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**REPORT 10**  
*(1215/11/IM)*

## **REPORT OF THE STRATEGY AND POLICY COMMITTEE MEETING TUESDAY 1 JUNE 2010: RECOMMENDED ADOPTION OF THE 2010/11 ANNUAL PLAN**

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### **1. Purpose of Report**

This report provides for the adoption of the 2010/11 annual plan in line with the decisions of the Strategy and Policy Committee meeting of 1 June 2010.

This report consolidates the recommendations made at that meeting to allow these to be considered as a coherent package<sup>1</sup>.

The Council is required to adopt the 2010/11 annual plan by 30 June 2010.

### **2. Recommendations**

It is recommended that Council:

1. *Receive the information.*
2. *Note that the 2010/11 draft annual plan was consulted on using the special consultative procedure from 9 April to 10 May 2010.*
3. *Note that the Strategy and Policy Committee considered the issues raised in written and oral submissions at its meeting of 1 June 2010.*
4. *Note that the 2010/11 annual plan has been prepared based on the decisions and recommendations of the Strategy and Policy Committee meeting of 1 June 2010.*
5. *Agree the project and programme budgets (attached as appendix two) and note that these are reflected in the activity budgets provided in the 2010/11 annual plan.*
6. *Agree that, having regard to the requirements of section 100 of the Local Government Act 2002, the Council's forecasting assumptions and Revenue and Financing Policy, it is not financially prudent to set a level of operating revenue that meets the projected operating expenses of Council.*

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<sup>1</sup> The financial information in the recommendations provided in this report have also been updated to reflect the final position agreed by the Strategy and Policy Committee of 1 June 2010.

7. *Agree that for 2010/11 it is financially prudent to forecast a surplus of \$48.989 million comprising:*
  - (a) *Unfunded depreciation on the following assets:*
    - (i) *Clearwater Sewerage Treatment Plant (\$2.768m)*
    - (ii) *The building that housed the Living Earth Joint Venture Plant (\$0.187m)*
    - (iii) *Transport assets (\$7.776m).*
  - (b) *Revenue received for capital purposes:*
    - (i) *NZTA capital subsidies (\$13.075m)*
    - (ii) *Housing capital grant and ring-fenced surplus (\$38.147m)*
    - (iii) *Development contributions (\$7.065 m)*
    - (iv) *Bequests, trusts and other external funding (\$0.490m).*
  - (c) *Self-insurance reserve (\$0.5m).*
  - (d) *Unrealised fair value adjustments for loans and receivables (\$0.443).*
8. *Agree new borrowings of up to \$78.3 million to fund capital expenditure (including forecast carried forward capital expenditure) and loans for the 2010/11 year.*
9. *Agree that the general rate differential for 2010/11 be set at a level where commercial, industrial and business properties pay 3.1 times the amount of general rate per dollar of capital value than properties incorporated in the Base (residential) differential.*
10. *Agree that fees, user charges and rates will be adjusted to reflect the increase in Goods and Services Tax (GST) on 1 October 2010 from 12.5% to 15% GST, except metered parking charges (to remain at \$4/hr) and library fees. Note some variations to the 2.5% GST adjustment may occur due to rounding.*
11. *Agree to increase the following library fees to compensate for the increase in cost of (libraries) GST as follows:*
  - (a) *increase adult overdue fees from 60c to 80c per day*
  - (b) *increase children's DVD rental fees from 50c to 80c.*
12. *Adopt the 2010/11 annual plan (as attached in appendix one).*
13. *Delegate to the Chief Executive the authority to reflect any changes in the 2010/11 annual plan that may arise from decisions on other reports being considered at this Council meeting, and any other minor editorial changes that may arise as part of the publication process.*

### **3. Background**

The 2010/11 annual plan outlines Council's programme of work for year two of the long-term plan. It describes the activities and the services that will be delivered for that year, the cost of providing them, and how the Council intends to measure progress towards delivering these activities and services.

