



Waitakere City Council
Te Taiao o Waitakere

NOTICE OF MEETING

LONG TERM COUNCIL COMMUNITY PLAN AND ANNUAL PLAN COMMITTEE

I hereby give notice that a meeting of the Long Term Council Community Plan and Annual Plan Committee will be held on:-

| | | | | |
|---------------------|-----------------|-------------------------|---------------------|----------------|
| <u>DATE:</u> | Monday, | 22 February 2010 | <u>TIME:</u> | 9.30 am |
| | Tuesday, | 23 February 2010 | | 9.30 am |
| | Tuesday, | 16 March 2010 | | 9.30 am |
| | Friday, | 9 April 2010 | | 9.30 am |
| | Friday, | 16 April 2010 | | 9.30 am |
| | Tuesday, | 20 April 2010 | | 9.30 am |

MEETING ROOM: Council Chamber

VENUE: Waitakere Central, 6 Henderson Valley Road, Henderson, Waitakere

to consider the business as set out herein and to take any necessary action connected therewith.

17 February 2010

Carmen Fernandes
COMMITTEE SECRETARY
Telephone (09) 836 8000 extn 8887

MEMBERSHIP:

| | | |
|-------------|-----|---------------------------|
| Councillors | JM | Clews, QSO, JP (Chairman) |
| | RI | Clow (Deputy Chairman) |
| | DQ | Battersby, QSM, JP |
| | BA | Brady, JP |
| | MFP | Chan, JP |
| | LA | Cooper, JP |
| | AK | Corban, OBE, JP |
| | RP | Dallow, QPM, JP |
| | WW | Flaunty, QSM, JP |
| | PA | Hulse |
| | MM | Jolley |
| | JP | Lawley, JP |
| | PG | Mitchell |
| | VS | Neeson, JP |

Mayor RA Harvey, QSO, JP (ex officio)

(Quorum 5 members)

★ ★ ★ ★ ★ ★ ★ ★ ★ ★

(Meeting Room could be subject to change)

(The reports and recommendations contained in all agendas are reports and recommendations only and are not to be construed, in any way, as Council policy until adopted.)

**AGENDA FOR A MEETING OF THE LONG TERM COUNCIL COMMUNITY PLAN AND
ANNUAL PLAN COMMITTEE TO BE HELD IN THE COUNCIL CHAMBER AT
WAITAKERE CENTRAL, 6 HENDERSON VALLEY ROAD, HENDERSON,
WAITAKERE, ON MONDAY, 22 FEBRUARY 2010
COMMENCING AT 9.30 AM**

TABLE OF CONTENTS

| <u>ITEM</u> | | <u>PAGE NO.</u> |
|--------------------|---|------------------------|
| 1 | APOLOGIES | 1 |
| 2 | URGENT BUSINESS | 1 |
| 3 | CONFLICTS OF INTEREST | 1 |
| 4 | CONFIRMATION OF MINUTES | 1 |
| 5 | ANNUAL PLAN 2010 / 2011 PROCESS AND TIMETABLE | 2 |
| 6 | RATE REQUIREMENT OVERVIEW | 7 |

AGENDA FOR A MEETING OF THE LONG TERM COUNCIL COMMUNITY PLAN AND ANNUAL PLAN COMMITTEE TO BE HELD IN THE COUNCIL CHAMBER AT WAITAKERE CENTRAL, 6 HENDERSON VALLEY ROAD, HENDERSON, WAITAKERE, ON MONDAY, 22 FEBRUARY 2010 COMMENCING AT 9.30 AM

1 APOLOGIES



2 URGENT BUSINESS

Section 46A(7) of the Local Government Official Information and Meetings Act 1987 provides that where an item of business is not on the agenda, it may only be dealt with at the meeting if:

- (i) the Committee by resolution so decides; and
- (ii) the Chairman has explained at the beginning of the meeting (when open to the public) that the item will be raised for discussion and decision, why the item is not on the agenda, and why it cannot be delayed until a subsequent meeting.

The Committee may make a decision on a matter determined to be urgent.

NOTE: Urgent Business need not be dealt with now and may be delayed until later in the meeting.



