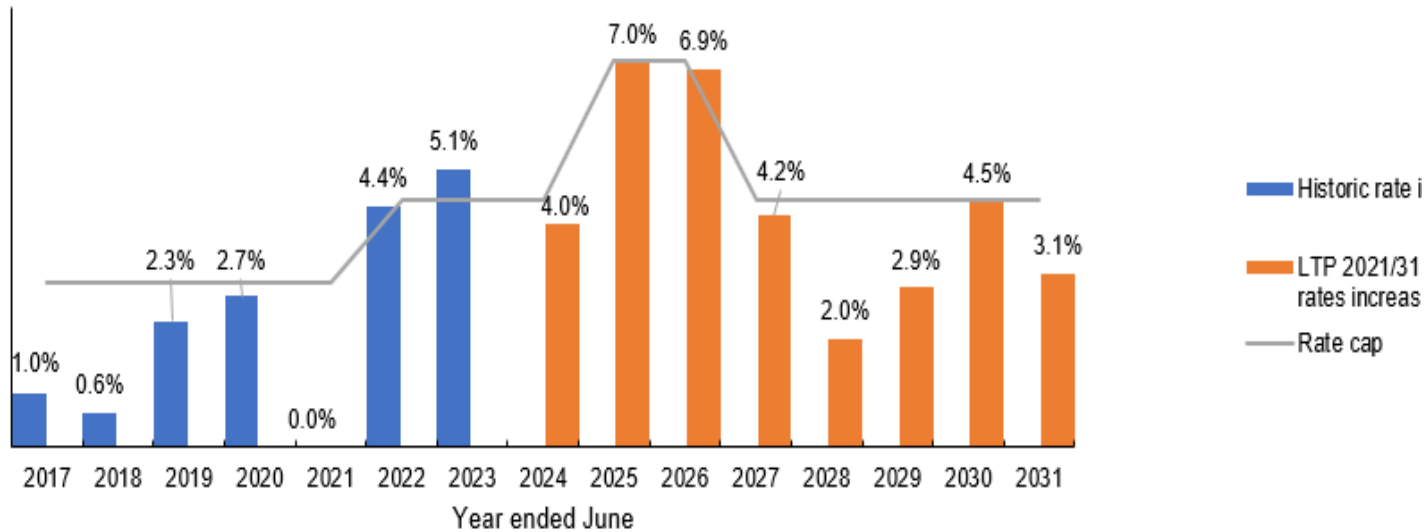


Principles – LTP 2021-2031 Financial Strategy

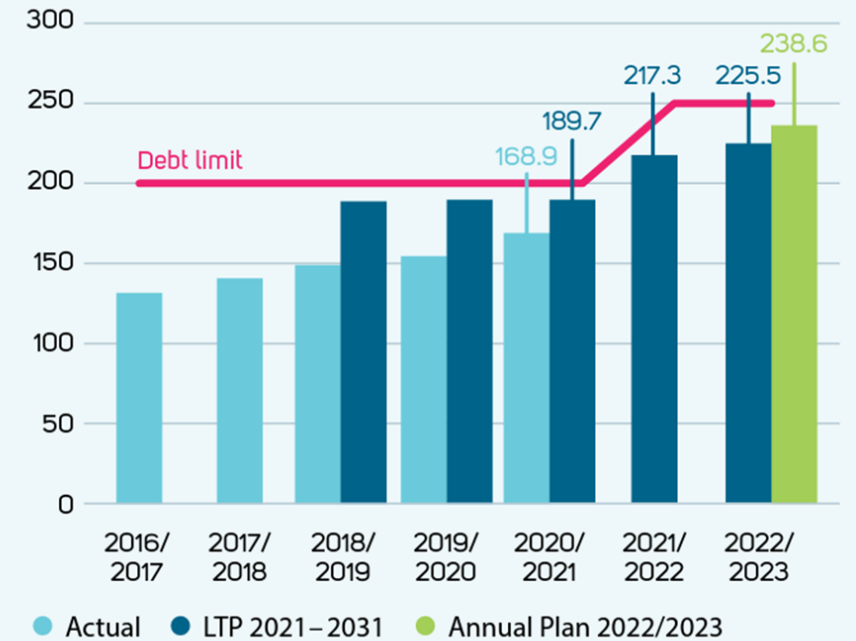
- to continue to meet fiscal prudence, sustainability and environmental sustainability obligations
- to keep the medium to long term in focus i.e. rather than being overly diverted by the shorter-term recovery from the Covid-19 pandemic
- to understand the trade-offs or benefits across all of the well-being domains (social, environmental, economic and cultural)
- to capitalise on the economic environment (i.e. enhanced borrowing terms, and increased labour and skills availability) to make the most of the enhanced opportunities of Government funding, subsidies and other incentives to advance the community outcomes, and
- to right size Council staffing and operational expenditure.

