



**Report** 05.263  
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**Committee** Policy, Finance and Strategy  
**Author** Barry Turfrey Chief Financial Officer

## **Finalisation of the 2005/06 Annual Plan and Amendment to the 2003/13 LTCCP**

### **1. Purpose**

- To note the latest position in relation to the projected level of regional rates and the bulk water levy.
- To seek approval to rebudget expenditure from 2004/05 to the 2005/06 Annual Plan.
- To seek approval of new items and other adjustments to be made to the 2005/06 Annual Plan arising from the public consultation process, or as a result of changes in circumstances.
- To seek approval of the projected level of regional rates and the bulk water levy for 2005/06 and the following seven years, to be incorporated into the final version of the 2005/06 Annual Plan and amendment to the LTCCP.
- To seek approval for the Council's ownership of new/refurbished rolling stock and related infrastructure as detailed in the amended LTCCP.
- To seek approval for the amendments to the Council's Policies on Significance, the Revenue and Finance Policy and the Treasury Management Policy as detailed in the amended LTCCP.

### **2. Significance of Decision**

The content of this report is the result of the Council's consultation with the public which took the form of submissions being made on the proposed LTCCP amendment and proposed 2005/06 Annual Plan. The proposed changes to the LTCCP and proposed 2005/06 Annual Plan triggered section 76 (3)(b) of the Local Government Act 2002 and triggered the Council's own policy on significance. Reports 05.150 and 05.151 outline the submission process and analyse the submissions the Council received. The formal submission process undertaken by the Council complied with the decision

making and special consultative procedures set out in sections 76 to 79 and 83 to 85 of the Local Government Act 2002.

### **3. Background**

As Councillors are aware, the process for preparing the 2005/06 Annual Plan and amendment to the 2003/13 LTCCP started several months ago.

The resulting divisional business plans were considered by Council in February along with an amendment to the 2003/13 LTCCP. The amendment to the LTCCP was required due to the Council's proposed ownership of rolling stock and rail infrastructure.

The draft Annual Plan and amended LTCCP were released for public consultation in March.

Submissions were heard by Council in April and additional matters arising from those submissions have been listed below for Council's consideration.

It has been our normal practice that each year, before the final LTCCP or Annual Plan is adopted, officers recommend to Council those items that are required to be rebudgeted. The general principle followed is that if expenditure on a project cannot be completed in a given year, it can be rebudgeted in another year (normally the following year), provided it is still a Council priority and provided there is sufficient funding available. The specific projects need to be rebudgeted are attached (refer **Attachments 2 and 3** of this report).

There have been changes to the draft Annual Plan/Amended LTCCP which are also detailed below for Council's consideration.

Once the proposed rates/bulk water levy have been approved by Council then these will be incorporated into the final Annual Plan/Amended LTCCP for adoption by Council on 30 June.

### **4. Changes to the Rates**

The draft Annual Plan had a rates increase of 3.8% with no increase in the bulk water levy.

Following public submissions, a number of items were included on the advice of the Council in the proposed plan for 2005/06. In addition, there have been some modifications to the draft plan numbers as a result of new information and changed assumptions.

Together these changes result in a rates increase of 4.26%, with no increase in the bulk water levy.

#### 4.1 In summary, these changes are:

**Table 1**

	<b>\$000</b>	<b>% Change</b>
<b>Rates 2004/05</b>	<b>55,589</b>	
<b>Draft Rates 2005/06</b>	<b>57,698</b>	<b>3.79</b>
<b>Changes arising from Public Submission</b>		
Whareroa Stream QEP	20	0.04
Friends of Waikanae	10	0.02
Chrystalls Extended	21	0.04
	<b>57,749</b>	<b>3.89</b>
<b>Other changes</b>		
Delay in Wairarapa building	(115)	(0.20)
Increased interest rates and changed cash flows	247	0.44
Increase in KCDC Flood Reserve	100	0.18
Whitireia savings	(38)	(0.07)
Other sundry items	(27)	(0.05)
LTCCP Audit	40	0.07
<b>Proposed Rates</b>	<b>57,956</b>	<b>4.26</b>

Further details of the major changes are noted below.

#### 4.2 Whareroa Stream QEP \$20,000

Funding for the restoration of Whareroa Stream in Queen Elizabeth Park. In the current year GWRC funded \$15,000 for restoration.

#### 4.3 Friends of Waikanae \$10,000

Removal of trees and weeds from Waikanae River.

#### **4.4 Chrystalls Extended \$21,000**

Changed timing of contribution from KCDC, re Chrystalls Extended flood protection. Monies will be contributed over time as opposed to being paid at the beginning.

#### **4.5 Delay in Wairarapa Building (\$115,000)**

The extension to the Wairarapa building has been delayed while the scope of the project is reviewed.

#### **4.6 Increased interest rates \$247,000**

The draft plan assumed an external interest rate of 6.5% for 2005/06, this has been increased to 7.0%. The timing and amount of cashflows has also changed resulting in increased interest expense.

