

Report 17.45
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Committee Council
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Approval of the Consultation Document for the Annual Plan 2017/18

1. Purpose

To seek approval of the proposed Consultation Document and supporting information for Greater Wellington Regional Council's (GWRC) Annual Plan 2017/18, to be released for consultation purposes and to establish a Hearing Committee to consider submissions.

2. Background

The Local Government Act 2002 (the LGA) requires the Council to develop an annual plan for each financial year.

The purpose of an annual plan, as defined by section 95(5) of the Act is to:

- (a) *contain the proposed annual budget and funding impact statement for the year to which the annual plan relates; and*
- (b) *identify any variation from the financial statements and funding impact statement included in the local authority's long-term plan in respect of the year; and*
- (c) *provide integrated decision making and coordination of the resources of the local authority; and*
- (d) *contribute to the accountability of the local authority to the community.*

The purpose of a consultation document, as defined by section 95A of the Act is to:

- (1) *Provide a basis for effective public participation in decision-making processes relating to the activities to be undertaken by the local authority in the coming year, and the effects of those activities on costs and funding, as proposed for inclusion in the annual plan, by –*

- (a) *Identifying significant or material differences between the proposed annual plan and the content of the long-term plan for the financial year to which the annual plan relates; and*
 - (b) *Explaining the matters in paragraph (a) in a way that can be readily understood by interested or affected people; and*
 - (c) *Informing discussions between the local authority and its communities about the matters in paragraph (a).*
- (2) *The content of the consultation document must be such as the local authority considers on reasonable grounds will achieve the purpose set out in subsection (1).*

3. Consultation Document for the Annual Plan 2017/18

The Consultation Document for the Annual Plan 2017/18 is provided in **Attachment 1**. This has been drafted in the spirit of the LGA requirements to be an accessible and easy to read document that focuses on the key changes from the 10 Year Plan 2015-25 to be considered by the community. It will be designed to be easy to follow, providing key contextual information on the Council, its relevance and the role it plays in the community, as well as providing information on the changes being proposed.

The Consultation Document identifies only those proposed changes in the 2017/18 year that are a shift from what was outlined in the 10 Year Plan 2015-25. Changes that were consulted on for the Annual Plan 2016/17, and which have a flow on effect for the 2017/18 year, are noted only and are not reopened for consultation.

The Consultation Document outlines the proposed overall 5.6% increase in rates. This 5.6% rates increase equates to \$28 for an average residential household, or 54 cents per week. Much of this increase is made up of committed projects which the regional community has already supported, particularly our continuing programme of investment in regional infrastructure. This includes paying down the debt we incurred when we invested in the new Matangi fleet and investing in projects like Riverlink which aims to protect the Hutt community from floods. We also need to fund the gap resulting from the reducing Funding Assistance Rate (FAR) we receive from NZTA for rail services, as well as fund the costs of a new loan (at commercial rates) to replace the existing interest free loan from the Crown for rail infrastructure.

The Consultation Document will be the main focus of engagement with the community. It will be available primarily online in an electronic version but also through hard copies. The Supporting Information will also be available.

3.1 Changes from Long Term Plan

The LGA requires that the consultation document identify the significant and material differences between the proposed Annual Plan 2017/18 and the content of the 10 Year Plan 2015-25, and outline the expected consequences of these differences.

Various external and internal factors have resulted in the proposed changes to planned work for the 2017/18 year and these are the basis of consultation.

The Consultation Document focuses consultation on the key changes identified below. These changes will be the basis for submissions and hearings. Feedback on other issues will be considered in other processes including the upcoming long term plan process.

Reprioritisation of the work programme for Wellington Water

Wellington Water is planning a reduction in their capital expenditure for the 2017/18 year, a reduction from \$25.9 million to \$12.3 million. This reduction reflects the need for further investigative work to identify the best solution for delivery of Wellington's water in the most suitable and cost effective way. The changes to the work programme include:

- Delay in the Cross Harbour pipeline project pending further investigations into the aquifer at Miramar as an option, to confirm the best solution is identified
- A new project to replace chemical tanks at the treatment plants to meet HSNO standards
- A new project to address a touch voltage, which is creating a health and safety risk
- New projects to address reservoir seismic resilience in Ngauranga and Wainuiomata
- Deferral of the Kaitoke intake and strainer improvement
- Delay in the replacement of the Kaitoke main on Silverstream bridge
- Deferral of the replacement of the Wainuiomata main as we are awaiting value engineering work to be completed
- Replacing the 200 million litre storage reservoir at Takapu with alternative proposals to utilise a new water source as well as duplicating the pipeline network to provide additional resilience.

