

WORKSHOP MATERIAL

Date of Release: Thursday, 27 April 2023

Workshop: Annual Plan - All Councillors

Date: Thursday, 23 February 2023

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Annual Plan 2023/2024

23 February 2023

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Workshop Purpose

Councillors to provide direction on the programme and rates revenue increase to include in the consultation document, keeping at the front of our minds...



Sustainability



Affordability



Future Proofing



Risk

Information Pre-circulated

- Recap of budget directions from 8 February workshop and impact of rates revenue increase
- Rates comparisons with other councils
- Responses to specific queries from the 8 February workshop.
- Information on the impact on individual rates and for example properties.
- Draft schedule of fees and charges for consultation
- Thinking about contents of the consultation document

Process for Today

Councillor direction on:

- Whether to sell any ETS credits
- To either confirm the proposed rates revenue rise for consultation or make further changes
- The fees and charges schedule for consultation
- The contents of the consultation document

BUDGET CHANGES MADE



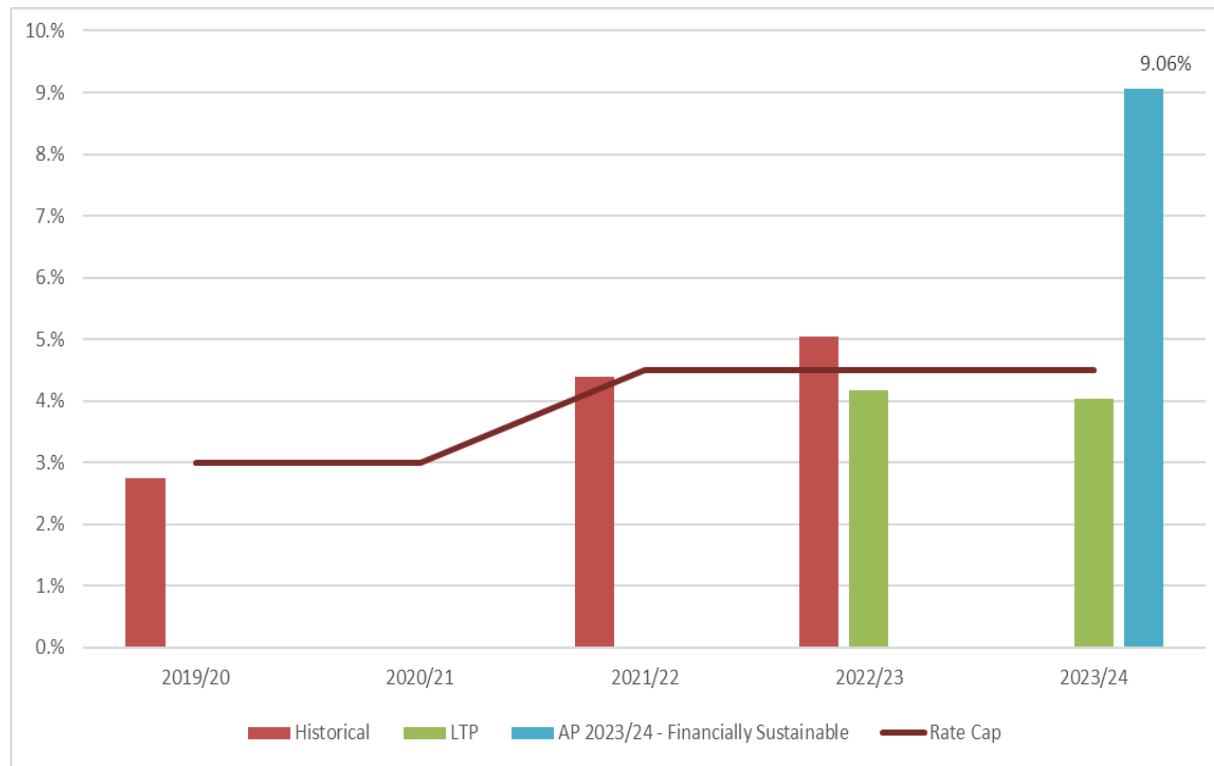
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Since 8 February Workshop