3 CONFLICTS OF INTEREST

The Council has acknowledged in its Code of Conduct that Members need to be vigilant to stand aside from decision making when a conflict arises between their role as a Member of the Council and any private or other external interest they might have. This note is provided as a reminder to Members to check that no such conflicts arise in relation to any items on this agenda.



4 CONFIRMATION OF MINUTES

Meeting Minutes - Tuesday, 15 December 2009

RECOMMENDATION

It is recommended that the Long Term Council Community Plan and Annual Plan Committee resolve to:

Receive the minutes of the meeting of the Long Term Council Community Plan and Annual Plan Committee held on Tuesday, 15 December 2009 as circulated, and that they be taken as read and now be confirmed.



5 ANNUAL PLAN 2010 / 2011 PROCESS AND TIMETABLE

GLOSSARY

| | |
|--|-----------------|
| Long Term Council Community Plan 2009-2019 | (LTCCP) |
| Auckland Transition Agency | (ATA) |
| Local Government Act 2002 | (LGA) |
| Long Term Council Community Plan & Annual Plan Committee | (the Committee) |

EXECUTIVE SUMMARY

This report is to inform the Long Term Council Community Plan and Annual Plan Committee (the Committee) of the process for the adoption of the draft and final Annual Plan 2010/2011 and the indicative timetable to meet the planned adoption dates.

RECOMMENDATION

It is recommended that the Long Term Council Community Plan and Annual Plan Committee resolve to:

Receive the Annual Plan 2010/2011 Process and Timetable report.

BACKGROUND

1. The Council must prepare and adopt the Annual Plan 2010/2011 commencing 1 July 2010 under section 95 of the Local Government Act 2002 (LGA). The 2010/2011 annual planning process has been changed by legislation to recognise the imminent changes to Auckland governance. The Local Government (Auckland Council) Act 2009 under Section 29A gives rise to the following changes:
 - Councils must prepare an Annual Plan for the 2010/2011 financial year but this is required to cover the period 1 July 2009 to 31 October 2010 with information provided for the period 1 November 2010 to 30 June 2011 for comparative purposes;
 - So long as the Annual Plan 2010/2011 is consistent with (year two of) the Long Term Council Community Plan 2009-2019 (LTCCP), no consultation is required in relation to the Annual Plan 2010/2011;
 - Councils must set rates and other revenue mechanisms for the full 12 month period; these must be sufficient to fund the four month period plus the balance of the financial year as if the requirements identified for the four month period continued for the balance of the financial year; and
 - Councils must consult with the Auckland Transition Agency (ATA) throughout the preparation of the Annual Plan 2010/2011.

Annual Plan Planning

2. The key issue that is raised by the new requirements for the 2010/2011 planning process is the need for the Council to decide whether it is simply endorsing the second year of the LTCCP or whether it considers that it is necessary to make more than minor changes to the draft Annual Plan 2010/2011 which would then require preparation of an LTCCP amendment.
3. An LTCCP amendment would be required should the Council decide to change service levels or acquire or sell assets which had not been provided for previously.

4. An LTCCP amendment would be a substantial exercise involving an audit, preparation of a Statement of Proposal, agreement of the ATA to the amendments, consultation with the community on the amendment; hearings and preparation of the final LTCCP.

CONSULTATION

Obligations of Existing Local Authorities in Relation to Annual Plan 2010/2011

5. Section 95(2) of the LGA states that a local authority must use the special consultative procedure in adopting an Annual Plan. However, Section 29A (3) of Local Government (Auckland Council) Act 2009 gives exemption to Section 95(2) of the LGA:
6. Section 29A(3) *"The Annual Plan may simply be adopted by resolution of the existing local authority, but only if the plan is consistent with the financial statements and funding impact statement included in its LTCCP for the 2010/2011 financial year."*
7. Section 29A(4) *"An Annual Plan is not inconsistent with the financial statements and funding impact statement included in the LTCCP for the 2010/2011 financial year because -*
 - (a) *the plan applies to a four month period; or*
 - (b) *the plan reflects more accurate estimates of the costs of achieving and maintaining the level of service provision identified in the LTCCP in respect of that year; or*
 - (c) *any other costs or expenses identified in the LTCCP in respect of that year; or*
 - (d) *any revenue or other income of the existing local authority identified in the LTCCP in respect of that year."*

How Does the Act Impact of Waitakere City Council?

