



Report 12.292  
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Committee Council  
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## Adoption of the Long Term Plan 2012-2022 and 2012/13 Annual Plan

### 1. Purpose

To adopt the Long Term Plan 2012-2022 (incorporating the 2012/13 Annual Plan).

### 2. Significance of the decision

This decision is of high significance and has followed the process specifically outlined in the Local Government Act 2002, including the use of the special consultative procedure.

### 3. Background

The Local Government Act 2002 requires the Council to develop a Long Term Plan every three years. The Long Term Plan incorporates the Annual Plan for the first year and must be adopted before the commencement of the first year.

The purpose of the Long Term Plan, as defined by section 93(6) of the Local Government Act 2002 is to:

- (a) describe the activities of the local authority; and*
- (b) describe the community outcomes of the local authority's district or region; and*
- (c) provide integrated decision-making and co-ordination of the resources of the local authority; and*
- (d) provide a long-term focus for the decisions and activities of the local authority; and*
- (e) provide a basis for accountability of the local authority to the community; and*
- (f) provide an opportunity for participation by the public in decision-making processes on activities to be undertaken by the local authority.*

Councillors have been through an extensive process to develop the Long Term Plan. This has included: identifying community outcomes; reviewing all existing activities and levels of service; considering issues and options; reviewing the financial context; considering proposed service improvements and savings; considering draft budgets; reviewing the structure of the Long Term Plan; and considering the options for public engagement.

On 8 March 2012, Council approved the draft Long Term Plan which included the rate and water levy numbers for inclusion in the draft annual plan 2012/13, with a rates increase of 5.68% and a 3% increase in the bulk water levy (**Report 12.75**).

Submissions were then invited on the draft Long Term Plan. A total of 1,326 submissions were received. The Long Term Plan 2012-22 Hearing Committee heard 68 oral submissions and considered all submissions on 21, 22 and 23 May 2012.

The Long Term Plan 2012-22 Hearing Committee reviewed and considered all the written submissions, the matters raised by oral submissions, and the additional information and consultation responses provided. Consideration was given to each separate topic identified in the summary of submissions, along with officers' recommendations.

The Long Term Plan 2012-22 Hearing Committee concluded (**Report 12.225**) that:

- Further information would be requested from officers on the legal basis for continuing fluoridation of drinking water
- That the officers recommendations to defer the sale of surplus land (contained in Attachment 1 to Report 12.195) should be accepted
- The Regional Council Centre was not an acceptable long term option for the Council due to its earthquake prone status and that additional costs would have to be reflected in the Long Term Plan for alternative leased premises.

In light of these decisions, and noting the general economic environment and people's restricted ability to pay more, the Long Term Plan 2012-22 Hearing Committee gave careful consideration to all budget provisions in the draft Plan, particularly areas proposed for additional expenditure. The Long Term Plan 2012-22 Hearing Committee noted the broad support in the submissions for Greater Wellington's existing programmes and commitments and the results of the independent market research that indicated a broad willingness to pay for improved services. The Long Term Plan 2012-22 Hearing Committee recommended that officers find additional savings to minimise any rates increases and keep the average rate line below 5% for the 2012/13 Annual Plan.

Officers undertook a further budget review and the results of this were reported back to Council on 13 June (**Report 12.238**). Council approved the rate

increase of 4.89% and the bulk water levy increase of 3% for 2012/13, and the increases proposed for the following nine years. Council also approved the re-budgeted capital and operating expenditure. Legal advice confirming the legality of the fluoridation of water was also provided to Councillors.

The proposal to continue the Wellington Regional Strategy (WRS) was considered by the WRS Committee. Some 980 written submissions and three oral submissions were considered. The Council approved (**Report 12.242**) the recommendations of the WRS Committee to continue the activity as outlined in the draft Long Term Plan, on 13 June 2012.

## **4. Comment**

The Long Term Plan is in **Attachment 1** (enclosed separately). It incorporates the budget changes agreed by Council on 13 June 2012 and the recommendations of the Long Term Plan 2012-22 Hearing Committee. A number of other minor changes have been made to correct errors, update information, improve consistency, and to provide further explanation of changes. The Chair's Message has also been updated.

### **4.1 Management of Belmont Regional Park**

The draft Long Term Plan included a proposal to manage additional land, owned by adjacent local authorities, as part of Belmont Regional Park, under section 17(2) of the Local Government Act 2002. This land includes the Horokiwi Bridleway and the entrance to Belmont Regional Park from the south-east (owned by Wellington City Council), and sections of land adjacent to Cannons Creek (owned by Porirua City Council), shown in **Attachment 2**. There were only a few submissions on this topic and those that were received were generally supportive.

Section 17 of the Act provides for the transfer of responsibilities between local authorities, in this case the transfer of responsibility for management of reserve land. Both local authorities need to confirm their approval of this transfer and the Minister of Local Government must be notified prior to the transfer occurring. It is understood that neither Porirua City Council nor Wellington City Council has yet approved this transfer, although it is their intention to do so. It is therefore recommended that the intention to transfer management responsibilities be confirmed, and that following confirmation from Porirua City Council and Wellington City Council on their approval of the transfer that the Minister of Local Government be notified in accordance with section 17(4)(b) of the Local Government Act 2002.

### **4.2 Sale of surplus land**

The draft Long Term Plan included a proposal to dispose of three land parcels surplus to requirements. Following submissions, the Long Term Plan 2012-22 Hearing Committee concluded that the sale of two of these parcels, the Mangaroa and Maungakotukutuku blocks, should no longer be included in the Long Term Plan. Instead further investigations on the appropriateness of disposal would be undertaken, including consideration of any necessary

protection for conservation and recreation values. The sale of the Mangapakeha block remains part of the Long Term Plan, with a view to disposing of this land once the extension of the Akura Nursery is completed.

