

# Part D: Related Documents

## Introduction

Section 122V of the Local Government Act 1974 specifies that every local authority must provide, in its Annual Report, sufficient information about its Long Term Financial Strategy, Funding Policy, Investment Policy and Borrowing Management Policy to enable an informed assessment of the extent to which the objectives and provisions of the strategy and policies have been met during that year. Hauraki District Council combines the Investment Policy and Borrowing Management Policy in the Treasury Policy.

Details of achievement against the objectives and policies determined in the Long Term Financial Strategy 2000-2010, Funding Policy 2000 and Treasury Policy 2000 are set out below:

## Long Term Financial Strategy (LTFS)

### Background

The Long Term Financial Strategy 2000-2010 as outlined in the Annual Plan 2002/2003 contains the Council's goals for the facilities and services it offers and a discussion on the issues associated with each activity. Other considerations are also contained which look at the wider, longer term aspects that may affect the facilities and services. The Council's proposed direction for each of the facilities and services are set out in the LTFS 2000/2010. The LTFS 2000/2010 is based on the understanding of needs as expressed through the Draft Asset Management Plans that existed at that time. The Council is continually reviewing the capital expenditure needs identified through the Asset Management process.

The general aim of the LTFS is to ensure that the Council has adequately considered and accounted for its future operations in accordance with the following six principles:

- Prudent management of Council activities in the interest of the District and its inhabitants.
- Adequate provision for expenditure needs of the Council.
- Adequate consideration and assessment of benefits and costs of different options.
- Lawful funding mechanisms that on reasonable grounds can be considered as appropriate.
- Maintaining prudent levels of debt in accordance with borrowing management policy.
- Operating revenue to cover all operating expenses.

The Annual Plan 2002/2003 was Year Three of the LTFS 2000/2010.

### Overall Results

There are a number of significant variations between this Annual Report and the LTFS 2000/2010. These are outlined below. The variations set out impacts on the Statement of Financial Position, the Statement of Financial Performance, the Statement of Cashflows and the Cost of Service Statements.

- In 2001/02 Council revalued its infrastructural assets. This increased Fixed Assets and General Equity by \$25 million. This was not forecast in the LTFS.
- A number of projects forecast in the LTFS for 2000/01, 2001/02 and 2002/03 have not been completed. Overall these had the effect of decreasing Fixed Assets by \$10 million, increasing Current Assets by \$7 million, and decreasing term debt by \$2 million.

- The major projects making up the difference are as follows:
- The LTFS provided for the majority of the development of the Pouarua/Maukoro Drainage Scheme to occur in 2001/02 (\$3.5 million). The timing and extent of the works is subject to the Resource Management Act Consenting process. Only a small amount of the work was undertaken during the year. This also meant Council did not recover \$1.2 million of Capital Contributions budgeted for in the LTFS.
- The actual life of the Waihi Refuse Tip has proved to be longer than forecast. This together with delays in obtaining closure consents on the Paeroa and Kaihere Refuse Tips has meant \$1.7 million of capital work has been able to be delayed.
- The expansion of the Waihi wastewater treatment plant (\$1.5 million), forecast to be carried out in 2002/03, has not yet been completed.
- The new Paeroa wastewater treatment plant was completed for \$1 million less than forecast.

## Funding Policy

### Background

The Funding Policy is designed to show, for the District as a whole, the mix of funding mechanisms required to meet the total funding requirements of the Council. To determine a 'fair and equitable' means of funding the expenditure needs of each of the significant activities Council followed a three step funding process. Step 1 is a benefit analysis where the beneficiaries of activities are identified. Step 2 is the identification of modification factors including fairness, equity and ability to pay. Step 3 determines the appropriate funding mechanisms to be used.

The table on the following page is a summary of the outcome of the District Funding Policy adopted by Council. The proposed 2002/03 funding is shown in parentheses, e.g. [%] where it differs from the final outcome. Separate rates shown in the table are rates levied for a specific purpose over a defined community or area of benefit.

### Overall Results

With the exception of items noted below, activities have been funded in accordance with the Funding Policy.

Variations between the Annual Report and the Funding Policy are as follows:

#### Community Boards and Drainage District Committees

Since the Funding Policy was adopted the Council no longer has Community Boards.

Activity (alphabetical)	Beneficiaries		Current and Future Funding				
	Public	Private	General Rates District	General Rates Ward (UAC)	Separate Rates	User Charges, Fees & Fines	External Subsidies
Beautification	95%	5%	100%				
Cemeteries	40%	60%	10%	28% [30%]		62% [70%]	
Civil Defence	100%	0%	100%				
Community Assistance	100%	0%		100%			
Drainage District Committees	100%	0%			100%		
Conservation Initiatives	100%	0%	100%				
Corporate Planning	100%	0%	100%				
District Council	100%	0%	100%				
District Plan	100%		100%				
District Promotions	100%	0%	100%				
Dog Control	20%	80%	20%[25%]			80%[75%]	
Drainage (Land)	15%	85%	15%		LV 60% Area 25%		
Economic Development	80%	20%	100%				
Environmental Services	35%	65%	50% [41%]			50% [59%]	
Footpaths	20%	80%		100%			
Hearings Committees	90%	10%	100%				
Iwi Liaison	100%	0%	100%				
Information Centres	80%	20%	30%[30%]	50% [60%]		20% [10%]	
Kerb & Channelling	20%	80%	[100%]	100%			
Non-Subsidised Roothing	20%	80%	100%				
Passive Reserves	100%	0%	100%				
Pensioner Housing	0%	100%				(Rental at 85% market value) = 100%	
Principal Reserves	50%	50%	50% [49%]	50% [49%]		[2%]	
Public Halls (Total) - Paeroa - Plains - Waihi	80%	20%		[84%] 84%, 58% 84%	Plains Hall Rate phased out	[16%] 16% 22% 16%	
Public Libraries	40%	60%	90% [91%]			10% [9%]	
Public Toilets	100%	0%	100%				
Public Transport	100%	0%	100%				
Refuse Collection	10%	90%			100%		
Refuse Disposal	10%	90%	75% [70%]			25% [30%]	
Resource Management	20%	80%	50% [62%]			50% [38%]	
Rural Fire Control	100%	0%	100%				
Sports Co-ordinator	80%	20%	100%				
Stock Control	20%	80%	100%				
Street Cleaning	50%	50%	33% [9%]	60% [81%]			7% [10%]
Subsidised Roothing	20%	80%	50%[47%]				50%[53%]
Swimming Pools	80%	20%		86%		14%	
Tourism Coromandel	40%	60%	100%				
Township Improvements	80%	20%			100%		
Urban Stormwater	85%	15%	15%	[35%]	85% [50%]		
Ward Reserves	20%	80%		100%			
Wastewater	90%	10%			100%		
Water Supply	90%	10%				100%	
Whiritoa Beach Care	40%	60%	100%				

# Treasury Policy

## Background

The Treasury Policy incorporates the Investment and Borrowing Policies. The Investment Policy sets the parameters within which investment activity can occur, approved organisations for investment, and the type of approved investment vehicles. The mix of investments between current and non-current is determined according to Council's working capital needs. The purpose of the borrowing policy is to ensure that Council's debt and its associated risks are maintained at prudent levels. It sets the parameters within which debt may be raised and the types of debt instruments available. Refer to the Annual Plan for an outline of the policy.

## Overall Results

There have been no significant variations or material departures from the Council's Borrowing and Investment Policy.