8. There is no requirement to consult under the special consultative procedure in terms of the LGA:
 - If the proposed rate decrease from the LTCCP budget is a consequence of more accurate costs and revenue estimates;
 - It can be demonstrated that the level of service provision is maintained despite the proposed reduction in operating and capital expenditure in annual plan budget; and
 - Consideration has been given to what constitutes a significant issue, proposal or decision under Council's Policy on Significance to assess if consultation (not necessarily special consultative procedure) is required.
9. Included in the draft Annual Plan budget are the following which may require consultation:
 - The Annual Plan budget proposed to include two new targeted rates, being New Lyn Business Improvement District and Henderson Business Improvement District. These require consultation with the affected ratepayers. This consultation on a select group of people has commenced;

- There is another key project, Marine Cluster Precinct, being included in the Annual Plan budget. This significant project may require a specific consultation procedure even though it is not specifically listed as a Council strategic asset; and
 - A number of transport asset corridor improvements, road construction and road rehabilitation projects that have been brought forward.
10. Council's Legal Services department is in the process of performing a critical review of the legislation on consultation in terms of section 5 of the LGA before confirming whether consultation under the special consultative procedure is fully applicable for the Annual Plan 2010/2011 despite exemption under section 29A (3) of the Local Government (Auckland Council) Act 2009.

Consideration of Community Views

Communication Plan

11. Public Affairs recommend that the Council simply informs its residents via its press release, its website and Waitakere News explaining why there is no need for consultation this year.

Key Messages

- 12.
- The Council is not consulting on a draft Annual Plan this year.
 - Legislative changes to the structure of Auckland's governance mean councils in the Auckland region can simply adopt last's year's Annual Plan (year two of the 10 year plan LTCCP) as this year's Annual Plan without additional consultation;
 - Consultation on year two of the 10 year plan LTCCP which is essentially this year's Annual Plan has recently been completed;
 - Making any change which would trigger an LTCCP amendment in the current circumstances will lead to timing difficulties and additional costs, at a time of imminent transfer of responsibilities to a new entity;
 - This is a pragmatic response to the Auckland Council transition process that will save a considerable amount of ratepayer money and Council officer time, and enable Council to focus on the key tasks and imminent work priorities required to transition to the new Auckland Council; and
 - Accordingly, Council will prepare an Annual Plan for the four months of July to October 2010, consistent with the 2010/2011 year of the LTCCP.

DRAFT ANNUAL PLAN PROCESS

13. Committee Members will be issued with a draft Annual Plan folder and will be supplied with supporting material at the deliberations.
14. The folders contain the following Sections:
- Section A: Agenda and Chief Executive Officer's Overview
 - Section B: Additional Reports
 - Section C: Financial Information
 - Section D: Overview Reports

15. The folders will be updated at each of the Committee meetings with additional information that has been requested or is intended to be supplied to assist Committee Members in their decision making.
16. It is expected that the Committee will work through the Overview Reports where required for various activities and through the circulated material. An updated timetable for discussion and presentation of material will be distributed at the meeting and other reports required or requested will be circulated during the deliberations.

TIMETABLE FOR PRESENTATION OF DRAFT ANNUAL PLAN 2010/2011 MATERIAL

17. The timetable below sets out the indicative times for the Committee to consider draft Annual Plan material. At the conclusion of the deliberations of the Committee, recommendations will need to be ratified at the Council meeting scheduled for Tuesday, 20 April 2010.

Monday, 22 February 2010

9.30 am - 11.00 am Agenda -
Process and Timetable
Chief Executive's Overview
Rates Overview and Adjustments to LTCCP

11.00 am - 11.15 am BREAK

11.15 am - 12.45 pm City Services

12.45 pm - 1.30 pm LUNCH

1.30 pm – 2.00 pm City Services
Corporate and Business Services

2.45 pm - 3.00 pm BREAK

3.00 pm - 4.00 pm Community Wellbeing

Tuesday, 23 February 2010

9.30 am - 11.00 am Strategic Planning, Public Affairs, Finance and Executive Services

