

9.2 Adoption of the 2022/23 Annual Plan

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Recommendation

1. That Council:
 - (a) Receives the annual plan feedback and considers officer comments provided on the feedback
 - (b) Authorises the Chief Executive and Acting Group Manager Commercial and Strategy to make any non-material changes to the Annual Plan 2022/23 prior to publication for example to improve readability.
 - (c) Adopts the Timaru District Council Annual Plan 2022/23, in accordance with Section 95 of the Local Government Act (LGA).
 - (d) Sets the Timaru District Council Fees and Charges 2022/23.

Purpose of Report

- 1 The purpose of this report is to adopt the Timaru District Council 2022/23 Annual Plan and set the fees and charges for 2022/23 and (attached).

Assessment of Significance

- 2 The adoption of the Annual Plan itself is deemed to be of low significance under Council's Significance and Engagement policy as there are no significant or material changes in the draft Annual Plan to what was signalled in Year two of the Long Term Plan 2021-31. There has been engagement with the community over the period 12 May – 9 June 2022 to highlight the key variations, project and plans in the draft Annual Plan.

Background

- 3 The Local Government Act 2002 requires Council to prepare and adopt an Annual Plan each financial year, the purpose of which is to:
 - (a) Contain the proposed annual budget and funding impact statement for 2022/23
 - (b) Identify any variations from the financial statements and funding impact statement contained in the Long Term Plan (LTP) 2021-31
 - (c) Provide integrated decision-making and coordination of the resources of the local authority
 - (d) Contribute to the accountability of the local authority to the community.
- 4 Council considered the draft Annual Plan 2022/23 work programme, budget and fees and charges on 12 April 2022, following which feedback was invited from the community.

- 5 The Plan must be adopted before the commencement of the year to which it relates.
- 6 Accordingly, the Annual Plan 2022/23 and the Fees and Charges for 2022/23 are presented for adoption, as attached.

Discussion

Community Feedback opportunity

- 7 An information publication highlighting key projects, explaining the main variations from the LTP and providing overall financial information was circulated to every household via the Courier Newspaper, and promoted on the Council website and via Facebook. Feedback was invited on:
 - (a) Do you think we are on the right track with our plans for 2022/23?
 - (b) Are there any big issues you think Council should be addressing?
 - (c) Are there any key projects or initiatives you believe Council should be considering?
 - (d) Are there things you think Council should be doing more or less of?
- 8 The feedback period was 12 May to 9 June 2022. A copy of the 11 responses received are attached. Summary officer comments on the feedback from the relevant Activity Manager are also attached.
- 9 The feedback was discussed by Councillors at an informal session on 14 June 2022. Six of those providing feedback took the opportunity to discuss their views with Councillors.
- 10 No material changes are proposed to the Annual Plan as a result of the feedback received.

Adjustments to draft annual plan and budget

- 11 The Annual Plan captures the prior decisions of Council in relation to the draft annual plan considered on 12 April 2022.
- 12 There is an additional proposal for \$20,000 following on from a community meeting in Pareora on 31 May 2022 attended by Cllr Parker and officers. It is proposed that Council provides \$20,000 to support some minor enhancement and beautification works in the township that may be identified in conjunction with Pareora community members. It is proposed that the funding for this comes from contestable funds that were established in the 2021/31 Long Term Plan for this purpose, ie \$100,000 for cycleways and walkways.
- 13 In addition, since the start of the community feedback process, there have been some changes of circumstances, and further information has become available on some 2022/23 planned projects, which will impact on their delivery.

Capital delivery

- 14 A list of the most significant changes to projects, including reasons is included below:

Project	Description	\$ Change	Reasons
CityHub Project	CityHub Strategy	+\$2,869,825 <i>(brought forward from 2023/24)</i>	Brought forward to enable the project to proceed at pace, while 2023/24 will be a comparatively dormant period of activity awaiting consultation results.

