

Report 15.219
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Committee Council
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Finalisation of the 10 Year Plan 2015-2025 budget

1. Purpose

The purpose of this paper is to finalise the financial information to be included in the Greater Wellington Regional Council 10 Year Plan 2015-2025 (incorporating the 2015/16 Annual Plan).

Approval is sought for adjustments to the draft budget, rates and charges to reflect the changes recommended by the Long Term Plan 2015-2025 Hearing Committee (the Committee), and other changes in circumstances.

2. Background

Councillors have been through a comprehensive process to develop the Shape Your Region consultation document, supporting information and draft budget.

On 25 February 2015, Council approved the Shape Your Region Consultation Document on the 10 Year Plan 2015-25 with a proposed rates increase of 9.8%.

It has been our normal practice each year, before the final 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.

Since February 2015 some new items of expenditure and other adjustments have arisen since the Shape Your Region consultation document, supporting information and draft budget were prepared. These changes are outlined below.

Once the proposed rates and bulk water levy have been approved by Council, they will be incorporated into the final Annual Plan for adoption by Council on 30 June 2015, subject to any amendments requested by Council.

3. Results of the Public Consultation process, including the recommendations of the Annual Plan Hearing Committee

Report 15.218, to be considered at this meeting, outlines the results of the public consultation process and the recommendations of the Long-Term Plan 2015-2025 Hearing Committee. Subject to any changes from the recommendations in that report no matters impact the 2015/16 rates or levy recommendations in this report.

4. Recommended changes to the proposed 2015/16 Plan

4.1 Public Transport

	Change in Costs \$M	Change in Rates \$M
Operational cost changes		
Diesel bus inflation cost increase	0.8	0.4
Rail contract saving (increased patronage)	(1.8)	(0.8)
Integrated ticketing investigation	0.5	0.2
Integrated ticketing capex	(6.0)	(0.2)
Other minor changes		(0.1)
Net operational savings		(0.5)
Reserve transfer		0.5
Net change in rates		0.0

PTOM project changes	Change in Costs \$M	Rates effect \$M
PTOM project costs (reserve funded)	2.2	1.0
Transfer from Reserve		(1.0)
		0.0

A revised estimate of contractual inflation for diesel buses results in an increase of \$0.8 million in expenditure and a \$0.4 million increase in rates.

A revised estimate of projected rail operational expenditure, primarily as a result of improved fare revenue growth, results in a \$1.8 million saving in expenditure and a \$0.8 million saving in rates.

A reassessment of the integrated ticketing project results in increased Opex of \$0.5 million and a reduction in Capex of \$6.0m, these changes net to no change in rates requirements for 2015/16.

Other minor timing changes result in a saving of \$0.1 million in rates.

A reassessment of PTOM costs for 2015/16 results in an increase in costs of \$2.2 million and \$1 million in funding.

A net additional draw down of reserves of \$0.5m enables the rates to remain the same as the draft plan.

4.2 Proposed final rates

The changes outlined result in no recommended change to the draft budget for rates of a 9.8% increase, an average residential increase of \$38 per annum.

4.3 Proposed water levy

The draft annual plan assumed a 5% increase in the water levy. It is recommended that the 5% increase is maintained for the final annual plan.

5. Communication

The 10 Year Plan 2015-2025 will be considered for adoption by Council on 30 June 2015, and following adoption will be made publicly available. A media release will be issued once the Plan is adopted followed by an 'Our Region' article outlining the direction of the 10 Year Plan and the outcomes of the Shape Your Region consultation.

All submitters who made submissions on the Shape Your Region consultation and other concurrent consultations will receive a response outlining the decisions of the Council.

6. 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).

6.1 Significance of the decision

Officers have considered the significance of the decisions taking into account the Council's significance and engagement policy and decision-making guidelines. This report outlines recommended changes as a result of consultation on the development of the Long Term Plan. The consultation and engagement on the 10 Year Plan followed the special consultation procedure as required by the Act.

6.2 Engagement

The consultation and engagement on the development of the 10 Year Plan 2015-2025 has been designed taking into account the Greater Wellington Regional Council Significance and Engagement Policy. Detail on consultation and engagement processes and results has been provided to the Long-Term Plan 2015-2025 Hearing Committee and Council in previous reports.

7. Recommendations

That the Council:

1. **Receives** the report.
2. **Notes** the content of the report.
3. **Approves** the operating expenditure items listed within Attachment 1 of this report to be rebudgeted to 2015/16 and included within the 2015/16 Annual Plan.
4. **Approves** the capital expenditure items listed within Attachment 2 of this report to be rebudgeted to 2015/16 and included within the 2015/16 Annual Plan.
5. **Approves** the expenditure adjustments outlined in section 4.1 of this report for inclusion within the 10 Year Plan 2015-2025 (incorporating the Annual Plan 2015/16)
6. **Approves** the rate increase of 9.8% and a bulk water levy increase of 5% for the 2015/16 year for inclusion in the 10 Year Plan 2015-2025 (incorporating the Annual Plan 2015/16), to be considered by Council on 30 June 2015.

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Report approved by:

Mike Timmer
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Attachment 1: Re-budgeted Operating Expenditure

Attachment 2: Re-budgeted Capital Expenditure