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Report 01.120

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Report to the Policy and Finance Committee
from Greg Schollum, Chief Financial Officer

Long-Term Financial Strategy 2000-2010:2001 Update (incorporating Council's 2001/02 Annual Plan)

1. Purpose

To summarise the outcome of the Committee reviews of operating plans and to obtain approval for the projected level of rates and levies over the years 2001/02 – 2009/2010 for inclusion in Council's updated Long-Term Financial Strategy (LTFS).

2. Background

Since 15 February when the Policy and Finance Committee considered the overall picture (refer report 01.66) for rates and levies, officers have presented to standing committees the major issues facing each division.

While there was a good level of discussion at all committee meetings there were only two areas of change requested to the figures as presented:

- Removal of the forestry dividend of \$150,000 in 2001/02 only (Utility Services)
- Addition of various kick start transport projects (impact in 2001/02 of \$1,062,000 in Regional rates)

These changes now mean the increase in Regional rates in 2001/02 is 4.5% (slightly lower than the 4.6% indicated at committee meetings as a result of the detailed calculations having been completed).

The water levy continues to be held at last year's level as a result of the committee review.

Approval is now needed by officers to enable the 2001/02 Annual Plan/Updated LTFS document to be prepared for the 22 March 2001 committee meeting.

3. Projected rates and levies

3.1 2001/02(year 1)

The overall level of rates and levies projected for the 2001/02 year is as follows:

Rates/Levies (excluding GST)

	2000/01 Budget \$000	2001/02 Budget \$000	Additional Funding \$000	% change
General rates	20,353	20,347	(6)	-
Transport rates	22,333	24,319	1,986	8.9%
River rates	2,286	2,460	174	7.6%
Stadium rates	2,676	2,676	-	-
Total Regional Rates	47,648	49,802	2,154	4.5%
Scheme rates	1,009	1,025	16	1.6%
Pest rates	583	583	-	-
Total Rates	49,240	51,410	2,170	4.4%
Bulk Water Levy	23,241	23,241	-	-
Total Community Charges	72,481	74,651	2,170	3.0%

Notes

1. Scheme and Pest rates are not finalised until June/July.
2. The allocation of rate collection costs may change slightly the percentage increases in General rates, Transport rates and River rates

Councillors will recall the increase in Regional rates for the 2001/02 year leading in to the committee round was 2% and the increase in Regional rates signalled in the LTFS in June 2000 was 4.4%.

If Councillors are keen to keep the rate increase below the 4.4% signalled in the LTFS the Committee may like to consider the following change:

⇒ Retaining the forestry dividend at \$150,000 in the 2001/02 year but reducing it in the 2000/01 year (the current year). Taking this action will reduce the projected rate increase in 2001/02 from 4.5% to 4.2%.

Officers had already decided that it would be prudent to recommend a reduction in the dividend in 2001/02 from \$300,000 to \$150,000, but this could be eliminated altogether in 2000/01. This would have the same net impact on forestry debt as the change proposed by the Utility Services Committee.

There is a precedent for “forgiving” the dividend in any given year with the Akura Nursery paying no dividend in the 1997/98 year (despite there being a dividend budgeted for that year).

3.2 **2002/03 – 2009/10 (years 2-9)**

The increases/decreases in regional rates across the remaining eight year period of the LTFS are included in **Attachment 1**. These are different to the figures presented in my report 01.66 (refer to **Attachment 2**) largely as a result of changes to the transport budget. The changes recommended by the Passenger Transport Committee have increased the Regional rate requirement in 2001/02 and 2002/03 while reducing it in 2003/04. The projected rate increases from 2004/05 onwards are largely as earlier indicated in report 01.66.

4. **Where to from here?**

In order to finalise the Proposed 2001/02 Annual Plan (within the updated LTFS) in time for the 22 March Policy and Finance Committee meeting, officers now need direction on the level of rates/levies as outlined in this report.

Approval is now sought to the figures contained in this report, including approval, or otherwise, of the suggested change to the forestry dividend.

5. **Communications**

It is expected that the results of the Committee’s decision will be communicated to the public.

6. **Recommendations**

That the Policy and Finance Committee:

- (1) *Receive the report and note its contents.*
- (2) *Recommend that the Council approve for inclusion in the Proposed 2001/02 Annual Plan (within the updated Long-Term Financial Strategy) the projected rates and levy figures included within this report (as may be amended).*

GREG SCHOLLUM
Chief Financial Officer

Attachment 1: Projected movements in Regional rates over 9 years. (post committee review)
Attachment 2: Projected movements in Regional rates over 9 years (pre committee review)