11.00 am - 11.15 am BREAK

11.15 am - 12.45 pm Reports

12.45 pm - 1.30 pm LUNCH

1.30 pm - 2.45 pm Reports

2.45 pm - 3.00 pm BREAK

3:00 pm - 4:00 pm Whiteboard Issues

Tuesday, 16 March 2010

9.30 am - 11.00 am Report on any Issues

11.00 am - 11.15 am BREAK

11.15 am - 12.45 pm Further Deliberations

12.45 pm - 1.30 pm LUNCH

1.30 pm - 2.45 pm Further Deliberations

Friday, 9 April 2010

9.30 am - 4.00 pm Further Deliberations

Friday, 16 April 2010

9.30 am - 4.00 pm Further Deliberations

Tuesday, 20 April 2010

9.30 am - 12 noon Further Deliberations

Council

Recommendation to Council adoption of the draft Annual Plan 2010/2011

**TIMETABLE FOR ADOPTION OF DRAFT AND FINAL ANNUAL PLAN
2010/2011**

18. The following timetable for the adoption of the Annual Plan for 2010/2011 is as follows:

DELIBERATIONS ON DRAFT ANNUAL PLAN 2010/2011

19.

| | | |
|----------|------------------|--|
| Monday, | 22 February 2010 | 9.30 am - 4.00 pm |
| Tuesday, | 23 February 2010 | 9.30 am - 4.00 pm |
| Tuesday, | 16 March 2010 | 9.30 am - 2.45 pm |
| Friday, | 9 April 2010 | 9.30 am - 4.00 pm |
| Friday | 16 April 2010 | 9.30 am - 4.00 pm |
| Tuesday, | 20 April 2010 | 9.30 am - 12 noon |
| Tuesday, | 20 April 2010 | 12 noon Council - Adoption of draft Annual Plan 2010/2011. |
20. The Plan is provided to Audit New Zealand for their final review and issuance of the Audit Report. If the Council does decide to make any further changes after 20 April 2010 this would involve an additional audit review and delay in consultation. Any delay could breach the requirement of the LGA to adopt the final plan by Friday, 25 June 2010.
21. The Council adoption of the draft Annual Plan document incorporating the Audit Report is scheduled for Tuesday, 20 April 2010 at 12 noon.

22. The Council adoption of the Annual Plan is scheduled for Friday, 25 June 2010 at 12 noon, incorporating the final Audit Report, but we will look at an early adoption if Council adopts the draft Annual Plan by 20 April 2010.

CONCLUSION

23. The timetable to consider information and content for inclusion in the draft Annual Plan 2010/2011 has been provided.
24. The scheduled approval of the draft Annual Plan is on Tuesday, 20 April 2010 at 12 noon. This will ensure that the statutory requirement to adopt the final Annual Plan by Friday, 25 June 2010 at 12 noon will be met.

Report prepared by: Stephen Drumm, Associate Finance Director.



6 RATE REQUIREMENT OVERVIEW

GLOSSARY

| | |
|--|---------|
| Auckland Transition Agency | (ATA) |
| Long Term Council Community Plan 2009-2019 | (LTCCP) |
| Business and Economic Research Limited | (BERL) |

EXECUTIVE SUMMARY

The Council controlled rate increase anticipated by the budget set for the Long Term Council Community Plan 2009-2019 (LTCCP) Year Two was a 7.29% increase. However, current draft expectations are 6.3%. Added to this will be an additional 1.5% from regional levies which Council has minimal control over.

The major differences between the anticipated Council controlled increase of 7.29% and the draft budget of 6.3% is due to:

- Reduced interest requirement due to an increase over the expected level of capital carry forwards;
- Reductions due to the fact that anticipated growth rates have not been as high;
- Reduction in some cases of Business and Economic Research Limited (BERL) adjustment where those contract amounts are known with certainty; and
- Savings due to some project rationalisation.

Whilst these adjustments produce a budget that differs from LTCCP Year Two they are largely reassessments of estimates due to changing conditions that the Council would have carried out in the normal course of producing an Annual Plan.

There are some capital adjustments and these are also considered in reaction to changing circumstances but are deemed to be consistent with the LTCCP.

The new Auckland Governance legislation provides for the Council to adopt its Annual Plan without the requirement for special consultation if the Plan is not inconsistent with Year Two of the LTCCP.

It is a requirement of the legislation that the Auckland Transition Agency (ATA) is consulted in the preparation of this Annual Plan.