Managing the financial impacts of the November 2016 earthquake

As a consequence of the November 2016 earthquake, CentrePort suffered substantial damage to the wharves and surrounding land and buildings. This has resulted in a loss of revenue and subsequent anticipated loss of the annual \$4 million dividend. To address this income short-fall we are proposing to fund \$2 million from our contingency funding for events such as this and \$2 million through debt funding.

Fast tracking flood protection

It is proposed to bring forward the planned expenditure to purchase properties as part of the RiverLink Project due to a faster than expected uptake from

affected property owners and rising property values. There is no rate impact from this change.

Public Transport – changes to timing of programmes

Changes to the timing of some of our programmes are proposed to reflect changes in our environment. We are also proposing no changes to fares or fare initiatives in 2017/18, although clearly signalling a comprehensive package of improvements and initiatives in 2018/19. We are proposing a delay to the implementation of initiatives under the scope of Rail Scenario 1 due to uncertainty over funding for all components of the plan including those funded through KiwiRail. For 2017/18 we are also planning to change the timing of programmed heavy rail maintenance and carriage refurbishment, which will have an impact on our overall capital expenditure programme.

Masterton building

Investigations into interim structural improvements to our existing building are proposed as well as re-examining the options for a new building.

4. Supporting Information for the Consultation Document

The supporting information for the consultation document provides more detailed information for the community. Supporting Information this year consists of:

- Financial information on groups of activities
- Financial information on GWRC and its Council Controlled Organisations.

The Supporting Information (**Attachment 2**) will be tabled at the Council meeting.

5. Public Transport Annual Fare Review

The Regional Public Transport Plan requires that public transport fares set by the Council be reviewed annually. The review considers compliance with farebox policy and review of public transport fare levels.

The outcome of the compliance review for 2015/16 and forecasts is set out in Table 1. This shows that overall farebox recovery under the Regional Public Transport Plan and user contributions under the Long Term Plan 2015-25 were within target for 2015/16.

Table 1 Farebox recovery and user contributions for 2015/16 and forecasts

Indicator	Target	Actual 2015/16	Forecast 2016/17	Forecast 2017/18
A. Long-Term Plan – Revenue and Financing Policy				
User contribution	45-50%	46.9%	47.5%	48.8%
B. Regional Public Transport Plan – Farebox Recovery Policy				
Overall farebox recovery	55-60%	57.4%	57.2%	58.2%
Farebox recovery by mode				
Rail	55-60%	55.5%	55.7%	57.3%
Bus	55-60%	57.5%	57.3%	59.3%
Ferry	80-90%	83.3%	82.6%	82.1%

Our current projections show that the overall targets can be met without the need for a fare increase in the 2017/18 financial year. On-going low inflation, low fuel costs and flow-on impacts on patronage have been key considerations.

6. Proposed Rates and Water Levy Increases for 2017/18

Rates income for 2017/18 is proposed to increase by 5.6% (compared to 2016/17), made up of an increase of:

- 1.5 % for existing services
- 4.0% for commitments
- 0.1% for enhancements to levels of service

This equates to an overall average increase of \$28 per year for the average residential rateable property or 54 cents per week.

It is proposed to increase the water levy by 6.1% from 2016/17 to 2017/18. This is charged to the four city councils of Wellington, Lower Hutt, Upper Hutt and Porirua.

