

# WORKSHOP MATERIAL

Workshop: Long Term Plan 2024-2024

Date: Wednesday, 22 May 2024

Item	Released Information
1.	Long Term Plan 2024-2034 22 May 2024 – PowerPoint Presentation



# LTP 2024-2034

22 May 2024

*Thriving and resilient Tasman communities*



# Purpose

- Update Council on Financial movements since workshop on 1 May
- To agree the starting financial position for the deliberation meetings
- Update Council on Audit NZ position
- Discuss any matters with Mayor and Councillors ahead of the deliberations meeting

# Deliberations Meeting

23 and 24 May – Council receives and makes decisions based on the reports on the agenda.



Between 24 May and 29 May – Staff run changes through the financial model



29 May – Staff provide details of financials and rates impact for the Council to confirm (or amend) earlier decisions.

# Changes post consultation

## Audit mis-statement requiring correction

- PwC Interest rates
- NZTA funding on 5 projects
- Revaluation timing

## Budget changes since consultation adoption

- Water operating changes
- Waimea Water Operating costs
- Funding the additional Waimea Dam costs \$15 million
- Building Assurance – impact of lower volumes
- Insurance Costs
- Phasing of some capital to accommodate forecast carry overs - \$7.5 million moved out of first three
- Misc costs

## End of 2023/2024 year-end financial position

- Deficit position \$6.5-8.3 million (NZTA Dependent)
- Carry overs

# Overall Impact

- Council consulted on a 9.6% rate revenue increase
- While the consultation process was occurring further changes were identified that raised the rate revenue increase to 12.2%
- An error was discovered around the impact of bringing forward the revaluation increase
- The decrease in funding for the Waimea Dam from \$15 million to \$10 million reduced rates revenue further
- Additional savings were found by rephrasing the DIP programme
- The current rates increase after the above has been applied is 11.5%
- At present Council stays within the proposed dynamic net debt cap of 150%. As previously reported a breach will most likely occur on 30 June 2024 on the current net debt cap of \$250 million.

# Building Control costs

- Need to maintain functional capability
- 3.5 FTEs surrendered



# Further Review of Capital Programme

- Vast majority is core
- Robust cost estimates in line with current tenders
- Development forecast to start improving in 2025
- 10% capex reduction for three waters already included
- Networks near capacity – long lead in times to address
- Already forecast to under-deliver on NPS UD obligations.
- Risk of frustrating development proposals, and undermining revenue
- Rescheduling of programme carried out
- Approx. \$1 million ‘must’ but not essential in any given year.
- Only some of this funded by rates
- Would reduce rates by <0.1% rates revenue.
- Speed management plan capex needed in Year 1.
- DIP rephased



# Property Sales



## Property Sales

- Impediments to selling some property quickly e.g. Public Works Act
- Wakatū protocol
- Full review of property holdings underway
- Recommend committing to selling \$500,000 in 2024/2025
- Use to offset debt

# Staffing and Consultancy

## Staffing

- FTEs in plan right-sized to deliver LOS
- Increase *vacancy lag* by \$250k by delaying some recruitment 3-9 months
- Delayed recruitment can result in pressures on staff and some delayed work or not progressing

## Consultancy

- Remove 3% inflationary adjustment in Year 1 - of which, \$280,000 rates funded
- Year 2 onwards reintroduce inflationary adjustment

# Fees and Charges

- General 10% adjustment for consultation
- Some negative reaction from submitters
- Post consultation costs fall more heavily in some activities – Building Control, Water Supply
- Building Control fees already substantially increased and towards top of equivalents with other councils
- Recommend increasing water charges for NCC and industrial users
- 5% increase to BeeCard bus fares (new)
- Do not recommend further general fee increase

# Development and Financial Contributions Policy

- Phasing in new charges – decline due to financial impact
- Confirm – change to small homes assessment, non-residential eligibility for special assessment
- Retirement village units assessed as 0.5 HUD but not specify an assessment rate for SW charges or aged care rooms, no change to transportation charges at 0.3 HUD
- Amend wording for Māori land – feedback from iwi, need to better understand the issue and implications
- Decline to change list of community housing providers
- Change to Wakefield stormwater map

# DC Charges

- Total charges for Waimea catchment now slightly lower: \$54,000 (compared with \$56,500 for consultation and current charges of \$38,000)
  - Similar to average highest charge for other councils
- Minimal change in total charges for Motueka and Golden Bay catchments

