

Report 16.35  
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Committee Council  
Author Nicola Shorten, Manager Strategic and Corporate Planning

## Approval of the consultation document for the Annual Plan 2016/17 and supporting information

### 1. Purpose

To seek approval of the consultation document and supporting information for Greater Wellington Regional Council's (GWRC) Annual Plan 2016/17, 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.*

With the 2014 amendments to the LGA, there are a number of altered requirements for the preparation of an annual plan. These include the requirement to prepare a clear, simple consultation document which must:

- identify 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
- explain these matters in a way that can be readily understood by interested or affected people

- inform discussions between the local authority and its communities.

The consultation document is not permitted to include a draft annual plan or any policy in full.

### 3. **Shape Your Region – consultation document to the Annual Plan 2016/17**

The consultation document for the Annual Plan 2016/17, ‘Shape Your Region’, 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 is short, simple, uses plain English and has been designed in a style consistent with the consultation document to the 10 Year Plan 2015-25.

The consultation document focuses on the significant or material differences between the proposed Annual Plan 2016/17 and the content of the 10 Year Plan for 2016/17, and only these differences. This reflects the statutory requirements for the content of consultation documents.<sup>1</sup> All other matters consulted and decided upon as part of the 10 Year Plan are outside of this process.

This document must be adopted for the purposes of public consultation on the Annual Plan and will be the main focus of engagement with the community. It will be available in hardcopy through council offices and libraries as well as online on the GWRC website. It refers to the Supporting Information for the Annual Plan, where people can access additional detailed information.

#### 3.1 **Key changes**

Amendments to the LGA require that the consultation document identify the significant and material differences between the proposed Annual Plan 2016/17 and the content of the 10 Year Plan for 2016/17, and outline the expected consequences of these differences.

Various internal and external factors have resulted in several proposed changes to the Annual Plan 2016/17 from that anticipated in the 10 Year Plan 2015-25. These are the basis for the consultation questions that submissions will be called on.

The key changes are:

- **Impact on rates.** In the 10 Year Plan we projected a 10.8% rates increase for 2016/17. Following a review of activities and taking into consideration other drivers of change, a lower rates increase of 7.9% is proposed. This equates to a rates increase of \$30.99 for the average residential household, or 60 cents per week. Much of this increase is made up of committed projects which the regional community has already supported. This included funding for the new Matangi trains.

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<sup>1</sup> Preparing and consulting on an Annual Plan under the Local Government Act. SOLGM November 2015

- **Cost Changes:** Detailed planning for several projects has shown the need for some increases to our forecasted spending in 2016/17. None of these changes reflect a change to service levels:
  - Increased operational and capital expenditure of \$360,000 in 2016/17 for the planned Wellington City bus network. This results in an increased rates requirement of \$98,000.
  - An additional \$1.2m of expenditure for progressing the Natural Resources Plan for the Wellington Region, including independent commissioners to sit on hearings. The Plan sets rules and guidance on water quality and quantity, air, soil, and coastal management. This results in an increased rates requirement of \$82,000.
  - An additional capital investment of \$1.4 million for the Collaborative Modelling Project. This project supports the Whaitua (catchment) programme by providing scientific based information to better understand the possible impacts and consequences of changes in land and water management. The extra cost of \$70,200 in 2016/17 is primarily funded through increased revenue from state of environment monitoring.
  - The allocation of funding for the Wairarapa Water Use project was spread evenly over three years. The current stage of the project (drilling into bedrock to carry out investigations) requires that the majority of the next two years funding be used in 2016/17. In 2017/18 expenditure will be lower to result in an even position. This results in an increased rates requirement of \$16,000.
- **Additional Activities:**
  - Increased planting of erosion prone hill-country in the Ruamāhanga whaitua as a result of increased funding from the Ministry for Primary Industries.
  - Continuing to work with the Wellington City Council and the NZ Transport Agency on a business case for a future Bus Rapid Transit system in Wellington, however this is now part of the wider investigation of new solutions to make it easier to get around the Basin Reserve precinct and the wider Ngauranga to Airport corridor. GWRC funding for the project is drawn from existing sources with no additional impact on rates.
- **Delays to projects:**
  - Development of a draft Wellington Region Spatial Plan is currently on hold while the Local Government Commission and councils consider the future of local government in the Wellington region. This delay will result in a saving of \$100,000 in 2016/17.
  - Redevelopment of two of the Waterloo bores was carried out in late 2015. The redevelopment work has been successful and allows deferral of proposed well replacement work. Further investigations into well replacement options will take place in subsequent years.

- Extended consultation with communities affected by the development of Floodplain Management Plans for Waiohine and Te Kāuru has resulted in a 12 month delay in completion of the plans, with a resulting flow-on delay to the Waiwhetu Plan. Capital expenditure for each project will be deferred from 2016/17 into 2017/18. There are no immediate impacts as a result of these project delays, however the ongoing risk of flood damage remains.
- Investigations on Wairarapa Water Use Project have been reprioritised due to increased work in pre-feasibility to identify possible sites. We have adjusted targets to reflect this.
- The investigation phase of an electronic integrated fares and ticketing system for the Wellington region has been delayed pending confirmation of a national approach, and the budget has been adjusted accordingly. An allowance of \$2 million in 2016/17 has been made for an interim ticketing solution if required. The net impact of the changes in 2016/17 is a reduction in rates of \$283,000.