7. Communication and engagement activities

A consultation and engagement programme is proposed as follows:

Element	What's proposed	Date
Media statement	A media statement has been issued outlining the proposals in the consultation document that are being considered at this meeting	2 March
Consultation	Online copies available to be downloaded on GWRC website along with supporting	16 March

document	<p>information. Hardcopies will be available at council offices and libraries across the region.</p> <p>Physical and electronic copies of the consultation document to be sent to known recipients from previous years</p>	
Paid advertorial	Advertising in addition to public notices in regional papers to advise people of consultation	From 16 March
Radio advertising	Advertising across all stations to advise people of consultation	From 16 March
GWRC Facebook campaign, cross promoted across neighbourly and twitter	Social media campaign including a video asset to succinctly describe GWRC's role and the annual plan changes, and promoted to encourage reach, engagement and sharing Social media campaign to encourage submissions via website – potentially issues based to generate interest	From 16 March
GWRC Website/ Have your say platform	<p>Primarily hosted on Have Your Say site.</p> <p>Strong links will be created in order to direct people from GW site to Have Your Say and vice versa.</p> <p>Site will have Consultation Document downloadable with links to supporting information and online submission form and other media e.g. video.</p>	From 16 March
Submissions	Submission form available online, as a separate handout or within consultation document. Verbal submissions are also an option on request.	From 16 March
Hearing	Consideration of submissions and other consultation feedback, including hearing of submissions limited to consultation items.	23 and 24 May

There are no formal public meetings planned but information packs will be made available to Councillors to use when discussing the consultation process with constituents.

8. Establishment of a Hearing Committee

It is proposed to establish a Hearing Committee to consider submissions and public feedback on the Annual Plan 2017/18 and to recommend any changes to Council.

The proposed dates for the hearing are 23 and 24 May. It is proposed that Cr Barbara Donaldson be appointed chair of the Hearing Committee and that all councillors be appointed members.

It is consistent with best practice and the principles of consultation set out at section 82 of the Local Government Act 2002 that members considering submissions should be present for the duration of the consideration of the submissions, which will include submitters having the opportunity to speak to their submissions, as well as the deliberations.

It is proposed that the hearing is established around the proposed changes set out in the Consultation Document.

The recommended Terms of Reference for the Hearing Committee is included as **Attachment 3**. The Terms of Reference do not include a provision for submitters to speak to their submission via remote participation.

9. The decision-making process and significance

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 Local Government Act 2002. In accordance with section 95 of the Act, as the proposed annual plan contains material differences from the content of the long-term plan for the year which this annual plan relates, the Council is required to consult on the proposed annual plan in a manner that gives effect to the requirements of section 82 before adopting an annual plan.

Section 82 sets out the principles of consultation. Section 82A sets out what must be included when consultation is required under section 82. In accordance with section 82A, a consultation document must be prepared and adopted in accordance with section 95A of the Act.

9.1 Engagement

In accordance with the Significance and Engagement Policy, officers have determined that the appropriate level of engagement is 'consulting'. Engagement will be carried out as set out in Section 7 above.

10. Recommendations

That the Council:

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Agrees that the matters in the report will lead to the Council making a decision with a medium degree of significance.*

4. ***Agrees** to not increase public transport fares in 2017/18 for the reasons outlined in section 5.*
5. ***Approves** the proposed rates and levies for 2017/18 year for the purpose of including relevant aspects of this information in the Consultation Document for the Annual Plan 2017/18.*
6. ***Adopts** the Supporting Information to the Consultation Document.*
7. ***Adopts** the Consultation Document for the 2017/18 Annual Plan for the purposes of consultation in accordance with section 95A of the Local Government Act 2002.*
8. ***Notes** the submission period from 16 March to 12 April and the proposed consultation activities.*
9. ***Delegates** to the Chair the ability to make minor editorial changes to the Supporting Information for the Annual Plan and the Consultation Document for the Annual Plan 2017/18 prior to publication to correct errors and improve public understanding.*
10. ***Resolves** to establish the Annual Plan 2017/18 Hearing Committee to consider submissions and other feedback on the differences between the proposed Annual Plan 2017/18 and the content of the 10 Year Plan 2015-25, as set out in the Consultation Document for the Annual Plan 2017/18, and to recommend any amendments to the Council.*
11. ***Adopts** the terms of reference for the Annual Plan 2017/18 Hearing Committee as set out in Attachment 3 to this report.*
12. ***Appoints** all Councillors as members of the Annual Plan 2017/18 Hearing Committee and appoints Cr Donaldson as Chair.*

Report prepared by:

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Report approved by:

Luke Troy
 General Manager, Strategy

Report approved by:

Dave Humm
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 Services/CFO

Attachment 1: Consultation Document for the Annual Plan 2017/18

Attachment 2: Supporting Information for the Annual Plan 2017/18 (to be tabled at the meeting)

Attachment 3: Terms of Reference for the Hearing Committee