	Year 0	Years 1-3	Years 4-10
Budget DC Income	\$9.1M	\$12.5M p.a.	\$14.6M p.a.
<i>YTD Income</i>	<i>\$10M for 10 months</i>		
Forecast HUDS (residential and business)	467	439	485

# PT Changes

## Known Cost Increases

- PT cost indices higher than cost indices used in escalation estimate
- Overflow buses
- National ticketing
- Real time information
- Road User Charges

## Mitigation

- Increase fares
- Delay introduction of weekend services
- Review services in August after 1 year of operation

## Unknown Risks

- Extent of NZTA Funding
- PT Activity Class “severely oversubscribed”
- Reduced NZTA funding very likely

LTP year	TDC Overall shortfall with known
Year1 2024/25	\$ 40,000
Year2 2025/26	-\$ 43,000
Year3 2026/27	-\$ 135,000
Year4 2027/28	\$ 141,000
Year5 2028/29	\$ 106,000
Year6 2029/30	\$ 92,000
Year7 2030/31	\$ 243,000
Year8 2031/32	\$ 200,000
Year9 2032/33	\$ 178,000
Year10 2033/34	\$ 166,000


# River Changes

- Funding opportunity from central government to continue refurbishing stopbanks: Before the Deluge 2.0
- The Council submitted \$12.5 million of stopbank work as part of the industry-led funding proposal, awaiting budget decision from government
- The Council to cover 40% of project cost = \$5 million over three years
- Staff have developed a plan to redirect some rivers funding to cover part of the Council's 40% and are requesting additional capital budget to make up the rest
- Staff propose to cover additional loan servicing costs of new capex out of the rivers operational budgets for Years 1-3, to be reassessed at next LTP

Funding Source	Year 1 24/25 \$000's	Year 2 25/26 \$000's	Year 3 26/27 \$000's	Total
Redirected capex	1,000	600	600	2,200
New capex (request)	0	1,300	1,500	2,800
Total TDC Co-pay	1,000	1,900	2,100	5,000
Expected gov't funding	1,500	2,850	3,150	7,500
<i>Approx loan servicing</i>	<i>0</i>	<i>20.8</i>	<i>151.0</i>	<i>171.8</i>

# Funding Depreciation

- Increasing the period to fully fund by five years
- Extending further is not financially prudent



**Depreciation**  
*[ \ di-'prē-shē-,ā-shun ]*

An accounting method used to allocate the cost of a tangible or physical asset over its useful life.