- Budget reductions supported by councillors (see list in pre-workshop material) have been made.
- Fees and charges revenue has been adjusted for the general 10% inflation adjustment
- The water loop has been run

Rates Impacts

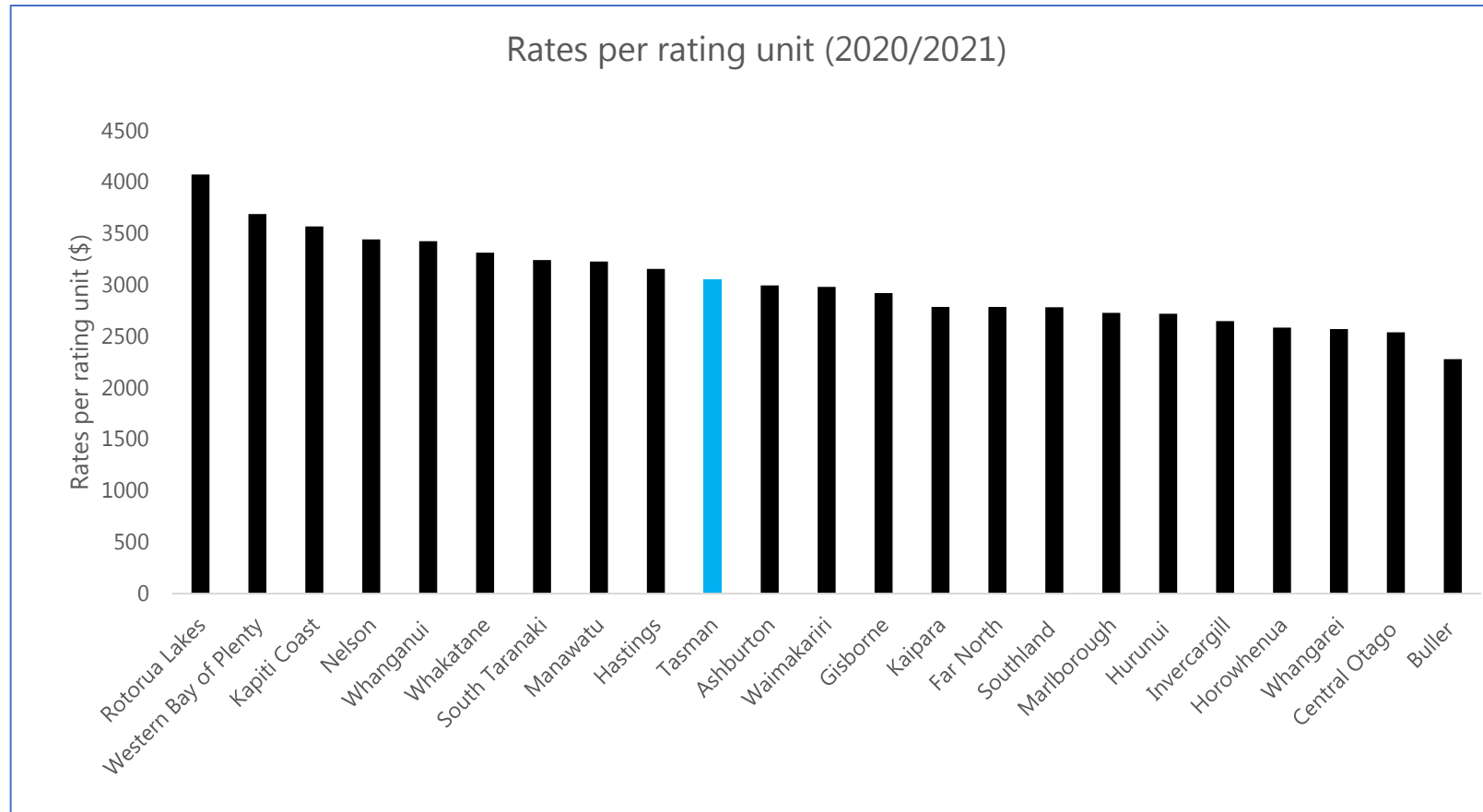


Commentary

The overall rate increase was 10.73%. It has now dropped to 9.06%. The only change outside Council direction at the 8 February workshop is the impact of calculating the Water loop.