The purpose of the annual plan is to:

- support the long-term plan in providing integrated decision-making and the coordination of Council resources
- extend the opportunity for public participation in the decision-making process
- contribute to Council's accountability to the community
- detail the annual budget and funding impact statement
- identify any variances from the long-term plan for that year.

#### **3.1 The process**

The Council's 2010/11 annual plan is provided for adoption in line with the Local Government Act 2002. This follows:

- preparation, consultation and adoption of the 2009-19 long-term plan
- deliberations and adoption of the statement of proposal (the 2010/11 draft annual plan), and drafts of the Climate Change Action Plan and Community facilities Policy in March 2010
- a special consultative procedure in April and May 2010
- associated hearings
- Strategy and Policy Committee deliberations on the consultation results and consideration of recommendations/decisions on the annual plan.

#### **3.2 Changes from the draft plan**

A total of 487 submissions were received during a month long consultation period and over eighty submitters presented in person to the Annual Plan Hearings Subcommittee<sup>2</sup>.

The majority of comments received were in support of Council's plans for the year ahead, some felt they did not go far enough in some areas (ie Council's response to climate change, funding support to upgrade school pools), while others commented on our business-as-usual work, raised operational matters or funding requests.

The Strategy and Policy Committee meeting of 1 June 2010 deliberated on community feedback and made a number of changes. The changes from the draft plan are highlighted below and in more detail in the front section of the 2010/11 annual plan. They include:

- An increase to the school partnership fund to upgrade school pools where this will improve public access to learn-to swim programmes or aquatic sports.

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<sup>2</sup> The 2010/11 draft Annual Plan, draft Community Facilities Policy and draft Climate Change Action Plan were consulted on concurrently.

- Bringing forward work on how the Council can best meet demand for aquatic space in the future. The work will inform the 2011/12 draft annual plan.
- Deferring funding allocated for Churton Park community space improvements for one year to better align with Churton Park centre and school developments. Funding was set aside to facilitate awareness of the progress of development on the new school, link road, and commercial centre.
- Minor changes to some of the climate change initiatives to ensure they better align with the work programmes of Council's partners.
- Additional funding to Wellington Zoo to ensure they can retain experienced and qualified zoo staff.
- Additional funding to insulate the floor of the Aro Valley Community Centre.
- Additional funding for a safety upgrade of the park on the corner of Riddiford and Constable Streets in Newtown.
- Funding to implement the liquor control bylaw, if approved.
- Changes to the housing upgrade programme (in the out-years) following a review.
- Additional funding to cover the costs of the legal fees that were incurred from successfully defending the Golden Mile project in the courts.
- Additional wording that explains the Council's new approach to recycling.
- Minor changes to some performance measures to reflect latest data, and wording changes to text of some activities where these provide context and detail without adversely adding to the length and readability of the activity and overall document.
- Updated funding and financial statements to reflect the final budgets.
- Changing the average real rates increase from 2.88 percent to 3.13 percent to reflect the above.

*Other changes:*

As a result of the government changing Goods and Services Tax (GST) from 12.5% to 15% (effective 1 October 2010), the Council is required to change the GST component of rates, fees and user charges to maintain the planned level of expenditure for 2010/11.

While most rates, fees and charges can be increased to reflect the GST increase from 1 October 2010, in the following two situations it is found not to be practical and the following is recommended<sup>3</sup>:

- Library fees –increase prices on Adult overdue fees/fines (60c to 80c) and increase Children's DVD charges (50c to 80c) to compensate for the GST increase

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<sup>3</sup> It is not recommended all library fees/fines be increased as this often equates to very small amounts which would then be rounded down.

- **Metered Parking Fees.** The ability to make the necessary changes by 1 October 2010 would be difficult. It is envisaged that any parking fee increase will occur in the 2011/12 financial year.

#### **4. Conclusion**

Following an extensive process the Council is asked to adopt the 2010/11 annual plan.

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