

GOVERNANCE, FINANCE AND PLANNING COMMITTEE

11 June 2015

- (b) Decrease the interest and depreciation expenditure budget in the 2015/16 year of the 2015-2025 Long-term Plan by \$210,000 to reflect that a higher level of capital expenditure is now forecast to be carried forward from 2014/15.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
CAPEX										
OPEX	(\$210k)									

- (c) Decrease the interest and depreciation budgets in the Long-term Plan to reflect the consequential impact on the 2014/15 carry-forward budget, of the previous Committee decision to remove Lombard Lane capital expenditure from the Long-term Plan.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
CAPEX										
OPEX	\$61k	(\$70k)								

- (d) Include provision in the 2016/17 year of the 2015-2025 Long-term Plan for capital expenditure on Lombard Lane of \$1.5 million.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
CAPEX		\$1,500k								
OPEX			\$45k	\$135k	\$150k	\$150k	\$150k	\$150k	\$150k	\$150k

- (e) Increase the expenditure in the 2015-2025 Long-term Plan to reflect the amended financial implementation plan for Our Natural Capital: Wellington's Biodiversity Strategy and Action Plan.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
CAPEX		\$35k	\$45k							
OPEX		\$292k	\$277k	\$362k	\$312k	\$297k	\$297k	\$312k	\$297k	\$297k

- (f) Note that the recommendations contained within this report will result in the rates increase (after growth) for 2015/16 decreasing from 5.1% to 4.9%. The average over the first 3 years will remain at 4.5% and the average over 10 years 3.8%.

- (g) Note that if changes are made to the final 2015-2025 Long-term Plan that impact on the 2015/16 rates requirement, when it is considered by Council on 24 June a further Council meeting will most likely be required to give affect to such changes and adopt the rates resolution.

Discussion

6. As a result of the decision of the Local Government Commission not to proceed with an amalgamation proposal for Wellington (as announced on 10 June) funding of \$195,000 for a poll on this matter, included in the 2015/16 budget agreed by this Committee at its meeting of 26 - 28 May 2015, is no longer required. I propose that the Committee agree to recommend to Council to remove this budget from the 2015-2025 Long-term Plan.
 7. Since the meeting of this Committee on 26 - 28 May, officers have revised upward the forecast for capital expenditure to be carried forward from the 2014/15 year. This change reduces the budget requirement for depreciation and interest expenditure in the 2015/16 year. Accordingly I propose that the Committee agree to recommend to Council that it reduce the budgeted 2015/16 rates requirement included in the 2015-25 Long-term Plan by \$210,000.
 8. At its meeting of 26 – 28 May the Committee agreed to remove the 2015/16 capital expenditure budget for Lombard Lane from the 2015/16 Long-term Plan recommended to Council. A follow-on implication of this decision was that the associated 2014/15 budget would not be carried forward. This results in a decrease in the budget requirement for depreciation and interest expenditure in 2015/16 and subsequent years. Accordingly I proposed that the Committee agree to recommend to Council that it reduce the budgeted 2015/16 rates requirement included in the 2015-25 Long-term Plan by \$67,000 and by \$71,000 in each subsequent year of the Plan.
 9. The impact of the changes discussed in paragraphs 7 – 9 above reduces the 2015/16 after growth rates increase from 5.1% to 4.9%.
 10. By the Committee recommending these changes to the Council, officers will be in a position to reflect them in the 2015-2025 Long-term Plan and Rates Resolution to be considered by Council on 24 June.
 11. It is important that Councillors note that any amendments made to the 2015/16 rates requirement at the 24 June Council meeting will require a subsequent meeting of Council to adopt the 2015/16 Rates Resolution at a date between 25 and 30 June.
 12. As a result of further information in relation to the proposed upgrade of Lombard Lane I propose that the Committee agree to recommend to Council the reinstatement of a capital budget of \$1.5 million for this project to be included in year 2 of the 2015-2025 Long-term Plan.
 13. At its meeting of 4 June 2015 the Environment Committee resolved to recommend to Council that the financial implementation plan for Our Natural Capital: Wellington's Biodiversity Strategy and Action Plan (tabled at that meeting) be adopted and recommended to Council for inclusion in Council's 2015-2025 Long-term Plan.
 14. There have been some subsequent refinements to the financial implementation plan that need to be before Council. Officers require clarification of the specific financial impacts of this recommendation to be affirmed by the Governance, Finance and Planning Committee so that the impacts can be incorporated in the Long-term Plan to be considered by Council on 24 June.
 15. At the same time I am cognisant of wanting to keep the average rates increase within the first three years of the LTP within 4.5%, as per the Financial Strategy. Accordingly I propose that the Committee recommend to Council that additional funding for Our Natural Capital: Wellington's Biodiversity Strategy and Action Plan be included in the
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Absolutely Positively
Wellington City Council
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2015-2025 Long-term Plan but capped at a level that enables the Council to remain within its Financial Strategy rates limits.

16. The net impact of the changes recommended within this paper is an average year on year rates increase of 4.5% over the first three years and 3.8% across the 10 years of the 2015-2025 Long-term Plan.

Attachments

Nil

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