#### **4.7 Increase in KCDC Flood Reserve \$100,000**

The KCDC flood reserve is in deficit due to the recent floods. The \$100,000 increase in the local contribution will allow the reserve to reduce the deficit to zero within 3 years.

#### **4.8 LTCCP Audit**

Additional fees for the audit of the 2006/16 LTCCP.

#### **4.9 Proposed Rates**

If the above changes are approved by Council then the breakdown of rates will be as follows:

**Table 2**

	<b>2005/06 \$000</b>	<b>2004/05 \$000</b>	<b>Additional Funding \$000</b>	<b>% Change</b>
General Rate	21,671	21,659	12	-
Regional Transport Rate	29,255	27,088	2,167	8.0
River Management Rates	3,069	2,940	129	4.4
Stadium Purposes Rate	2,676	2,676	-	-
<b>Total District Wide Rates</b>	<b>56,671</b>	<b>54,363</b>	<b>2,308</b>	<b>4.2</b>
Wairarapa Scheme Rates	974	938	36	3.8
South Wairarapa District – River Rates	168	145	23	15.8
Bovine Tb Rates	143	143	-	-
<b>Total Regional Rates</b>	<b>57,956</b>	<b>55,589</b>	<b>2,367</b>	<b>4.3</b>
Bulk Water Levy	22,776	22,776	-	-
<b>Total GWRC Community Charges</b>	<b>80,732</b>	<b>78,365</b>	<b>2,367</b>	<b>3.0</b>

## **5. Other Matters**

### **5.1 Landcorp Farm**

No allowance has been made in the proposed Annual Plan for purchase of part or all of the Landcorp farm.

## **6. Rebudgets of 2004/05 Expenditure**

The list of projects which the divisions are seeking to rebudget by transferring the unspent monies to 2005/06 are detailed in **Attachments 2 and 3**.

The proposed rebudgets are given to Council at this stage for their consideration to enable the completion of the 2005/06 Annual Plan.

A final list of rebudgeted items will be given to Council later in the year for their approval.

Rebudgets total some \$4.1 million in respect of operating expenditure and \$3.4 million for capital expenditure. The large amounts are mainly due to the flood damage incurred during the year which has delayed planned work programmes.

The rebudgets have been reviewed by senior management to ensure that the projects will be completed in 2005/06. In addition, management are satisfied that the projects are still required.

## 7. Amended LTCCP

The draft amendment to the LTCCP was also sent out for consultation to the public, along with the draft Annual Plan.

As Councillors will be aware the main reason for the amendment to the LTCCP was the proposal for GWRC to own rolling stock and related rail infrastructure.

There have been some changes to the amended LTCCP numbers mainly in Transport. These involve mainly timing changes along with different estimates for capital expenditure and are shown in the Proposed LTCCP.

However, these are in the later years and will be reviewed as part of the 2006/16 LTCCP.

Rate increases are as follows:

**Table 3**

	Draft LTCCP %	Proposed LTCCP %
2005/06	3.8	4.3
2006/07	3.3	4.0
2007/08	3.1	1.0
29008/09	2.2	1.9
2009/10	1.7	2.0
2010/11	1.0	2.0
2011/12	1.2	2.7
2012/13	0.0	1.1

The rate increases (apart from 2005/06) exclude any allowance for inflation.

Further details are included in **Attachment 4**.

## 8. Communications

It is expected that the Council's final position in respect of rates and levies will be well reported.

## 9. Recommendations

*That the Committee recommend that Council:*

- (1) **Receive** the report.
- (2) **Note** its contents.
- (3) **Approve** the operating expenditure items listed within Attachment 2 of this report (as amended by the Committee) to be rebudgeted within the 2005/06 Annual Plan.
- (4) **Approve** the capital expenditure items listed within Attachment 3 of this report (as amended by the Committee) to be rebudgeted within the 2005/06 Annual Plan.
- (5) **Approve** the items of operating expenditure/(savings) and other adjustments within this report (as amended by the Committee) for inclusion within the 2005/06 Annual Plan.
- (6) **Note** that the impacts of the rebudgeting and other adjustments, as approved in recommendations 3-5 above, have been reflected within Table 2 and Attachment 1 of this report.
- (7) **After** having considered the other items contained within this report and other reports on this order paper which could impact on the finalisation of the 2005/06 Annual Plan, approve the level of regional rates and the bulk water levy for the 2005/06 year (and the following seven years) as contained in this report (as amended by the Committee).
- (8) **Approve** the proposed amendments to the amended LTCCP, in particular:
  - Council ownership of rolling stock and related rail infrastructure.
  - Amendments as detailed in the amended LTCCP in respect of the Council's Policies on Significance, the Revenue and Finance Policy and the Treasury Management Policy.

Report prepared by:

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**Attachment 1:** 2005/06 Annual Plan – Regional Rates

**Attachment 2:** Rebudgeted Operating expenditure

**Attachment 3:** Rebudgeted Capital expenditure

**Attachment 4:** 2003/13 LTCCP Amendment