Investopedia

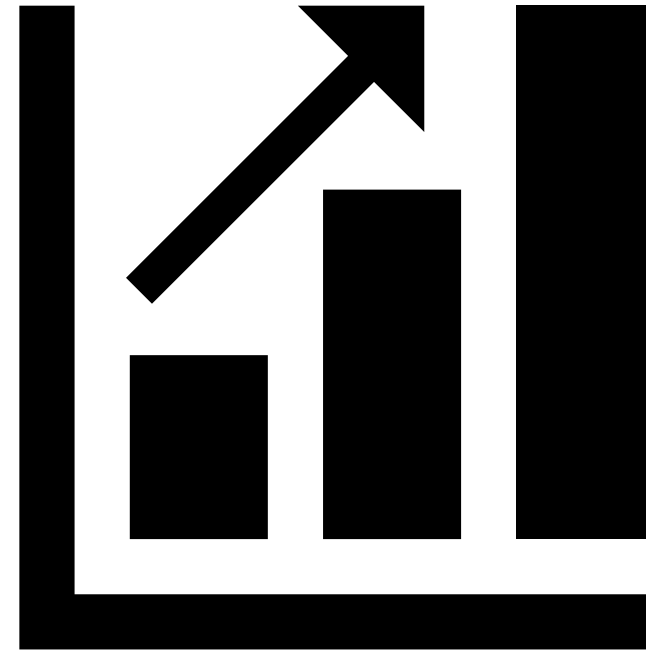


# Potential Financial Impact

Potential Change	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
Change in Transport Programme	18,103	-67,336	129,942	179,054	150,357	107,435	106,791	72,023	60,955	59,238
River Operating	0	-1	0	278,234	291,668	299,430	304,505	308,983	312,267	316,148
Funding depreciation	0	0	0	0	0	0	0	0	0	0
Remove Firewells	-55,892	-57,122	-58,436	-59,780	-61,095	-62,378	-63,625	-64,898	-66,131	-67,387
FTE Savings	-250,000									
Further Building Changes	0	0	0	0	0	0	0	0	0	0
Fees and Charges	-180,000	-185,220	-190,591	-196,119	-201,806	-207,658	-213,680	-219,877	-226,254	-232,815
Asset Sales	-275,000	-150,000	-75,000	0	0	0	0	0	0	0
Consultants	-275,000	-270,000	-270,000	-270,000	-270,000	-270,000	-270,000	-270,000	-270,000	-270,000
Loan Servicing	149	21,689	152,555	283,515	300,461	308,457	313,685	318,298	321,681	325,679
<b>Total Rates</b>	<b>-1,017,790</b>	<b>-729,679</b>	<b>-464,085</b>	<b>-68,610</b>	<b>-90,876</b>	<b>-133,171</b>	<b>-136,010</b>	<b>-173,769</b>	<b>-189,163</b>	<b>-194,816</b>
Consultation Rates	11.53%	7.14%	4.99%	4.13%	5.04%	4.00%	3.44%	4.49%	2.24%	3.19%
Rating Impact	-0.85%	0.35%	0.36%	0.42%	-0.02%	-0.04%	-0.01%	-0.03%	-0.01%	-0.01%
New Rates	10.68%	7.49%	5.35%	4.55%	5.02%	3.97%	3.43%	4.46%	2.23%	3.19%
<b>Net Debt</b>	<b>Yr 1</b>	<b>Yr 2</b>	<b>Yr 3</b>	<b>Yr 4</b>	<b>Yr 5</b>	<b>Yr 6</b>	<b>Yr 7</b>	<b>Yr 8</b>	<b>Yr 9</b>	<b>Yr 10</b>
River Capital	0	1,300,035	1,505,619	-151,267	-151,267	-151,267	-151,267	-151,267	-151,267	-151,267
Over 10 Years										1,746,783