Project	Description	\$ Change	Reasons
Sophia Street Carpark	Waterproofing and structural repair	+\$180,000 <i>(reserve/NZTA funding)</i>	Following annual inspection it was identified that there was some work required to ensure ongoing safe use of the structure, this includes waterproofing and some crack repairs.
Public Alerting Siren System	Upgrade of civil defence sirens across the district	+\$450,000 <i>(\$35,000 rephased and \$280,000 brought forward from 2023/24 to 2024/26)</i>	Project scope revised and accelerated. Costs escalation due to freight.
Motor camps	Renewals	\$45,000 <i>(Rephased from 2021/22)</i>	Ongoing discussion with Winchester school to replace septic tank.
Property – EQ-prone buildings project	Completion of detailed seismic assessments	\$366,000 <i>(Rephased from 2021/22)</i>	Additional reports will be completed in the next four months.
Social housing	Social housing renewals and upgrades	\$202,000 <i>(Rephased from 2021/22)</i>	Supply delays due to COVID-19.
Fishing Huts	Water Treatment Rangitata Huts	\$50,000 <i>(Rephased from 2021/22)</i>	\$150k of the overall \$200k project was already re-budgeted from 2022 into 2023. This represents the whole project now being delayed until 2023.
District Council Building	Clock upgrade	\$90,000 <i>(Rephased from 2021/22)</i>	Clock repairs were previously in 2022 operating expenditure and have been re-budgeted into 2023 capital expenditure as fundamental changes are required to the inner workings of the clock (digital vs analogue).

- 15 Changes made to these projects will have no significant effect on rating for 2022/23. The Annual Plan has been adjusted to reflect these changes.
- 16 In total, the 2022/23 Annual Plan includes a capital investment of \$76.3M in 2022/23. This investment accounts for the 90% delivery assumption adopted as part of the Long Term Plan 2021-31 and Downlands at 82%.

Rates

- 17 The Annual Plan includes a rates requirement (excl. GST) to be levied of \$62.7M, this is as presented in the draft annual plan.

- 18 The proposed average rates increase to all existing ratepayers remain at 4.9% as forecasted in the 2021-31 Long Term Plan.

Revenue

- 19 Total operating revenue is \$101.9M. This is \$521,000 lower than that included in the Draft Annual Plan. The main revenue changes are:
- (a) Reduction in fees and charges of \$747,000. This is due to waste levy income reducing by \$810,000 (offset by reduction in expense of \$0.698M) and an increase in property revenue of \$64,000.
 - (b) Increase in finance revenue of \$226,000. Adjustments have been made to interest rate increases for CCO loans (Timaru District Holdings Limited and Downlands)

Operating Expenditure

- 20 The total operational expenditure of \$101.7M is \$503,000 below forecast in the draft Annual Plan. Key variances are due to:
- (a) Other expenses reducing by \$224,000. This is a combination of various increases and decreases offsetting each other, for example adjustments to overhead charges which are collected via rates and carry forward expenditure, including \$50,000 for rates review and \$75,000 for business process improvement.
 - (b) Finance costs are forecast to reduce by \$336,000 and depreciation and amortisation expense increased by \$57,000. These are mainly due to the proposed Annual Plan having movements in both the 2022 forecast as well as brought forward items from the 2023 year.

Fees and Charges

- 21 The schedule of fees and charges for 2022/23 includes mostly modest increases for a number of activities to reflect the costs associated with providing these services and facilities. These were highlighted through the Annual Plan community feedback opportunity. Any new fees apply from 1 July 2022.

Operating Surplus

- 22 The Annual Plan for 2022/23 shows an accounting surplus of \$241,000 before revaluations. This is a reduction of \$18,000 from the draft Annual Plan. In line with the LTP, Council is forecasting a balanced budget for 2022/23.

Options and Preferred Option

- 23 The following options are available to Council:
- (a) Set the Fees and Charges for 2022/23 and adopt the Annual Plan 2022/23 as presented (*Preferred option*).
 - (b) Do not set the Fees and Charges or adopt the Annual Plan due to requiring changes to either the financial statements, the setting of rates, or fees and charges.
- 24 The advantages of adopting the Annual Plan by 30 June 2022 avoids further complications that may arise due to setting the rates at a later date and delays in confirmation of the 2022/23 work programme.

- 25 Should the plan not be adopted at this point, there will be delays in setting the rates, application of fees and charges and implementation of the 2022/23 work programme.

Consultation

- 26 Section 95 of the LGA requires a local authority to consult in a manner that gives effect to the requirements of Section 82 of the Local Government Act before adopting an Annual Plan.
- 27 As there were no significant or material changes to Year two of the Long Term Plan 2021-31 Council chose not to formally consult with the community through use of a Consultation Document under Section 95A.

Relevant Legislation, Council Policy and Plans

- 28 Local Government Act 2002
- 29 Timaru District Council Long Term Plan 2021-31

Financial and Funding Implications

- 30 The cost of preparing the 2022/23 Annual Plan and the associated community engagement has been budgeted for.

Other Considerations

- 31 There are no other matters that require consideration.

Attachments

1. **Annual Plan 2022/23 Community Feedback**
2. **Annual Plan 2022/23 Community Feedback - Officer comments**
3. **Fees and Charges 2022/23**
4. **Timaru District Council Annual Plan 2022/23**