To ensure transparency for the community, we have also included a list of initiatives that are under consideration, but are not yet proposed in the Plan. These are:

- Options to replace the existing GWRC car vehicle fleet with electric vehicles. We are also working with WCC, other councils and stakeholders to investigate how we could put in place a network of fast charging stations for electric vehicles in the Wellington region
- Wellington Water (a joint council-controlled water management company) is investigating the potential development of levels of service for the supply of drinking water following a major natural event. Investment in resilience has been discussed and included in the 10 Year Plan 2015-25, however, the outcomes of this investigation work may lead to changes in the level of investment proposed in future years
- In December, GWRC selected Transdev Australasia in association with Hyundai Rotem as the preferred operator for the new rail services and maintenance contract. We are still negotiating the contract, but we don't expect it will have an impact on our rates for next year.

### **3.2 Consultation questions**

The Shape your Region consultation document focuses consultation on the key changes identified above. These questions will be the basis for submissions and hearings.

The questions are as follows:

- Would you like to comment on the proposed rates increase for 2016/17?
- Would you like to comment on the proposed cost changes?
- Would you like to comment on the proposed additional activities?
- Would you like to comment on the proposed delays in projects?

#### 4. Supporting Information for the Consultation Document

The supporting information that the consultation document relies upon will go on to form the basis of the final Annual Plan. This must be adopted as supporting information in advance of the adoption of the consultation document. This information provides more detailed reference information for the community.

The supporting information for the consultation document (see **Attachment 2**) includes:

- Emerging issues for 2016/17
- Key Changes from the 10 Year Plan 2015-25
- Financial and level of service information on groups of activities
- Financial information on GWRC and its Council Controlled Organisations.

#### 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 2014/15 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 2012-22 were largely within target for 2014/15.

**Table 1 Farebox recovery and user contributions for 2014/15**

| Indicator  | Target | Actual<br>2014/15 |
|--|--------|-------------------|
| <b>A. Long-Term Plan – Revenue and Financing Policy</b>            |        |                   |
| User contribution  | 45-50% | 50.3%             |
| <b>B. Regional Public Transport Plan – Farebox Recovery Policy</b> |        |                   |
| Overall farebox recovery   | 55-60% | 57.7%             |
| Farebox recovery by mode   |        |                   |
| Rail   | 55-60% | 58.0%             |
| Bus  | 55-60% | 56.1%             |
| Ferry  | 80-90% | 82.3%             |

Looking forward to future fare levels, the 10 Year Plan 2015-25 budget assumption is that for each year between 2016/17 and 2020/21 fare revenue will increase by 1% above inflation.

Our current projections show that the overall targets can be met **without** the need for a fare increase in 2016/17. 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 2016/17

Rates income for 2016/17 is proposed to increase by 7.9% (compared to 2015/16), made up of an increase of:

- 1.9% for existing services
- 4.2% for commitments
- 1.8% for enhancements to levels of service.

This equates to an overall average increase of \$30.99 per year for the average residential rateable property or 60 cents per week.

It is proposed to increase the water levy by 5.4% from 2015/16 to 2016/17. 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:

| <b>Element</b>                        | <b>What's proposed</b>  | <b>Date</b> |
|---------------------------------------|---|-------------|
| Media statement                       | A media statement has been issued outlining the proposals in the consultation document that are being considered at this meeting                    | 24 Feb      |
| Consultation document                 | Hardcopies distributed to council offices and libraries across the region. Available for download on GWRC website along with supporting information | 16 March    |
| Newspaper and radio advertisements    | In Dominion Post and regional papers to advise people of consultation   | Mid March   |
| Social media (Facebook, Twitter etc.) | To encourage viewing of the website and consultation document   | Mid March   |

|             |   |               |
|-------------|---|---------------|
| Website     | Shape your Region consultation document downloadable with links to supporting information and online submission form.                     | 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.   | 25, 26 May    |

The consultation period runs from 16 March – 18 April 2018.

## 8. Establishment of a Hearing Committee

It is proposed to establish a Hearing Committee to consider submissions and public feedback on the Annual Plan 2016/17 and to recommend any changes to Council.

The proposed dates for the hearing are 25 and 26 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. The only constraint, therefore, is the availability to sit through the anticipated two days of hearings and be available for deliberations.

It is proposed that the hearing is established around the consultation questions set out in 3.2 above.

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 to 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 6 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** that, subject to approval of the Annual Plan 2016/17 by Council, current fare revenue levels are retained for 2016/17.*
- 5. **Approves** the proposed rates and levies for 2016/17 year for the purpose of including relevant aspects of this information in the Shape your Region consultation document for the Annual Plan 2016/17 as set out in section 6 of this report.*
- 6. **Adopts** the Supporting Information to the Shape Your Region consultation document contained in Attachment 2 for the purposes of consultation.*
- 7. **Adopts** the Shape your Region consultation document for the Annual Plan 2016/17, as set out in Attachment 1 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 18 April 2016 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 Shape Your Region consultation document prior to publication to correct errors and improve public understanding.*
- 10. **Resolves** to establish the Annual Plan 2016/17 Hearing Committee to consider submissions and other feedback on the differences between the proposed Annual Plan 2016/17 and the content of the 10 Year Plan 2015-25, as set out in the Shape your Region consultation document, and to recommend any amendments to the Council.*



*14. **Appoints** all councillors as members of the Hearing Committee and appoints Cr Donaldson as Chair.*

*15. **Adopts** the terms of reference for the Hearing Committee as set out in Attachment 3 to this report.*

Report prepared by:

**Nicola Shorten**  
Manager, Strategic &  
Corporate Planning

Report approved by:

**Luke Troy**  
General Manager, Strategy

Report approved by:

**Wayne Hastie**  
General Manager, Public  
Transport

Report approved by:

**Dave Humm**  
Chief Financial Officer

Report approved by:

**Greg Campbell**  
Chief Executive

**Attachment 1: Shape your Region consultation document for the Annual Plan 2016/17**

**Attachment 2: Supporting Information to Shape your Region consultation document**

**Attachment 3: Annual Plan 2016/17 Hearing Committee Terms of Reference**