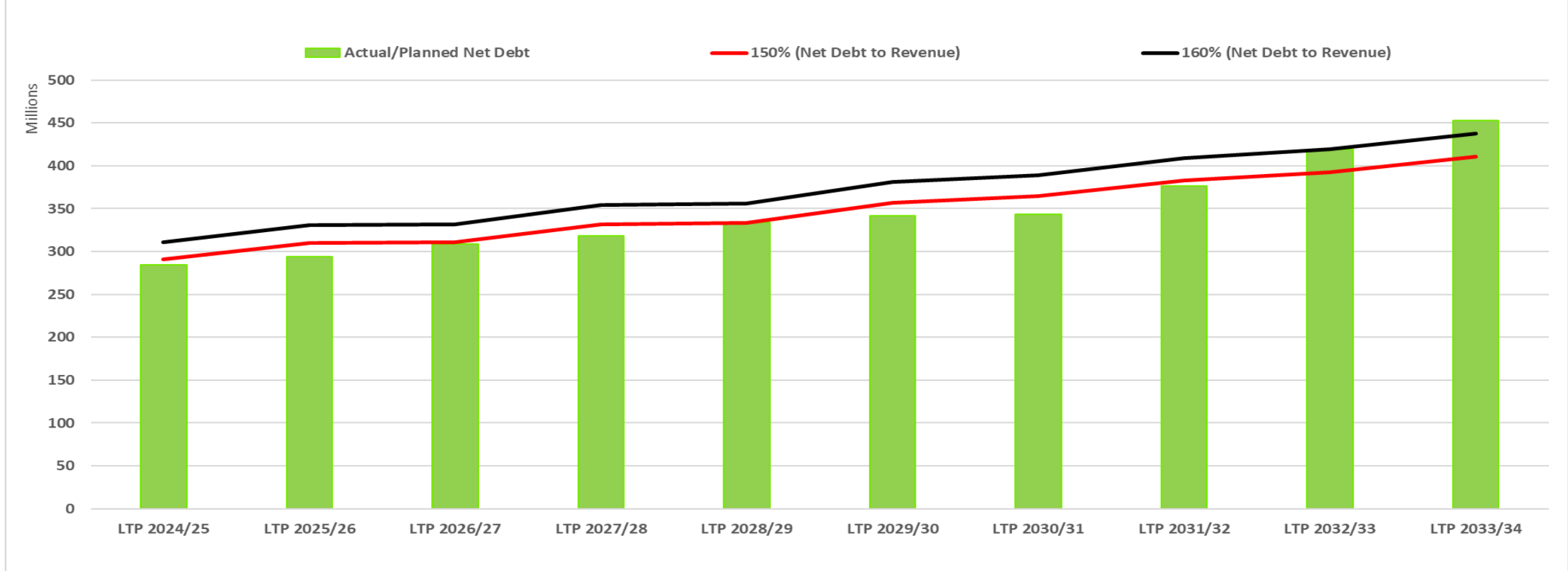
# Proposed New Dynamic Net Debt Cap

- At present Council stays within the proposed dynamic net debt cap of 150% except Years 9 & 10
- Breach likely to occur on 30 June 2024 on the current net debt cap of \$250 million
- Higher starting position
- Unexpected events



# Net Debt

Dynamic Net Debt Cap

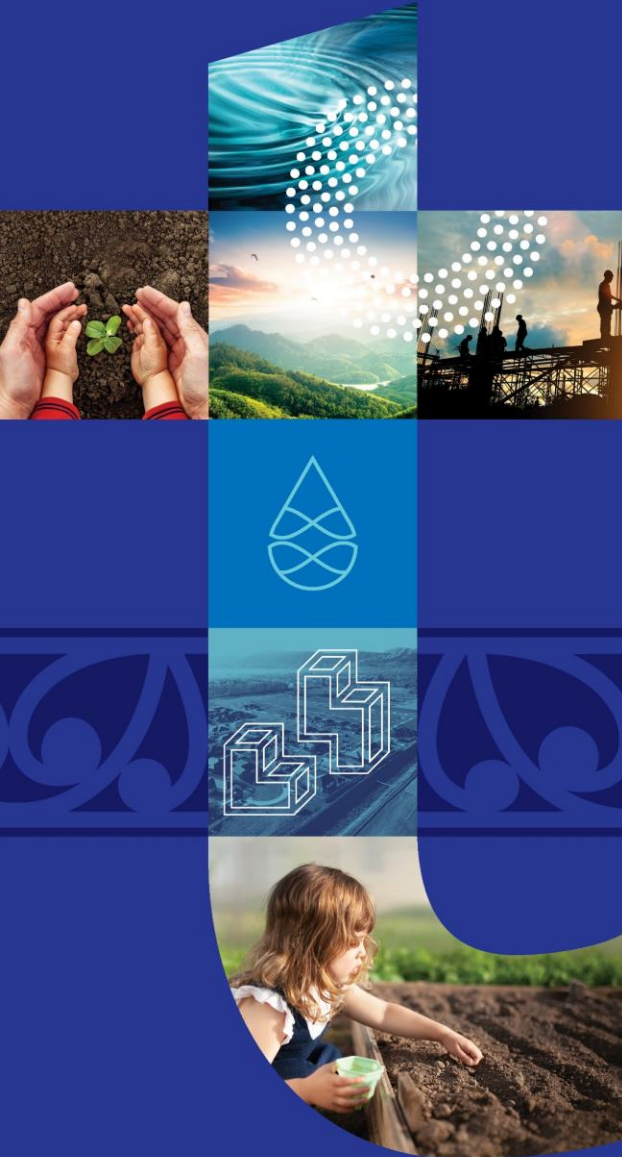


# Impact on Rates – Highest 5

- General rate 4.9%
- Motueka water 4.5%
- Urban water 5.0%
- Waimea Community Dam districtwide 19.0%
- Waimea Community Dam – ZOB 19.5%

All others declined because of interest savings.

# Other Matters



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# Change of Zone of Benefit

- A submitter requested a review of the ZOB rating map in their submission
- The Council has limited opportunity to change the map now but suggest a review in as part of the 2025/2026 plan
- Review would likely capture areas like Aporo Road and changes to supply in Wakefield
- Staff suggest a full review would need to be undertaken

# Any other matters ahead of the deliberations meeting

- Mayor and Councillors want to discuss with staff?
- Mayor and Councillors want to talk amongst themselves?



# What next?

Dates 2024	Topic
23, 24, 29 and 30 May	Deliberations
1–20 June	Prepare final document and audit
27 June	Adopt LTP