#### **4.3 Approval of Policies**

Included within the Long Term Plan are a number of policies, including:

- Revenue and Financing Policy
- Policy on Significance
- Treasury Risk Management Policy
- Rates Remission and Postponement Policy
- Policy on Development Contributions or Financial Contributions.

Minor changes have been made to these to maintain consistency with the rest of the Long Term Plan.

One further change has been made to the Significance Policy to bring the policy in line with recent changes to the Local Government Act 2002. That part of the Policy that referred to "Replacement of key components of each strategic asset in accordance with Greater Wellington's asset management plans will not be considered to be significant" has been removed. Removing these words will ensure consistency with legislation and improve clarity.

It is recommended that these policies be approved as part of the Long Term Plan.

#### **4.4 Rail Infrastructure**

The Long Term Plan has been amended to more clearly reflect the fact that different options exist to provide sufficient peak rolling stock capacity. The decision on which option to take will be dependent on which offers the best value for money from a whole-of-life perspective. The impact of the changes on rates is minimal. However, it does result in an increase in debt of \$60m over the life of the plan.

#### **4.5 Balanced Budget Requirement**

The Council needs to resolve under Section 100 (2) of the Local Government Act 2002 not to balance its operating budget in 2012/13, 2013/14, 2014/15 and 2016/17. The reasons for these budget deficits are due to the accounting treatment of the purchase and funding of capital assets such as passenger rail rolling stock and station upgrades that will be owned by the Greater Wellington subsidiary Greater Wellington Rail Limited. This is caused by:

- The Crown's full share of the costs for the Greater Wellington's rail rolling stock and station upgrades is granted directly to GW Rail as the upgrade is undertaken, whereas the Crown's revenue is only received as the debt repayment and finance costs are incurred.

- Therefore, in the first years of the Long Term Plan when grants are paid out to Greater Wellington Rail for the refurbishment or replacement of the Ganz Mavag the funding shortfall is met by debt, resulting in operational deficits. Due to the increased project costs and debt associated with the refurbishment or replacement of the Ganz Mavag the operational deficits are incurred for a longer period than in the draft Long Term Plan.
- In future years the revenue for debt repayments creates operational surpluses as there is no grant expenditure relating to that income, just debt repayment and finance costs.

Officers are of the opinion that it is appropriate to debt fund this expenditure as it relates to the improvement of the public transport assets owned by Greater Wellington's subsidiary and it is not equitable to recover these costs immediately from current ratepayers.

Officers believe that it is financially prudent not to balance the budget in respect of these issues and that service levels will not be decreased.

## 5. **Audit opinion**

Audit NZ has audited the Long Term Plan. Their opinion will be tabled at the meeting. Audit NZ has issued a Management Report on the audit of the draft Long Term Plan 2012-2022, which outlines in more detail any issues arising, as well as officers' responses to those issues (**Attachment 3**).

The auditors will be present at the meeting to answer any questions.

## 6. **Communication**

Following Council adoption of the Long Term Plan a media statement will be released.

A summary document has not been prepared. The summary of the draft Long Term Plan was sent to all households in the region as part of the public consultation process. There is no requirement to prepare a summary of the final plan.

All submitters who made submissions on the draft Long Term Plan will, subsequent to this meeting, receive a response outlining the decision of the Council and the key changes.

## 7. **Recommendations**

*That the Council:*

- 1) **Receives the report.**
- 2) **Notes its content.**

- 3) **Agrees** that the matters in the report require the Council to make a decision with a high degree of significance.
- 4) **Receives** the Audit report.
- 5) **Approves** the following policies included in the Long Term Plan in Attachment 1:
  - Revenue and Financing Policy
  - Policy on Significance
  - Treasury Risk Management Policy
  - Rates Remission and Postponement Policy
  - Policy on Development Contributions or Financial Contributions.
- 6) **Notes** that the Long Term Plan is proposing not to balance the operating budget in 2012/13, 2013/14, 2014/15 and 2016/17.
- 7) **Agrees** that it is financially prudent not to balance the operating budget in 2012/13, 2013/14, 2014/15 and 2016/17 having had regard to the factors outlined in section 4.5 of this paper.
- 8) **Confirms** its intention to transfer responsibilities for the management of reserve land within Belmont Regional Park from Wellington City Council and Porirua City Council. Following confirmation from Porirua City Council and Wellington City Council on their approval of the transfer, agrees to notify the Minister of Local Government in accordance with section 17(4)(b) of the Local Government Act 2002.
- 9) **Adopts** the Long Term Plan 2012-2022, incorporating the 2012/13 Annual Plan (Attachment 1), subject to any changes agreed at the meeting.
- 10) **Delegates** to the Chair the ability to make minor editorial changes prior to publication to correct errors and improve public understanding.
- 11) **Authorises** the Chief Financial Officer to enter into any new debt facilities that are required to implement the Long Term Plan for the 2012/13 and 2013/14 years that are in accordance with the Council's Treasury Management Policy.

Report prepared by:

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**Attachment 1:** Greater Wellington Regional Council's Long Term Plan 2012-22,  
Incorporating the 2012/13 Annual Plan

**Attachment 2:** Reserve land for which management responsibilities to be transferred to Greater  
Wellington Regional Council

**Attachment 3:** Audit NZ Management Report