RECOMMENDATION

It is recommended that the Long Term Council Community Plan and Annual Plan Committee resolve to:

Receive the Rate Requirement Overview report.

BACKGROUND

1. Waitakere is a growth city and properly planned growth is an opportunity to improve the operation of the City and grow its economy while protecting the natural environment.
2. The LTCCP Year Two expected rate increase originally sat at a 7.29% increase on 2009/2010 and was explained in the LTCCP 10 year plan. "As a result of the capital expenditure in key infrastructure areas there are significant increases in interest, depreciation and infrastructure maintenance that have to be funded."

DECISION MAKING

Issues

Review of Assumptions

3. Considerable effort has been made to review assumptions in the LTCCP to ensure that any savings can be incorporated in to the budget ensuring no impact upon levels of service.
4. An extensive analysis was undertaken in order to reassess funding requirements. This identified key areas of change that produced savings:

(a) Interest Savings

There are a number of factors that would have led to higher interest costs. For example, strategic land sales no longer scheduled. We have been able to negate these influences mainly through an increased level of carry forwards from the current year, yielding interest savings.

(b) Price Level Adjustments

The current economic environment has yielded price level adjustments less than that anticipated by BERL.

(c) Reduced Activity Costs in Units

Maintenance costs overall have been reduced given a drop in price level factors.

Savings made through cost initiatives within each unit, this is detailed in the agenda as attached at pages A1 to A5.

(d) Prioritisation of Work Programmes

A number of project costs have been reduced, partially through the use of Council officers rather than consultants, but also through scope reduction as a direct result of awaiting policy direction from the Auckland Council.

Draft Rate Increase

5. The draft rate increase from Annual Plan 2009/2010 to the Annual Plan 2010/2011 currently sits at 6.3%. This is made up of the following factors:
- a) Interest, 3.55%
 - b) Inflation, 2.7%
 - c) Other, 0.05%

(a) Interest

Budgeted interest is impacted by two factors. While we anticipated additional borrowing requirements and a projected increase in the interest rates, the impact was minimised due to the level of capital carried forwards.

During the 2009/2010 year the base interest rate on the existing portfolio was assumed to average 6% and new loans would achieve an average interest rate of 5.5%. The interest impact of loan funded capital expenditure in the 2009/2010 year and carry forward projects from the 2008/2009 year, is realised in the 2010/2011 year. In addition, there is the assumption that only 60% of the new loan funded capital works will be completed within any given year.

(b) Inflation

Inflation adjustments account for on average 2.7% of the draft rate increase. This inflation factor was applied to payroll and major contract costs in the LTCCP Year Two plan and is consistent with BERL. However, as noted above, some adjustments to budgets have been made where appropriate to reflect a lower inflationary factor than in the LTCCP.

(c) Impact of Increased Asset Base

Maintenance costs have risen in line with an increased asset base such as Project Twin Streams planting costs, Ken Maunder Bridge, Cranwell Park and Tirimoana Reserve.

Summary of Operating Expenditure Variations to LTCCP Year Two 2010/2011

6. **Net Operating Expenditure, (Excluding Depreciation - \$000)**

| Waitakere City Council | 2011 LTCCP | 2011 v307 | Variance to LTCCP | Increase/ (Decrease) |
|----------------------------------|----------------|----------------|----------------------|-------------------------|
| Executive Suite | 2,849 | 2,770 | (79) | (3%) |
| Community Wellbeing | 16,518 | 15,818 | (700) | (4%) |
| Corporate and Business Services | 16,019 | 16,034 | 16 | 0% |
| Public Affairs | 6,692 | 6,547 | (145) | (2%) |
| Finance | 5,934 | 6,011 | 77 | 1% |
| Strategic Planning | 8,643 | 8,654 | 11 | 0% |
| City Services | 51,789 | 51,482 | (307) | (1%) |
| City Wide | 44,310 | 42,189 | (2,121) | (5%) |
| Total Operating excl Depn | 152,754 | 149,505 | (3,249) | (2%) |

Note: The City Wide variances consist of a number of global adjustments which are included in the unit's budget whereas the LTCCP includes these centrally.