Where we have come from

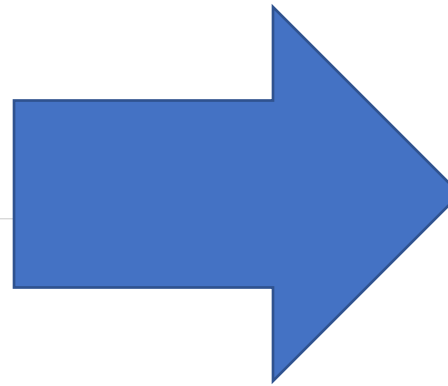
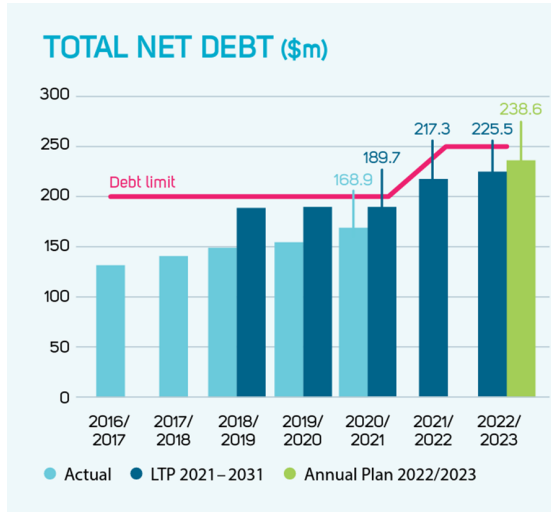
Historic and planned rates increases for Tasman District Council



TOTAL NET DEBT (\$m)



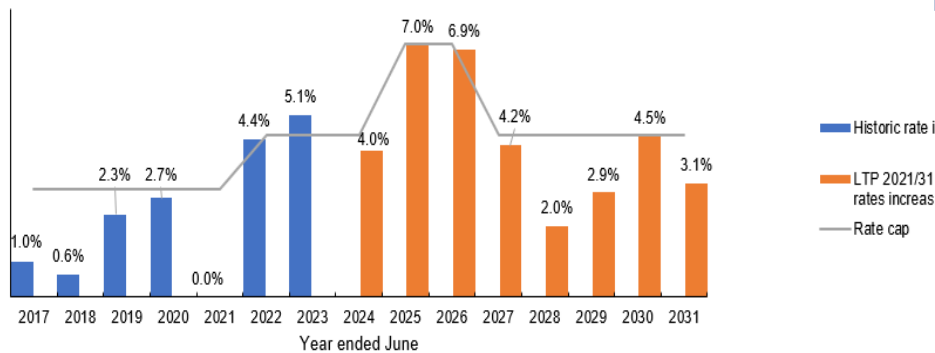
Where we have come from



Levers used:

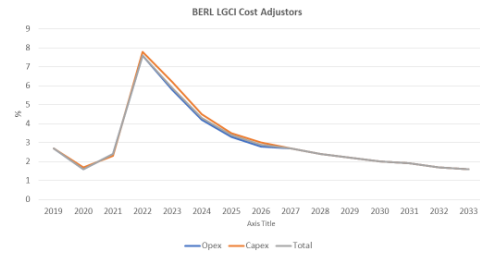
- Run-down of reserves
- Funding of some operational expenditure by loans
- Not making contributions to emergency funds
- Starting loan servicing later for capital spend in the year

