



REPORT 3

**REPORT OF THE GOVERNANCE, FINANCE AND
PLANNING COMMITTEE MEETING TUESDAY 15 APRIL
2014: RECOMMENDED ADOPTION OF THE 2014/15
ANNUAL PLAN AND AMENDMENTS TO THE RATES
REMISSION POLICY**

1. Purpose of Report

The Council is required to prepare and adopt the 2014/15 Annual Plan by 30 June 2014.

This report provides for the adoption of the 2014/15 Annual Plan and other recommendations from the decisions of the Governance, Finance and Planning Committee meeting of 15 April 2014.

2. Recommendations

It is recommended that Council:

1. *Receive the information.*
2. *Note that the 2014/15 draft Annual Plan, Rating Remissions Policy and Development Contributions Policy was consulted on using the special consultative procedure from 11 February to 11 March 2014.*
3. *Note that the Governance, Finance and Planning Committee considered the issues raised in written and oral submissions at its meeting of 15 April 2014.*
4. *Note that the 2014/15 Annual Plan has been prepared based on the decisions and recommendations of the Governance, Finance and Planning Committee meeting of 15 April 2014.*
5. *Agree to amend the Rates Remission Policy to provide for:*
 - a. *Partial remission of rates for buildings where remedial works result in their removal from the Earthquake Prone Building List*
 - b. *Remission of sector based targeted rates on property under development, including property undertaking earthquake strengthening, where these works preclude occupancy of the building.*

6. *Note the project and programme budgets (attached as appendix one) have been updated from those adopted at the Governance, Finance and Planning Committee on 15 April 2014 to reflect the re-allocation of overhead costs, due to the in-sourcing of parking services and Wellington Waterfront activities.*
7. *Agree that having due regard to the requirements of section 100 of the Local Government Act 2002, the Council's Financial Strategy 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, due to the items outlined in 8 below*
8. *Agree that for 2014/15 it is financially prudent to forecast a surplus of \$26.385m, comprising:*

	Annual Plan 2014/15
EXPENDITURE NOT FUNDED UNDER SECTION 100 OF LGA	\$000
NZTA Transport funded projects	(7,860)
General	(4,000)
Clearwater sewerage treatment plant	(3,226)
Decommissioned Living Earth joint venture plant	(235)
Wellington Waterfront Limited Depreciation	(4,294)
TOTAL EXPENDITURE NOT FUNDED UNDER SECTION 100 OF LGA	(19,615)
REVENUE RECEIVED FOR CAPITAL PURPOSES	
NZTA capital funding	11,194
Housing ring-fenced surplus	(3,378)
Housing grant	32,036
Development contributions	2,000
Bequests, trust and other external funding	749
TOTAL REVENUE RECEIVED FOR CAPITAL PURPOSES	42,601
ITEMS FUNDED FROM PRIOR YEAR SURPLUSES	
Wellington Waterfront Limited interest	(559)
Economic Development Fund	(3,554)
TOTAL ITEMS FUNDED FROM PRIOR YEAR SURPLUS	(4,113)
ADDITIONAL ITEMS	
Self-insurance	750
Weathertight Homes funding	6,662
Waste minimisation activity	124
Reserves purchases and development fund	(24)
TOTAL ADDITIONAL ITEMS	7,512
TOTAL SURPLUS	26,385

9. *Agree new borrowings of up to \$47.464 million to fund capital expenditure (including forecast carried forward capital expenditure) and loans for the 2014/15 year.*

10. *Agree that the general rate differential for 2014/15 be set at a level where commercial, industrial and business properties pay 2.8 times the amount of general rate per dollar of capital value than properties incorporated in the Base (residential) differential which is consistent with the Long-term Plan.*
11. *Agree to include in the 2014/15 Annual Plan a targeted rate totalling \$80,000 to be applied to the commercial rated properties in the Miramar Business Improvement District Area.*
12. *Note that the rates for the year commencing on 1 July 2014 and concluding on 30 June 2015 need to be set by Council in accordance section 23 and 24 of the Local Government Rating Act, at the Council meeting of 18 June 2014.*
13. *Adopt the 2014/15 Annual Plan (as attached in appendix two).*
14. *Delegate to the Chief Executive and the Mayor the authority to make editorial changes that arise as part of the publication process, changes to give effect to decisions made at this Council meeting of 7 May 2014, and to include the rates information to be resolved by Council at the meeting on 18 June 2014*

3. Background

The 2014/15 Annual Plan describes the third year of the Council's 2012-22 Long-term Plan. It describes the activities and the services it will deliver for that year, the cost of providing them, and how Council intends to measure progress towards delivering its activities and services.

The purpose of the annual plan process 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 and consider the community's views on any variances from the Long-term Plan for that year.

3.1 The process

The Council's 2014/15 Annual Plan is provided for adoption in line with the Local Government Act 2002. This follows:

- preparation, consultation and adoption of the 2012-22 Long-term plan
- the adoption of a statement of proposal (the 2014/15 Draft Annual Plan) in December 2013
- a special consultative procedure in February and March 2014
- associated hearings
- Governance, Finance and Planning Committee deliberations on the consultation results and consideration of recommendations/decisions on the Annual Plan.

3.2 Changes from the Draft Annual Plan

We received 633 written submissions, considered the views of 258 people who completed an on-line survey and 196 members of Council's *Our Capital Voice*

panel. We also heard directly from 94 submitters as part of our hearings process.

The Governance, Finance and Planning Committee meeting of 15 April 2014 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 2014/15 Annual Plan. They include:

- bringing forward the upgrade of the community playground at Makara School from 2016/17 to 2014/15
- providing funding for the ongoing maintenance of the National Memorial Park
- extending the funding period to provide free wi-fi in the central city
- redirecting a portion of our planned increased contribution to the Regional Amenities Fund to our Economic Development Fund
- funding preliminary design and other work on a new library in Johnsonville
- additional funding for the city-wide volunteer graffiti eradication programme
- reinstate funding for phase two of the Kilbirnie Town Centre upgrade (public space improvements at Coutts Street and Onepu Road corner)
- defer a commitment to public space improvements around Lombard Lane, Denton Park and part of Bond Street to next year's plan
- provision of \$260,000 towards the Karori Events Centre, provided the Trust has raised at least \$1 million from non-Council sources in addition to the \$350,000 raised to date (for consideration in next year's plan)
- refinements to performance measures
- Other changes:
 - minor wording changes to the text of some activities where these provide context and detail
 - updated funding and financial statements to reflect the recommendations of the Governance, Finance and Planning Committee (changes noted above).

The final publication will be printed following the Annual Plan's adoption.

3.3 Changes to Policies

Changes to the Rates Remission Policy and Development Contributions Policy were consulted alongside the 2014/15 Draft Annual Plan and considered by the Governance, Finance and Planning Committee meeting of 15 April 2014, which recommended changes to these policies to Council for approval.

4. Conclusion

The Council is asked to adopt the 2014/15 Annual Plan.

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