

**16.16 LONG TERM FINANCIAL PLAN****Author:** Director Corporate & Community Services**Authoriser:** Aaron Johansson, Chief Executive Officer**Attachments:** 1. Long Term Financial Plan (separately enclosed)

<b>Link to Community Strategic Plan:</b>	25. Our Civic Leadership CL1 Effect resourceful and respectful leadership and attentive representation of the community.
<b>Cost to Council:</b>	Nil
<b>Use of Reserve Funds:</b>	Not Applicable

**RECOMMENDATION**

That

1. The report of the Director Corporate & Community Services on the Long Term Financial Report be received.
2. The updated draft Long Term Financial Plan be adopted as presented with the changes noted in this report.
3. The Long Term Financial Plan be further reviewed as part of the 2024/25 budget preparations and following the outcome of Council's application to the Independent Pricing and Regulatory Pricing Tribunal.

**BACKGROUND**

At its meeting on 19 September 2023 as part of its resolution to go to public consultation on the Special Rate Variation (SRV), Council also resolved to place the revised Long Term Financial Plan (LTFP) on public exhibition. The exhibition period closed on 3 November 2023 at the same time the community consultation for the SRV ended.

**REPORT**

In the time since Council placed the LTFP on public exhibition a number of activities have been undertaken that has required an adjustment to the financial models contained within the draft LTFP including:

- End of year activities (including accruals and asset revaluations) in preparation for the external audit which at the time of this report being prepared was still ongoing, and
- Budget carry-overs and the September Quarterly Budget Review (QBR).
- Council's decision to make application for a SRV over 3-years rather than the 1 or 2 year options as presented in the draft LTFP.

The financial data in the financial modelling scenarios have been updated to reflect the final 2023 actual results, the current state of the 2023/24 budget following the QBR and also to present the alternative scenario following the 3-year SRV option selected by Council for application to the Independent Pricing and Regulatory Tribunal (IPART).

The major impact on the base scenario is in relation to depreciation. The amount of depreciation has again increased significantly following the revaluation process. The increased depreciation has been included across the 10 years of the model and this has had an impact on the general fund's operating results. Council's transport assets are due for revaluation during the current financial year and, combined with the asset condition review that will be undertaken on Council's road assets, the opportunity will be taken to review the useful lives of these assets to determine whether current depreciation levels are too high. Unfortunately, it is unlikely that this undertaking will have a significant impact on the current levels.

The base scenario has also been adjusted to incorporate the 4.5% rate peg recently announced by IPART.

As part of the community engagement for the SRV, submissions were received with specific reference to the LTFP. Issues identified in the submissions mainly centred on the variance between the 2023 actual figures contained within the LTFP and Council's draft Financial Statements and the level of grants contained within the forward years of the LTFP.

As previously mentioned, the attached LTFP has been updated to reflect the final 2023 actual results. Other than the depreciation result and the final cash and investment balances, this does not have an impact on the forward projections as contained within the LTFP as the projections are based upon the 2023/24 budget.

In relation to grants, Council staff have reviewed the forward projections and are comfortable with the amounts included. It should be noted that any expenditure required under the grant funds has also been excluded from the forward projections. If additional grant funding was to be included in the LTFP, expenditure (at least matching the grant funding) would also need to be included.

With the addition of the 3-year option, 4 scenarios are currently listed in the LTFP. Despite this, the financial models have only been included for the base scenario and scenario 4 as these are now the two most possible outcomes from the IPART process.