
REPORT 4
(1215/52/IM)

2011/2012 DRAFT ANNUAL PLAN FOR RECOMMENDATION TO COUNCIL

1. Purpose of Report

The purpose of the report is to recommend to the Council the adoption of the 2011/2012 Draft Annual Plan for consultation.

This report includes the following attachments:

- schedule of OPEX and CAPEX projects (appendix one)
- Funding and Borrowing Statements (appendix two)
- Financial Statements (appendix three).

Note that the contents of this report are preliminary – they include proposed variances (savings options and changes to fees and charges). The funding and financial statements attached to this report will be updated as a result of decisions made at this meeting and presented to the Council.

2. Recommendations

That the Committee recommend that the Council:

1. *Receive the information.*
2. *Note:*
 - (a) *The financial tables in this report are preliminary and subject to the resolutions agreed by the Strategy and Policy Committee on other reports on this agenda.*
 - (b) *The inflation adjusted business-as-usual OPEX and CAPEX projects and programmes for 2011/2012 as detailed in appendix one.*
 - (c) *Note that capital expenditure (excluding carry forwards and loans to other organisations) is forecasted at \$152 million in 2011/2012 – an increase of \$8.4 million¹ to the long-term plan*

¹The movement from the long-term plan is the result of previous decisions of the Council, more detailed cost analysis for some key projects, and the funding impacts from the rephasing of some capital programmes.

- (d) *That the funding effects of the inflation adjusted OPEX and CAPEX projects and programmes are reflected in the Funding and Borrowing Statements in appendix two.*
3. *Agree that the inflation adjusted Funding and Borrowing Statements and Financial Statements as detailed in appendix two and three be included in the 2011/2012 Draft Annual Plan (noting that any changes arising as part of these deliberations will be incorporated into the final statements presented to Council).*
4. *Agree that having due regard to the requirements of section 100 of the Local Government Act 2002, the Council's 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.*
5. *Agree that for 2011/2012 it is financially prudent to forecast a surplus of \$55.559m, comprising:*
- *Unfunded depreciation on the following assets:*
 - (a) *Clearwater Sewerage Treatment plant (\$3.029m)*
 - (b) *Decommissioned Living Earth Plant (\$0.204m)*
 - (c) *Transport Assets (\$9.605m).*
 - *Revenue received for capital purposes:*
 - (a) *LTNZ capital subsidies (\$14.045m)*
 - (b) *housing capital grant and ring-fenced surplus (\$43.499m)*
 - (c) *development contributions (\$5.753m)*
 - (d) *bequests, trust and other external funding (\$1.452m).*
 - *Self Insurance and Weathertight Homes Reserve (\$2.720m).*
6. *Note that none of the proposed savings options and changes to fees and charges require a formal amendment to the 2009-19 long-term plan.*
7. *Recommend that officers prepare the Draft Annual Plan 2011/2012 statement of proposal based on the deliberations and recommendations of this Strategy and Policy Committee meeting (of 8 March 2011) and present this to the Council for adoption.*
8. *Note that the statement of proposal and summary will form the basis of the special consultative procedure on the 2011/2012 Draft Annual Plan and that consultation will run from 11 April to 12 May 2011.*

3. Background

The Council is required to adopt an Annual Plan by 30 June 2011. The Annual Plan comprises year three of the 2009-19 long-term plan and any variances to that. The special consultative procedure must be used to adopt the Annual Plan.

The purpose of the 2011/2012 Draft 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 the 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.

The Annual Plan is primarily a budgeting tool and focused on financial matters. The wider matters of role, scope, service levels and priorities of the Council have been dealt with through the long-term plan process. Any variances will be consulted on as part of the Draft Annual Plan process as required by legislation.

This report is preliminary and subject to the resolutions agreed by the Strategy and Policy Committee on reports of this agenda, including:

- 2011/2012 Draft Annual Plan: Report of the Funding and Activity Review Working Party on the Revenue and Financing Policy)
- 2011/2012 Draft Annual Plan: Proposed Variances to Year three of the long-term plan.

Planning for the 2011/2012 Draft Annual Plan started in late 2010 and included identification of savings options to the long-term plan following a review of the year three work programme. These were reviewed through two councillor workshops in December 2010 and February 2011, and these deliberations are the culmination of that work.

The Council is required by legislation to consult on the 2011/2012 Annual Plan ahead of it being adopted using the special consultative procedure.

The formal consultation period is scheduled to run for one month in keeping with the requirements of the Local Government Act 2002. It is set to run from 11 April 2011 until 12 May 2011. This will be followed by public hearings, which are scheduled for mid May 2011.

4. Conclusion

This report provides for the recommendation of the 2011/2012 Draft Annual Plan to Council. Officers will prepare the Draft Annual Plan 2011/2012 statement of proposal based on the deliberations and recommendations of this Strategy and Policy Committee meeting (of 8 March 2011).

Contact officer: *Martin Read – Manager, Financial Planning*

Supporting Information

1) Strategic Fit / Strategic Outcome

The report contributes to the outcome that Wellington will operate an open and honest decision-making process that generates confidence and trust in the democratic system.

2) LTCCP/Annual Plan reference and long term financial impact

Development and consultation on the DAP sits within the following project: C530 Annual Planning and Reporting.

3) Treaty of Waitangi considerations

Targeted consultation will be undertaken with iwi using existing relationships and channels.

4) Decision-Making

This is not a significant decision.

5) Consultation

a) General Consultation

A consultation and communication plan for the 2010/11 draft annual plan is an agenda item at this meeting.

b) Consultation with Maori

See above.

6) Legal Implications

Not applicable.

7) Consistency with existing policy

Not applicable.