

The Financial Management Environment in 2008

28 April 2008

Today's Presentation

- A scene setter for the next two days
- **Where is the sector at?**
 - Where have we come from?
 - Leadership, Strategy, Consultation
- **What are the big issues?**
 - Policy reviews, Affordability, Sustainability
 - Rating enquiry
 - LTCCP development processes

Where were we – Where are we?

- We have moved a long way in recent years
- Result of changing legislation
 - Long Term Financial Strategy
 - Long Term Council Community Plans
- International Accounting Standards
- Community Outcomes
- Ratepayer knowledge and expectations

Leadership and Strategy

- Finance Managers must assume the leadership role
- What is your financial strategy for Council?
- Have you assessed levels of affordability?
- Do you believe that you have the appropriate funding tools?
- How scientific is our planning beyond the next three years?

Is the Sector Thinking?

- We have definitely got smarter, but are we smart enough?
- Compliance with section 101(3) could be a challenge based on our previous thinking.
- We need honest financial thinking
 - Realistic rating projections
 - Achievable levels of capital expenditure

Who are we listening to?

- Examine our consultation methods
 - Who is the future of our community?
 - What are their needs?
- Are we talking with our auditors?
- Future impact on our core business
- Economic development, health, education linkages to and measurement of community outcomes

(Don't be afraid to) Ask Your Councillors

- Where exactly do they see the District going over a period of time?
- Lock and load the answers (and their ownership)
- These are your future Annual Plan discussions
- Does the community understand our direction?
 - Sector responses to proposals, (“don't need it, can't afford it”).
 - We need the facilities to protect our future

What are the big issues?

- Adequate financial management policies
- LTCCP preparation processes
 - Affordability and Sustainability
- Evaluating our core business
- Rating Enquiry
- Transparency of process
- Rating Policy and Development Contribution challenges

Financial Management Policies

- How achievable are the targets under our current financial policies?
- How well understood are the policy objectives
 - Who pays what, when and why?
- How well do they link to future years?
- What is your policy review process
 - Who is involved, consultation process?

2009 LTCCP

- We are not starting with a blank sheet of paper, nor are we starting with a lack of knowledge on external drivers
- What direction is your LTCCP proposing for Council?
- What might we expect to see?
 - Realistic capital expenditure levels
 - Realistic rating revenue levels
 - Appropriate debt levels

2009 LTCCP

- Community Outcomes
 - How well were these established
- Are we thinking beyond 10 years
 - What is magical about 2019
- How well did we all perform against our 2006 – 2016 LTCCP's
- Remember that value of an unqualified audit report

Affordability and Sustainability

- How do we measure these criteria?
- How do we justify our policies?
- What is considered achievable?
- Effective assumptions and linkages to economic indicators
- What effective review processes do we have in place?

Core Business

- Realistically what is this?
- How often do we discuss the matter
 - Has it changed over time
- Aging populations have given us new sets of challenges and expectations
- Rural lifestylers' have greater expectations of service delivery
- Legislative impact, staff resources

Rating Enquiry

- What did we learn from the Enquiry?
- There were issues that we welcomed
 - Differentials, UAGC's, External Funding
- Long term planning needs improvement
 - Financial measures
 - Non Financial measures
- Highlighted that our financial management could be more transparent

Transparency

- Are our processes open and understood
- How appropriate is our consultation
- Who are we consulting with
- How accessible are our policies and documentation
- Are we developing industry standards that we can measure ourselves against?

Rating and D.C. Challenges

- Rating challenges are likely to be replaced with Development Contribution Policy challenges
- How robust are our policies
- How sound are our plans to spend contributions received
 - Each year we get closer to having to answer the question

Accounting Standards

- How has the transition to International Standards been met and understood
- Did they achieve any positive outcomes
- What is the impact of new accounting standards
 - What are the standards that we are currently having to consider?

.....and more

- These are but a few of the more obvious observations
 - (.....there are many more)
- There are varying degrees of priority
- Remember the knowledge that we have acquired and the lessons we have learned
- Be prepared to show leadership to your Council.