Historic and planned rates increases for Tasman District Council

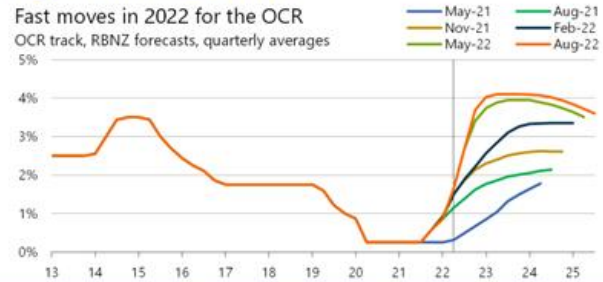


Context

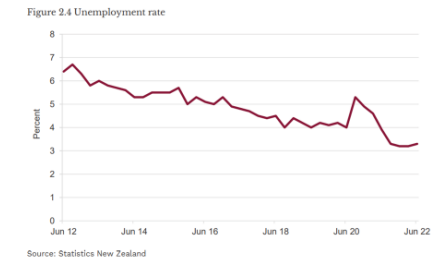
LG Cost Inflation



Higher interest rates

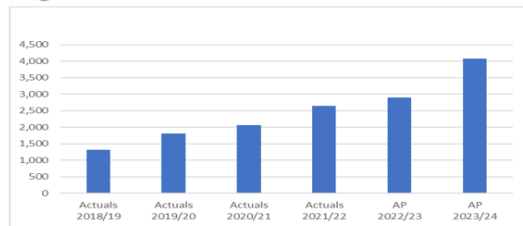


Labour Shortages – record low unemployment



Source: Statistics New Zealand

Higher insurance



Insurance has increased by \$2.8m since 2018/19. The increase in 2022/23 is \$1.2m driven by the revaluation.

Natural hazard risks and costs

- Natural events reserves falling
- Risk of unexpected costs managed through borrowing headroom in future
- Means we are shifting to reactive rather than proactive approach to managing this risk



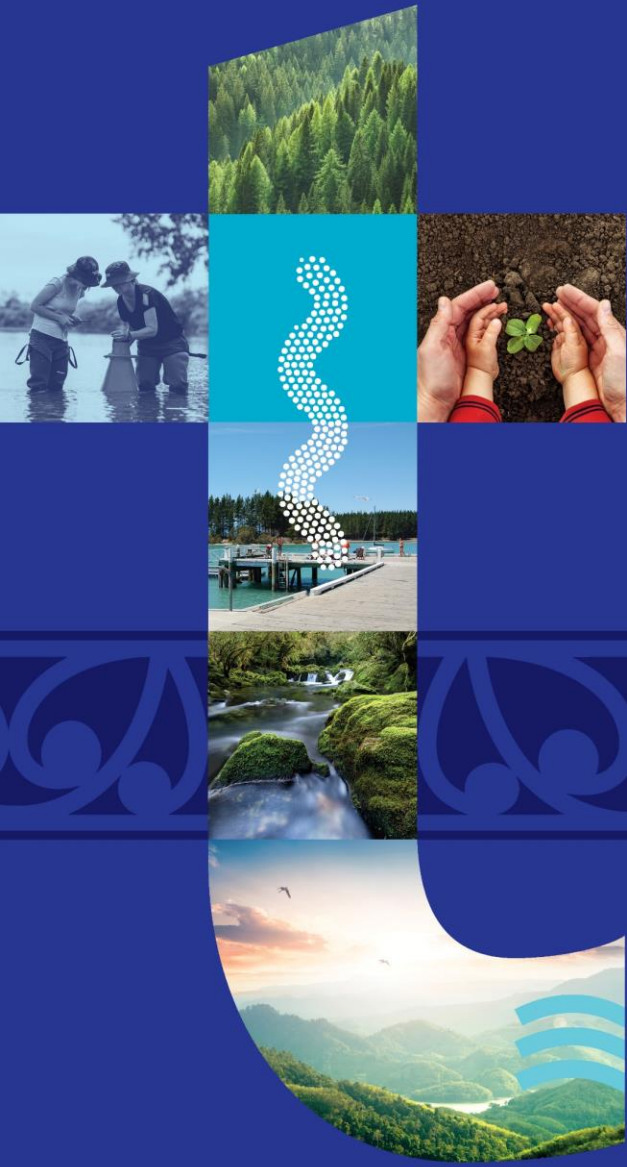
Govt reform also storms on



Inflations impact on budgets

	2021/22	2022/23	2023/24
TDC planned	2.3%	2.4%	4.6%
LG cost inflation	7.6% (actual)	5.9% (actual/forecast)	4.6% (forecast)
Difference	-5.3%	-3.5%	

