



Report 12.75  
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Committee Council  
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## Draft Long Term Plan 2012-22 and Draft 2012/13 Annual Plan

### 1. Purpose

To seek approval for Greater Wellington's draft Long Term Plan 2012-22, incorporating the draft 2012/13 Annual Plan, to be released for public consultation.

### 2. The decision-making process and significance

The matters requiring decision in this report have been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act).

The subject matter of this report is part of a decision-making process that will lead to the Council making a decision of high significance within the meaning of the Local Government Act 2002. The decision-making process is explicitly prescribed for by section 93 of the Local Government Act 2002, which requires the use of the special consultative procedure.

### 3. Background

The Local Government Act 2002 requires the Council to develop a Long Term Plan (LTP) every three years. The LTP incorporates the Annual Plan for the first year. The Local Government Act 2002 requires use of the special consultative procedure, and the draft LTP forms the statement of proposal required under section 83.

The purpose of the LTP, 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.*

Greater Wellington has been developing its LTP over the last 13 months. The programme for the development of the LTP was agreed by Council on 16 February 2011 (Report 11.28).

Councillors have been through an extensive process to develop the draft LTP. 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 LTP and the options for public engagement.

#### **4. Comment**

The draft LTP outlines the activities and services proposed by Greater Wellington over the next ten years from 2012 to 2022. A Financial Strategy is included in the draft LTP for the first time. It outlines how Greater Wellington proposes to deliver value for money by delivering the right services at the best cost.

The Financial Strategy proposes to limit rate increases for existing services to the BERL Local Government Cost Index on average over the ten years of the plan, and proposes that rate increases for new services, driven largely by regional infrastructure, will be limited to no more than 5.5% on average over the ten years of the plan.

A significant amount of Greater Wellington's activities involve the provision of essential regional infrastructure to form part of the foundation of the regional economy for future generations. The draft LTP proposes to continue to invest in these regional infrastructure programmes.

A significant driver of the proposed spending over the next ten years is public transport infrastructure. Much of this is the continuing investment in network infrastructure and rolling stock to bring the rail network up to a suitable standard and to ensure it is properly maintained. Most of this expenditure has been committed through the rail package signed with Government in 2010.

There are also ongoing costs from continuing to implement the flood protection programme that protects many of our urban areas from the risk of major flooding.

Some service improvements are also proposed to meet increased demand, meet new requirements or to deliver on improvements previously requested by the

regional community. The draft LTP is seeking community feedback on these proposals which include:

- Emergency management – joint CDEM group and hub
- Wairarapa Water Use project
- Electronic integrated ticketing for public transport
- Expansion of sustainable land management programmes
- Expansion of pest control programmes
- Improving regional parks.

## 5. Wellington Regional Strategy

The draft LTP also contains a statement proposing a continuation of the Wellington Regional Strategy (WRS) activity. This recognises the on-going commitment of the region's councils to work together on sustainable economic growth and development for the Wellington region.

This proposal was recommended by the WRS Committee at its meeting on 8 February 2012.

The key elements of this proposal are:

- Greater Wellington retains responsibility on behalf of the region for the WRS by hosting the WRS Committee and the WRS Office. The WRS Committee continues to oversee decision making and governance of the WRS. All councils in the region will be represented on the committee, in addition to 5 non-local government members. The WRS Office continues to support the implementation, monitoring and review of the WRS.
- Grow Wellington (a council controlled organisation of Greater Wellington) continues as the region's economic development agency.
- Greater Wellington, on behalf of the region, continues to fund the delivery of the WRS (including Grow Wellington and the WRS Office) through a targeted rate for economic development initiatives.

It is proposed that submissions on this proposal will be heard by the WRS Committee, with a recommendation to the Council on any proposed changes to the activity.

## 6. Documents

The draft LTP in **Attachment 1** (enclosed separately) is presented in a 'Word' version. Following Council approval of this document it will be designed and printed in full colour.

It is structured around the six groups of activities: regional leadership; public transport; water supply; environment flood protection and control works; and parks.

In addition the LTP includes the Financial Strategy and the following policies:

- Revenue and Financing Policy
- Policy on Significance

- Treasury Risk Management Policy
- Rates Remission and Postponement Policy
- Policy on Development Contributions or Financial contributions.

A LTP summary has also been prepared and is **Attachment 2** (enclosed separately). This is required to contain a fair representation of the major matters in the draft LTP. This document will form the main focus of public engagement.

It should be noted that the LTP Summary will be printed and distributed alongside the draft Regional Land Transport Programme, which is being consulted on by the Regional Transport Committee at the same time. This will improve public understanding of linkages between the processes and reduce overall consultation costs.

## 7. Financials

The Council needs to resolve under Section 100 (2) of the Local Government Act 2002 not to balance its operating budget in 2012/13. The reasons for this budget deficit are:

- The accounting treatment for 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
- 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 year when grants are paid out to Greater Wellington Rail for the Ganz Mavag upgrade the funding shortfall is met by debt, 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
- Greater Wellington is 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 are of the opinion that it is financially prudent not to balance the budget in respect of this issue and that service levels will not be decreased.

## 8. Audit opinion

Audit NZ has audited the draft LTP. Its draft opinion is in **Attachment 3**. This will be finalised as the draft LTP is published.

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

## 9. Communication

The summary document will be distributed to all households in the region. It contains a submission form and details of how to obtain further information. The full LTP document will be published on Greater Wellington's website and hard copies will be available on request. It can also be viewed at Greater Wellington offices and libraries. Submitters will also be able to make online submissions directly via the Greater Wellington website.

The submission period is from 26 March to 4 May. During the submission period six public open days will be held throughout the region to allow the public to talk to councillors and staff about the draft LTP.

The attached Communication and Engagement Plan (**Attachment 4**) outlines the key activities planned, including:

- Public notice
- Issuing a media release following the approval of the draft LTP
- Promoting the LTP consultation through a lead story in Our Region
- Using the Bang The Table website to host a discussion forum
- Preparing individual information packs for councillors to assist them in engaging with their communities
- Sending letters to key stakeholder groups
- Using social media and radio to direct people to the draft LTP consultation
- Developing a short video for the Greater Wellington website.

## 10. Recommendations

*That the Council:*

- 1) **Receives** the report.
- 2) **Notes** its content.
- 3) **Agrees** that the matters in the report will lead to the Council making a decision with a high degree of significance.
- 4) **Approves** the draft Long Term Plan 2012-2022, incorporating the 2012/13 Annual Plan and Financial Strategy for public consultation, subject to any changes agreed at the meeting.
- 5) **Approves** the following draft policies included in the draft LTP for public consultation:
  - 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 draft Long Term Plan is proposing not to balance the operating budget in 2012/13.*
- 7) *Agrees that it is financially prudent not to balance the operating budget in 2012/13 having had regard to the factors outlined in section 7 of this paper.*
- 8) *Approves the statement on continuing the Wellington Regional Strategy activity which forms part of the draft Long Term Plan, and delegates to the WRS Committee the hearing of submissions on this activity.*
- 9) *Notes the submission period from the 26 March to 4 May, and the proposed public engagement activities.*
- 10) *Delegates to the Chair the ability to make minor editorial changes prior to publication to correct errors and improve public understanding.*

Report prepared by:

Report approved by:

Report approved by:

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- Attachment 1: Draft Long Term Plan 2012-2022  
 Attachment 2: Draft Long Term Plan Summary  
 Attachment 3: Draft Audit NZ opinion  
 Attachment 4: Communications and Engagement Plan