
REPORT 3
(1215/11/IM)

STRATEGY AND POLICY COMMITTEE MEETING OF TUESDAY 6 MARCH 2012

- **2012-22 DRAFT LONG TERM PLAN - STATEMENT
OF PROPOSAL FOR ADOPTION**
-

1. Purpose of Report

This report provides for the adoption of the 2012-22 draft long term plan statement of proposal, including Audit New Zealand's report.

It consolidates the committee's resolutions from reports 1-6 of the Strategy and Policy Committee meeting 6 March 2012.

2. Executive Summary

The Council is required to adopt a long-term plan by 30 June 2012. The special consultative procedure must be used to adopt the plan. This requires the adoption and public consultation on a statement of proposal – a draft of the long-term plan

The process for preparing the draft long-term plan has been extensive. It has included:

- Development a new vision and strategy for the city – *Towards 2040: Smart Capital vision*
- Early engagement on the strategy, and the four outcomes: eco-city, connected city, people-centred city, dynamic central city
- a range of councillor workshops to review levels of service options, priorities and key elements of the Financial Strategy
- the work of the Funding and Activity Review Working Party on financial policies, performance measures and asset management plans

The above work has informed the draft long-term plan deliberations of the Strategy and Policy Committee on 6 March 2012.

The auditors have completed their review, and will issue their audit opinion at Council. The Council is now required to formally adopt the audited draft long-term plan. Once adopted, the document will be published and released for consultation from 16 April to 18 May 2012.

3. Recommendations

It is recommended that the Council:

1. *Receive the information.*
2. *Note that the 2012-22 draft long-term plan statement of proposal has been prepared to reflect the decisions made at the Strategy and Policy Committee meeting of 6 March 2012.*
3. *Agree that having due regard to the requirements of section 100 of the Local Government Act 2002, the Council's Financial Strategy, significant forecasting assumptions and the Revenue and Financing Policy it is financially prudent not to set a level of operating revenue that meets the projected operating expenses of Council.*
4. *Agree that for 2012/13 it is financially prudent to forecast a surplus of \$37.677m, comprising:*

Unfunded depreciation totalling (\$11.211m) on the following assets:

- (a) *Clearwater Sewerage Treatment Plant (\$3.325m)*
- (b) *Discontinued Living Earth Plant (\$0.221m)*
- (c) *Transport Assets (\$7.665m)*

Revenue received for capital purposes:

- (a) *NZTA capital funding (\$9.184m)*
- (b) *Housing capital grant and ring-fenced surplus (\$29.530m)*
- (c) *Development contributions (\$5.0m)*
- (d) *Bequests, trust and other external funding (\$0.535m)*

Self Insurance Reserve (\$0.750m)

Weathertightness funding (\$3.331m)

Unrealised fair value adjustment for loans and receivables (\$0.552m)

5. *Adopt the 2012-22 draft long-term plan statement of proposal (attached as appendix one) and the summary of the statement of proposal (attached as appendix two) including:*
 - *Community outcomes and three year priorities*
 - *Groups of activities: activity statements on the intended levels of service for activities grouped by strategic area*
 - *Outcome indicators and performance measures*
 - *An outline of the steps the Council intends taking to develop Maori capacity to contribute to decision-making processes*
 - *A schedule covering the nature and scope of the activities of the Council's council-controlled organisations*
 - *A schedule of proposed changes to fees and charges*
 - *A statement of proposal on the establishment of a Regional Amenities Fund*

- *Financial Strategy*
 - *Forecast Financial Statements*
 - *Funding Impact Statement*
 - *Statement concerning the balancing of the budget*
 - *Funding and Financial Policies (Revenue and Financing Policy, Investment and Liability Management policy, Rates Remission Policy, Rates Postponement Policy)*
 - *Statement of Significant Forecasting Assumptions*
 - *Significance Policy.*
6. *Delegate to the Chief Executive and the Mayor the authority to make any editorial changes that may arise as part of the publication process.*
 7. *Agree that the statement of proposal and summary will form the basis of the special consultative procedure on the 2012-22 draft long-term plan that will run from 16 April 2012 to 18 May 2012.*

4. Background

The Council is required to adopt its long-term plan by 30 June 2012. The special consultative procedure must be used to adopt the plan.

The purpose of the long-term plan is to provide a collection of statements that describe the level of service for each of the Council's activities for the next three years. These are set in the context of the community's long term aspirations, the Council's priorities and budgetary projections. They are underpinned by a collection of funding and financial policies.

Legislation also requires the draft long-term plan to be audited and that it contain a report from the auditor on:

- The extent to which the statement complies with the requirements of the Act
- The quality of the information and assumptions underlying the forecast information provided in the statement
- The extent to which the forecast information and proposed performance measures will provide an appropriate framework for the meaningful assessment of the actual levels of service provision.

5. Discussion

Statement of proposal and consultation

The draft long-term plan statement of proposal and summary has been prepared/updated to reflect:

- Decisions (and feedback) made at the 6 March 2012 Strategy and Policy Committee
- Changes requested by Audit New Zealand during completion of the audit
- Minor editorial changes.

Questionnaire/submission form

The draft long-term plan and summary will include a questionnaire/submission form. It is currently in development. The questionnaire/submission form will

focus on the key issues, their relative importance and priority and the ability for ‘trade-off’ discussions will be incorporated into the design.

6. Conclusion

Following an extensive process the Council is asked to adopt the draft long-term plan including a report from its auditor.

Contact Officers: Baz Kaufman – Senior Strategic Analyst, Martin Read – Manager Financial Planning, Martin Rodgers - Senior Strategic Analyst and Jacinta Straker – Principal Analyst