Effective reduction in all Council budgets in real terms of 8.8% over 2 years



What is in front of us for Annual Plan 2023/2024

Thriving and resilient Tasman communities



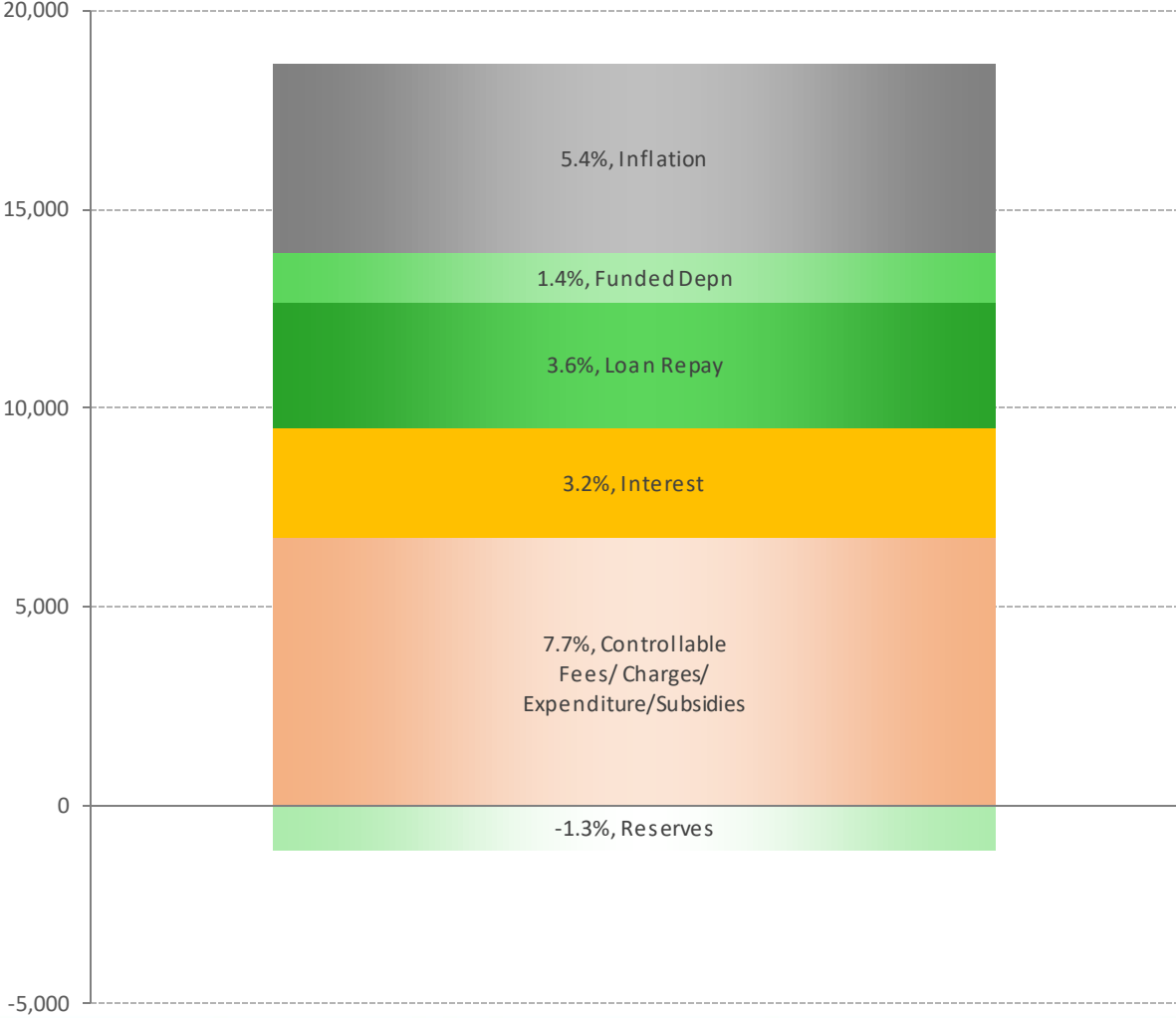
Financial Starting Point

Where we started a few weeks ago based on unverified numbers:

- \$89m to deliver the levels of service in 2022/2023
- rates revenue increase 20%
- capital programme – about \$90m – over debt cap. Includes non-debt funded capital.



Make up of Rates Increase

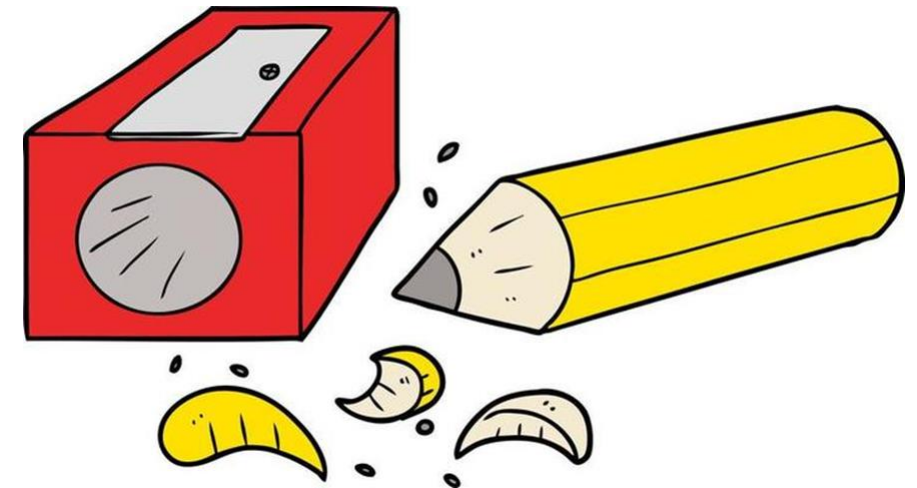


What have we done?

- Initial review and budget reductions –decrease, largely offset by other changes in the financial assumptions

What are we doing?

- Opex – re-set all budgets to 2022/2023 level
- A case to be made for any exceptions
- Subject to risk-based assessment
- Critical review of all new FTEs for the 2023/2024 year
- Capital programme re-set from zero
- Reviewing fees and charges



Three waters monitoring and oversight

- National transition unit will give consideration to the situation the Council faces for Annual Plan 2023/2024
- Aiming to avoid 'game playing'
- National transition unit has powers under Water Services Entity Bill
- Includes approving the Council's three waters decisions in the Annual Plan
- All **decisions** relating to or may affect the provision of water services – provide DIA information
- All **significant decisions** – need DIA confirmation in advance – otherwise void and of no effect



Timeline and Next Steps



Thriving and resilient Tasman communities



Annual Plan 2023/2024 Timeline

Sept /Oct 22	Oct-Feb 23	Mar 23	Apr 23	May 23	Jun 23
<ul style="list-style-type: none">• Budget input• Financial modelling	<ul style="list-style-type: none">• Workshops with Cllrs• Budget adjustments	<ul style="list-style-type: none">• Adopt consultation document	<ul style="list-style-type: none">• Consultation	<ul style="list-style-type: none">• Hearings• Deliberations	<ul style="list-style-type: none">• Adopt Annual Plan

Next Steps

December 2022 – February 2023	Continue work to develop programme and budget
8 February 2023	Council workshop – draft programme and budget
21 February 2023	Council workshop – draft programme and budget, direction on consultation
23 March 2023	Adopt consultation document and financials
29 March – 30 April 2023	Public consultation
16-17 May 2023	Hearings
30-31 May 2023	Deliberations
22 June 2023	Adopt Annual Plan