



---

## **MAYOR'S INTRODUCTION TO THE 2014/15 DRAFT ANNUAL PLAN**

---

### **1. Purpose of report**

This report outlines the key issues for consideration in the 2014/15 Draft Annual Plan. It also proposes, to the Committee for deliberation, a programme of activities and projects for inclusion in the draft plan for consultation.

### **2. Executive summary**

This year's local body election saw significant change.

A refreshed, action-focussed Council was elected to serve the people of Wellington City.

Secondly, new Mayoral powers, granted through recent changes to legislation, came into effect. These include the role of leading the development of annual and long-term plans for consideration by members of this Council.

My vision is for a progressive, creative and prosperous Smart Capital with good jobs, good homes, welcoming communities, real transport choices and a healthy environment.

Since the election, we have had productive discussions<sup>1</sup> on the need for this Council to deliver progress and respond to issues raised during the campaign.

There was widespread concern about the health of Wellington's economy and people's employment prospects. Other issues that were consistently raised included cycling, public transport, natural disaster resilience, growing inequality and affordability.

Wellingtonians remain passionate about our heritage and sense of place, libraries, the importance of the Arts and a healthy environment. Council needs to be more responsive and "open for business".

Officers have presented us with a draft programme of activities for the 2014/15 financial year that addresses these issues. It maintains our services at the high level Wellingtonians expect, takes action in priority areas and keeps rates at an affordable level for our business and residential ratepayers.

---

<sup>1</sup> Including the Setting the Scene workshops on 24 & 25 October and 4 November 2013, as well as the Annual Plan workshops on 19 November and 4 December 2013.

It is my pleasure to recommend this 2014/15 Draft Annual Plan for deliberation and consultation.

### **3. Recommendations**

As Mayor, I recommend that the Governance, Finance and Planning Committee:

1. *Receive the information.*
2. *Note that the Mayor recommends the programme and budgets contained in the officers' papers being presented for deliberations, and for inclusion in the 2014/15 Draft Annual Plan for consultation.*

### **4. Discussion:**

#### **4.1 Overall approach to the 2014/15 Draft Annual Plan**

The 2014/15 financial year is the third year of the Wellington City Council's 2012-22 Long-term Plan (LTP). In that plan, we set out a programme of activities and investment in our infrastructure to deliver on our immediate priorities and our longer-term Community Outcomes. Collectively, this programme enables the Council, and Wellington, to take the next important steps in achieving our *Towards Wellington 2040: Smart Capital* vision.

In the LTP, Council also adopted a Financial Strategy that sets out formulae for future rate rises and debt levels. Applying these formulae across the ten years of the plan resulted in a financial gap between planned expenditure and projected income. As a result of changes made in the 2013/14 Annual Plan, this gap has been largely closed for the 2014/15 year. Consequently, officers are not proposing significant increases in fees nor reductions in service levels.

Changes to the capital works programme are proposed. These recommendations are being made in response to recent assessments of need, or the availability of external funding for projects. Agreeing these will enable the Council to stay within the borrowing limits in its Financial Strategy.

Other changes proposed in this paper reflect a desire to respond to issues raised during the recent local body elections. While our legislation promotes the idea that significant changes to a council's programme should only be made every three years (when the long-term plan is reviewed), as a newly-elected Council, we want to act quickly to address priority issues. Therefore, the officers' papers propose a number of variances to our current LTP, along with changes to some of our policies and practices that will respond to areas of clear need. Where possible, expenditure planned within the LTP has been reprioritised so that we stay within the limits in our Financial Strategy.

We agree that improving our city's economy, specifically growing the rating base and people's employment prospects, is the most significant area for us to focus on. Consequently, the officers propose to reallocate and increase resources so that they can progress key projects that will stimulate sustainable economic

growth. The projects themselves do not require a decision from Council nor a funding commitment at this time. These will come to us in due course, with business cases.

Following the adoption of the draft plan by Council on 19 December 2013, it will be consulted on with key stakeholders and the public after the holiday period.

#### **4.2 Our Financial Strategy:**

New legislation required councils to develop a Financial Strategy as part of their 2012-22 Long-term Plan. This outlines how a council will balance investment in its strategy with prudent and sustainable financial management. The strategy must include a number of key measures.

Some of the measures in our Council's Financial Strategy include:

- For the 2014/15 financial year, the rates increase *target* is equal to the increase in Consumer Price Index (CPI) and our *limit* is the increase in the Local Government Cost Index (LGCI). CPI is forecast to be 1.6% for 2014/15 and the LGCI is 2.5%.
- Targeted net borrowing as a percentage of operating income should be less than 105%. The limit is 150%.
- The borrowings funded capital expenditure target is \$45 million in total over each three year statutory LTP period.

