

Report 10.62
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Committee Council
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Proposed 2010/11 Annual Plan

1. Purpose

To seek approval for the Council's Proposed 2010/11 Annual Plan, which is a statement of proposal under the Local Government Act 2002 (the Act), and the associated Summary document.

2. Significance of the decision

The subject matter of this report is part of a decision making process that will lead to the Council making a "significant" decision within the meaning of the Act. The decision making process is explicitly prescribed for by sections 85 and 87 of the Act. This process includes the use of the special consultative process.

3. Background

Over the last few months, Councillors have been working on the development of Council's 2010/11 Annual Plan. This Annual Plan comprises year two of the 2009-19 Ten Year Plan (LTCCP) and variations to that Ten Year Plan.

At its meeting on 4 February 2010, the Council approved the projected rates and levies to be included in the Proposed Plan.

4. Proposed 2010/11 Annual Plan and Summary document

The Council is now being asked to approve the Proposed 2010/11 Annual Plan document and the summary document.

The Proposed 2010/11 Annual Plan (**Attachment 1**) and the summary document (**Attachment 2**) are attached to this report. These are not the 'published' versions of the documents that will be released. Our publishers are working on those documents currently.

The documents need to be printed and distributed to start the consultation process on 23 March 2010 (see timetable below).

5. Additional items

The Proposed Annual Plan contains one item in addition to the proposed work programme for 2010/11. This is a commentary on the public transport fare review.

Also printed with the document (but technically falling outside the Annual Plan) is the proposal to establish Grow Wellington's Creative HQ Council Controlled Organisation. This is the subject of a separate report on the agenda. Submissions received on that proposal will be considered by the Wellington Regional Strategy Committee, with a subsequent recommendation coming to the Council.

6. Proposed rates and water levy

The proposed rate increase is 2.2% and the water levy is unchanged. This makes a total increase (rates and levies) of 1.7%.

7. Balanced budget

The Act requires a council to project a balanced budget in the Annual Plan. This is defined as operating revenues being set at a level to meet planned operating expenditure.

In 2010/11 the Council is projecting a deficit of \$3.1 million. This net deficit arises from the accounting treatment for the purchase of the new Matangi trains, which will be owned by Greater Wellington Rail Ltd (GWRL), and the funding of other rail infrastructure upgrades which will be owned by KiwiRail.

The Matangi trains and rail infrastructure upgrades are funded 90% by way of a government grant and 10% by the Council (funded by borrowings). This creates the accounting loss. For every \$100 paid, \$90 is received as income by the Council and \$10 is borrowed, which results in a \$10 accounting loss.

The Council is permitted under the Act to plan for a deficit as long as it meets the following criteria:

- it is financially prudent
- service levels are maintained
- the integrity of assets are maintained through their useful life
- the Council resolves to plan for a non balanced budget.

The Council will meet the criteria above, including the appropriate resolution in the recommendations.

8. Timetable

The timetable for the Annual Plan consultation is as follows:

4 March	Council approves the Proposed 2010/11 Annual Plan and summary document, to be released for public consultation.
23 March – 23 April	Submission period.
12 - 14 May	Hearing of public submissions.
8 June	Council approves the rates and levies for inclusion in the final 2010/11 Annual Plan.
29 June	Council adopts the final 2010/11 Annual Plan and sets its rates and water levy for 2010/11.

9. Community Engagement

The Proposed Communications & Community Engagement Strategy (**Attachment 3**) is attached to this report. Together with other engagement tools, the summary document (**Attachment 2**) will be distributed to all households in the region. It contains a submission form to allow the public to make a short submission relatively easily. The main document will be distributed widely and will be available in all council offices in the region.

10. Communications

A press release will be prepared and available at the Council meeting.

11. Recommendations

That the Council:

1. **Receives** the report.
2. **Notes** the content of the report.
3. **Approves** the Council's Proposed 2010/11 Annual Plan and summary document to be released in conjunction with the release of the proposal to establish Creative HQ Ltd subject to any changes the Council may identify.
4. **Resolves** to operate a non balanced budget having given consideration to matters raised in section 100 of the Act
5. **Approves** the Proposed Communications & Community Engagement Strategy in Attachment 3.

Report prepared by:

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Chief Executive

Attachment 1: The Proposed 2010/11 Annual Plan
Attachment 2: Summary document
Attachment 3: Proposed Communications & Community Engagement Strategy