No ETS credit sales are included in this figure.

RATES LEVEL COMPARISON WITH OTHER COUNCILS



Follow up to Queries



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Specific Queries from Last Workshop

Makeup of professional fees

Miscoding of operations budgets to consultancy - corrected

Growth Adjustor

Increased from 1.79% to 1.9%. Further review in April may result in slight increase.

Port and Airport Dividends

Unlikely that dividends can be increased without borrowing – not prudent

Joint Business Units' – Capital Programmes

NTRLBU – capital programme previously approved by both councils. Not yet finalised whether it can be reduced in 2023/2024.

NRSBU – pipelines project committed and important to reduce overflows at Beach Road.

Rates impacts



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Rates Impacts

Councillors' direction required – currently the rates increase is 9.1% without using ETS credits.

➤ **Are further changes required?**

The UAGC is set at \$290 and has stayed at this amount for a number of years. Increasing this means lower-value properties pay more of the general rates. Lowering has the opposite effect.

➤ **Is there any wish to change this?**

Note new debt level - just below the \$250m cap did not change as a result of directions from the 8 February workshop.

Rates Impacts – Representative Properties

Rates increases range from 5.51% to 15.69%

Top Five

+11.31%	Pastoral Farming	Upper Moutere
+11.93%	Horticultural	Hope in WCD EURA
+11.98%	Dairy Farm	Collingwood-Bainham
+13.01%	Utility	
+15.69%	Lifestyle	Wakefield, with 3m ³ /day restrictor, Eighty-Eight Valley Rural Water Supply

Rates Impacts – Representative Properties

Rates increases range from 5.51% to 15.69%

Bottom Five

+5.51%	Residential	Murchison, with 131m ³ of water, Urban Water Supply Metered Connections
+6.78%	Residential	Richmond (Waimea Village), with 29m ³ of water, Urban Water Supply Metered Connections
+6.97%	Lifestyle	Neudorf, with 2m ³ /day restrictor, Dovedale Rural Water Supply
+6.99%	Residential	Mapua, with 153m ³ of water, Urban Metered Water Supply
+7.20%	Residential	Brightwater, with 117m ³ of water, Urban Water Supply Metered Connections

ETS CREDITS

Unencumbered ETS credits could be sold to reduce the rates revenue requirement

One-off injection – makes next year's rates revenue challenge harder

Price of ETS credits is likely to increase in the future - we may have to purchase some then.

Retaining them provides a buffer against deficit

Using forestry income is an option but increases debt – already very close to debt cap

➤ **Councillors' direction required**

Fees and Charges



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Fees and Charges

10% inflation increase has been applied except in cases noted.

- Do you agree with the exceptions?
- Do you agree with the new charges or other changes?
- Is the draft schedule ready for consultation?

Consultation Document



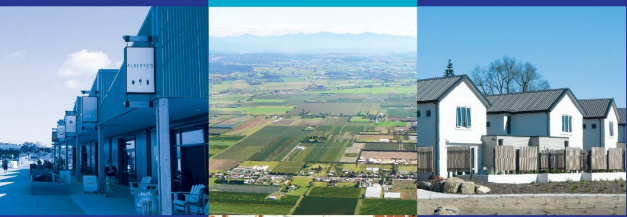
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Consultation Document

- Any feedback on the proposed content?





Timeline and Next Steps



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Next Steps

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