

Report 16.250
Date 15 June 2016
File CCAB-8-597

Committee Council
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Finalisation of the Annual Plan 2016/17 budget

1. Purpose

The purpose of this report is to finalise the financial information to be included in the 2016/17 Annual Plan.

Approval is sought for adjustments to the budgets, rates and charges set out in the consultation document and supporting information for the Annual Plan 2016/17.

2. Background

Councillors have been through a comprehensive process to develop the Annual Plan 2016/17.

On 24 February 2016, Council approved the consultation document and supporting information for the Annual Plan 2016/17; this included a proposed rates increase of 7.9%, compared to 10.8% as set out for Year 2 in the 10 Year Plan 2015-25, and a water supply levy increase of 5.4% compared to 6.7% as set out for Year 2 in the 10 Year Plan 2015-25.

Public consultation was carried out from 16 March to 18 April 2016. A total of 179 written submissions were received. The Annual Plan 2016/17 Hearing Committee heard 20 oral submissions and considered all submissions on 25 May 2016.

It has been our normal practice each year, before the Annual Plan is adopted, for officers to recommend to Council those items that are required to be re-budgeted. The general principle followed is that if expenditure on a project cannot be completed in a given year, it can be re-budgeted to another year (normally the following year), provided it is still a Council priority and there is sufficient funding available. The process ensures that ratepayers are not rated twice for the same activity.

Some new items of expenditure and other adjustments have arisen since the proposed Annual Plan was prepared. These changes are outlined further below.

Once the proposed rates and bulk water levy have been approved by Council, they will be incorporated into the Annual Plan for adoption by Council on 29 June 2016, subject to any amendments requested by Council.

3. Public consultation process

Report 16.254 outlines the results of the public consultation process and the recommendations of the Annual Plan 2016/17 Hearing Committee.

The Hearing Committee recommended the finalisation of the Annual Plan 2016/17 incorporating the matters set out in the consultation document for the Annual Plan 2016/17, and with the inclusion of the following additional matters:

- (i) That a budget of up to \$80,000 be included for a GWRC contribution to a jumping platform at Paremata to be constructed by Porirua City Council, dependent on an equal contribution from NZTA, GWRC satisfaction as to the design and location of the platform, and Porirua City Council consultation with the Police.
- (ii) That an additional \$13,000 be budgeted for environment enhancement work on the Otaki River by Friends of the Otaki River.

4. Recommended changes to the proposed 2016/17 Plan

Changes to the proposed Annual Plan, as a result of new and updated information and changed assumptions, are as follows:

4.1 Public Transport

The final Public Transport rates are the same level as the proposed plan. Several cost changes have been absorbed through the use of \$1.6m of Public Transport reserves.

The key changes for Public Transport are due to updated cost estimates for the interim ticketing and transformation projects. These costs are partially offset by increased rail fare revenue (due to increased patronage), and a change to timing of Let's Get Wellington Moving/N2A programme expenditure.

Additionally, there are other minor adjustments that did not impact the overall rates.

Key revised cost estimates (rates impact):

Operating Cost Changes	Changes in Rates
	\$M
Integrated fares & ticketing/Interim ticketing	1.5
PTOM / Transformation project	1.1
Rail operations	(0.5)
N2A investigation expenditure (timing)	(0.4)
Funding costs (Capex timing)	(0.1)
Cost Change	1.6
Reserve Transfer	(1.6)
Net Change in Rates	0.0

Integrated fares and ticketing/interim ticketing capital expenditure has decreased by \$9.8m due to revised timing estimates, with expenditure now expected to commence after 2016/17.

A new capital expenditure item of \$1.1m has been added for infrastructural work in relation to the bus transformation project.

4.2 Other adjustments

There are several immaterial changes for other Groups. Key changes are outlined below. There is no overall rates impact resulting from the combined changes.

Environment

- **Wairarapa Water Use Project** – revised accounting treatment of \$0.6m from capital expenditure to operating expenditure. The project remains debt funded, resulting in no rating impact.
- **Collaborative Modelling Project** - \$0.47m of unspent capital expenditure was carried forward to 2016/17.

Catchment

- **Hutt River City Centre Project** - Earlier purchases of properties are expected due to revised timing estimates based on purchases to date and timing of the Public Works Act. This increases capital expenditure by \$10.2m for 2016/17.

Rental revenue associated with these properties of \$0.6m will offset the debt financing cost, resulting in no additional rates.

A number of minor adjustments were also made, which did not impact the overall rates for 2016/17.

5. Final 2016/17 Rates

The Annual Plan 2016/17 has a rates increase of 7.9%.

	Rates 2015/16	Annual Plan 2016/17	LTP
Rates	105,998	114,372	121,419
\$ change		8,373	12,067
% change		7.9%	10.8%

6. **Water levy**

The proposed Annual Plan included a 5.4% increase in the water levy. It is recommended that the 5.4% increase is maintained for the Annual Plan.

7. **Communication**

The Council's final decision on rates and levies will be reported by way of a media release.

8. **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).

8.1 **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 decision of medium significance within the meaning of the Act.

In accordance with section 95 of the Act, as the proposed annual plan contained material differences from the content of the long-term plan for the year to which this annual plan relates, the Council was required to consult on the proposed annual plan in a manner that gave effect to the requirements of section 82 before adopting an annual plan.

8.2 **Engagement**

In accordance with the Significance and Engagement Policy, officers determined that the appropriate level of engagement is 'consulting'.

9. **Recommendations**

That the Council:

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Approves the operating expenditure items listed in Attachment 1 of this report to be rebudgeted to 2016/17 and included within the Annual Plan 2016/17.*

4. *Approves the capital expenditure items listed in Attachment 2 of this report to be rebudgeted to 2016/17 and included within the Annual Plan 2016/17.*
5. *Approves the operating expenditure adjustments in this report for inclusion within the Annual Plan 2016/17.*
6. *Approves the rates increase of 7.9% and the bulk water levy increase of 5.4% for the 2016/17 year for inclusion in the Annual Plan 2016/17, to be considered by the Council on 29 June 2016.*

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Attachment 1: Rebudgeted Operating expenditure

Attachment 2: Rebudgeted Capital expenditure