I am committed to working with you to ensure that the proposals in the draft plan for consultation remain within Council's rate rise limit of 2.5%. The capital programme currently proposed in the papers for deliberations enables Council to achieve its net borrowings target of 105% (or less) of operating income. On current projections in this draft plan, borrowings funded capital expenditure will be \$46 million from 2012/13 to 2014/15.

New local government financial prudence regulations have been proposed by the Minister of Local Government. These currently include an expectation that councils will operate within the limits of their financial strategies. Reporting against these benchmarks will be included in annual reports and reported by the Department of Internal Affairs.

#### **4.3 Key activities proposed for the 2014/15 Draft Annual Plan:**

I am pleased to propose a programme that sustains delivery of our services at, or above, this year's levels. While we know people do not always appreciate the breadth of Council's role in providing the vital services (such as water, sewerage, stormwater, refuse collection, recycling, footpaths, roading etc.) that keep a city functioning, these must remain a primary focus for us as governors of this city. We have a reputation for delivering these services well, and I know we all want to keep it that way.

The programme for 2014/15 contains exciting initiatives already included in the LTP. Among these are:

- Hosting the ICC Cricket World Cup and FIFA Under 20 World Cup - two exciting events that will focus the world's attention on our city and allow us to once again show visitors why Wellington is such a great place to live and play.
- The completion of Memorial Park in partnership with government and others - which will become the national focal point for the World War I commemorations.
- A children's playground at the Botanic Garden - a living outdoor classroom where children can explore, discover and connect with the natural world.
- Continuing to work in partnership with others to deliver Smart Energy projects that cement our international credentials as a 'green city'.
- Undertaking the long awaited road improvements, in partnership with the New Zealand Transport Agency, to improve safety and benefit the community in Johnsonville.

We have also added a number of projects across the range of Council's activities. These include:

- Additional funding of \$3 million in capex and \$250,000 in opex to transform the experience of cycling in the city, significantly increasing cyclists' sense of safety.
- The delivery of minor safety initiatives on rural roads in Ohariu and Makara through capex funding of \$100,000.
- A capex fund of \$100,000 for minor improvements to complement the major enhancements planned for the CBD.
- The creation of shared cycling and walking pathway across Kilbirnie (at a cost of \$280,000), which will also recognise the contributions of our long-serving former colleague Leonie Gill.
- Initiating feasibility work on a community hub / centre for Newtown, which may capture the opportunity for a number of social agencies to be co-located with our own Council services.
- A package of additional funding (\$298,000 in opex and \$178,000 in capex) to enable implementation of Council's recently adopted 'Our Capital Spaces' framework, including increased investment in the Makara Peak Mountain Bike Park, funding to implement the Open Space Access Plan and increased support for community biodiversity and bio-security activities.
- Additional funding (\$262,000 in opex and \$973,000 in capex) for the work that we need to do across the city following the extreme storms we have experienced this year, including additional funding to remove ageing conifers that pose an even greater hazard following the storms.

We are also progressing important work on a number of fronts that will positively impact on the prosperity and well-being of people in our city. These include:

- A commitment to pay Council staff a living wage-rate in recognition of their commitment to this Council and contribution to our city.
- Leading the country with 'open for business' initiatives in the areas of Development Contributions and Earthquake Resilience.
- Actively participating in nationwide programmes to increase the responsiveness of Council to the needs of business.
- Advancing housing related policies and projects including a review of our Social Housing Policy, trialling a Rental Housing Warrant of Fitness, establishing Special Housing Areas within a Housing Accord with Government, and progressing affordable housing and home ownership opportunities.
- Implementing Council's Climate Change Action Plan, including engaging our communities in discussions on the potential impacts of climate related events.

The proposed plan builds in the savings from decisions ahead of us that I am supporting, which would combine the Council's tourism and venues agencies, along with the commitment to manage waterfront development and the cable car from inside Council.

We are working now on projects to deliver economic growth and create valuable jobs for the people that live in our city. These include

- the airport extension and direct flights from Asia,
- a convention centre and performance space,
- improvements to public transportation,
- the Miramar growth framework, and
- a film museum.

#### **4.5 Consultation and Engagement**

It is important that we involve business and community stakeholders, along with the wider public, in our decision-making processes. We are not proposing significant fee increases nor reductions in services as part of this plan. That gives us an opportunity to focus people's attention on the value for money people that receive from the various services Council provides, and the steps we are taking to address our priority areas for action.

I support the approach to engagement that officers are proposing for the draft plan. I urge you to take up the opportunities to work with officers and groups within your communities, to promote the work of our Council and the exciting proposals the draft plan includes.

## **6. Conclusion**

I am proud to be proposing this programme to be included in the 2014/15 Draft Annual Plan for consultation with our stakeholders and the wider public.

It is an action-focussed programme, which boldly delivers on the commitments we made to our communities during the recent elections, and also meets our obligations to serve the wider interests of our wonderful capital city.

**Celia Wade-Brown**  
Mayor of Wellington City