7. **Capital Expenditure Summary - (\$000)**

| Waitakere City Council | 2011 LTCCP | 2011 v307 | Variance to LTCCP | % Variance |
|---------------------------------|----------------|----------------|-------------------|--------------|
| Executive Suite | 52 | 50 | (2) | (4%) |
| Community Wellbeing | 10,082 | 9,760 | (322) | (3%) |
| Corporate and Business Services | 18,097 | 12,074 | (6,022) | (33%) |
| Public Affairs | 749 | 599 | (150) | (20%) |
| Finance | 0 | 0 | 0 | |
| Strategic Planning | 129 | 125 | (4) | (3%) |
| City Services | 163,520 | 148,235 | (15,285) | (9%) |
| Total Capex | 192,628 | 170,843 | (21,785) | (11%) |

8. **Summary Capital Expenditure Variations to LTCCP 2010/2011 Year Two - (000s)**

Project Additions/Amendments

| | (Decrease) / Increase \$ |
|----------------------------|--------------------------|
| New Projects | 950 |
| Project time frame changes | (18,656) |
| Project Estimate Updates | (511) |
| Scope Reduction | (539) |
| Postpone Projects | (584) |
| Budget Reduction | (796) |
| Minor Projects | (1,649) |
| Total | (21,785) |

(a) **New Projects - \$950k Increase**

- i. Te Atatu Road and Lincoln Road Corridor Improvements projects (\$750k) were not in the 2009 LTCCP because NZTA indicated the widening of both Lincoln and Te Atatu interchanges were out of scope for the LTCCP time period. However they have now been brought forward
- ii. Swanson Park and Ride budget was not included in the 2009 LTCCP on the basis that there would be insufficient room in the rail corridor because of Kiwirail's electrification requirements. However, Kiwirail advised the Council on 5 November 2009 that it had recommended to the Minister that it did not require land at Swanson station for a third track and if the Minister accepted this, then the land would be made available for a park and ride. The budget for design for a park and ride has been included, should the Minister approve that recommendation. No budget for construction has been included as it needs to be considered by the ATA.

Note: Hobsonville Marine Precinct project which will be subject to a further report.

(b) Project Time Frame Changes - (\$18,656m) Decrease

Expansion of cemetery capacity project has been brought forward, in contrast to the New Lynn TOD, Wilsher Village redevelopment, and NORSGA projects which are proposed for deferral to future years.

(c) Project Estimates Updates - (\$511k) Decrease

A number of projects had their cost estimates reassessed which resulted in some savings. Some of these savings have been offset to provide for the design portion of the McCrae Way development as this is essential to the New Lynn Regeneration project.

(d) Projects Scope Reduction - (\$539k) Decrease

Due to loss of NZTA subsidies, a number of transport related projects have been re-scoped.

(e) Postponed Projects - (\$584k) Decrease

A number of projects have been set aside whilst awaiting policy direction from the new Council, eg. Asset planning and numerous efficiency projects.

(f) Projects Budget Reduction due to Inflation Factor Not Taken Up - (\$796k) Decrease

Recession factors have lead to better tender prices and some projects do not require the full 2009 LTCCP inflation provision.

(g) Minor Projects - (\$699k) Decrease

A criteria was set when evaluating project changes, all projects that fell outside a variance of (\$8k) - \$3k are included in this category. This includes projects with minimal or no change such as Wastewater Network Modelling \$.5k, Sustainability projects (\$1.3k) and Art Acquisitions (\$.12k).

CONSULTATION

9. Consultation is discussed in another report included in this agenda. However, the key thing to note is also that the legislation provides for consultation to be carried out with the ATA through the development of the Annual Plan. The Plan will therefore require a confirmation from the ATA prior to adoption.

RESOURCES

10. All resource requirements are budgeted for.

IMPLEMENTATION ISSUES

11. Implementation of this budget will be subject to the Auckland transitional changes. Whilst this Council is required to set rates and fees for a twelve month period, the actual budget which it is accountable for will be the four months to 31 October 2010.

AUCKLAND COUNCIL TRANSITION ISSUES

12. As noted, consultation has to be undertaken with the ATA. It is expected that they will require a full analysis of variances to the LTCCP and an understanding of Council's reasoning in doing so.

Report prepared by: Stephen Drumm, Associate Finance Director.

