



**Report** 06.286  
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**Committee** Council  
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## **Adoption of the 2006-16 LTCCP**

### **1. Purpose**

To present the final 2006-16 Long-term Council Community Plan, incorporating the 2006/07 Annual Plan, for adoption by Council. The adoption of the Long-term Council Community Plan (LTCCP) provides a formal and public statement of the Council's intentions in relation to matters covered in the LTCCP (the Plan).

### **2. Significance of the decision**

The content of this report is the result of the Council's consultation with the public which took the form of submissions being made on the proposed 2006-16 LTCCP, including the proposed 2006/07 Annual Plan. The changes made to the proposed Plan, outlined in Report 06.210 and this report trigger section 76 (3)(b) of the Local Government Act 2002 as well as the Council's own policy on significance.

The formal submission process undertaken by Council on its 2006-16 Long-term Council Community Plan has complied with the decision-making and special consultative procedures set out in sections 76-79 and 83-85 of the Local Government Act 2002. Reports 06.193 and 06.185 outlined the submission process and analysed the submission that the Council received. Report 06.210

### **3. Background**

The Local Government Act 2002 requires the Council to adopt its LTCCP prior to the commencement of the first year to which it relates.

The process of preparing the 2006-16 LTCCP started over a year ago with a series of Council workshops on a range of general background issues. These were followed by workshops on Greater Wellington's specific activity areas and the preparation of business plans by each of the departmental managers within the Council.

The business plans were reviewed by Councillors during January 2006 and the proposed 2006-16 LTCCP (incorporating the 2006/07 Annual Plan) was prepared.

It was approved for public consultation by Council on 9 March 2006. The consultation period ran from 1 April 2006 to 4 May 2006. A total of 411 submissions were received. The Planning and Monitoring Subcommittee heard 55 oral submissions and considered all submissions on 16, 17 and 18 May 2006. As a result, the Subcommittee noted some changes to be made to the LTCCP and requested the Chief Executive to report further on the implications of these changes.

Council received a report on 1 June 2006 that outlined changes to be made to the proposed LTCCP as a result of the following:

- The public consultation process;
- New information and changed assumptions; and
- Re-budgets of 2005/06 expenditure.

At this meeting, Council approved the re-budgeting and other adjustments, and noted their rating impacts. Council formally approved the level of regional rates and bulk water levy for the 2006/07 year and the following nine years of the LTCCP.

#### **4. Comment**

The next LTCCP will be adopted in three years time – in 2009 – although amendments can be made through due process at any time.

The final LTCCP comprises two documents – *Detailed Information* and *Policies*. These documents are attached to this report (**Attachment 1**). A *Summary* document has not been prepared. The *Summary* of the proposed document was sent to all households in the region in order to receive public comment. As the circulation of the final document is more limited, it was deemed not necessary to produce another *Summary*, especially as the costs of the LTCCP to date have exceeded budget. All those that submitted to the proposed LTCCP will receive detailed responses to their submissions.

There have been some minor wording changes from the proposed document, mainly to increase the focus on biodiversity, to explain our integrated catchment management approach and to amend the transport mode share target. These were recommendations from the Planning and Monitoring Subcommittee. The impact of the Animal Health Board funding has also been included in the Land section. Further, the *Message from the Chairman* has been re-written taking on board the comments from the Planning and Monitoring Subcommittee meeting on 13 June 2006 when a draft of the *Message* was received.

The *Policies* document remains unchanged from the proposed (except with very minor wording changes to omit reference to the consultation process on the proposed Plan).

## **5. Balanced Budget**

The Council is forecasting to run operating deficits in the last few years of the ten year plan.

These deficits arise from the accounting treatment for government grants used to fund capital expenditure, in particular, rail rolling stock.

The government grants are received as revenue, while the expenditure is capitalised as fixed assets and written off over the life of the assets. Thus, in the years the grants are received, the Council makes large surpluses - as evidenced in the years up to 2011/12.

Post that period, the writing off of the fixed assets over the life takes effect, with deficits being made in the last few years.

The Council is not proposing to fund the depreciation on the rolling stock for the following reasons:

- Current ratepayers are paying the funding of these assets already. If they also paid for depreciation they would be paying more than their fair share of these assets.
- These deficits are accounting deficits, not cash deficits.

Under Section 100 (1) of the Local Government Act 2002 (the Act), the Council is required to run a balanced budget. However, Section 100 (2) permits the Council to run a deficit if the Council resolves to do so, having regard to the following:

- (a) The estimated expenses of achieving and maintaining forecast levels of service of the assets throughout their useful life; and
- (b) The projected revenue available to fund the estimated expenses associated with maintaining the service capacity of the assets throughout their useful life; and
- (c) The equitable allocation of responsibility for funding the assets throughout their useful life; and
- (d) That funding and financial policies adopted under Section 102 of the Act.

The Council will be maintaining the assets at a level to ensure their service capacity is maintained throughout their useful life. In addition, by not funding depreciation on these assets, the Council is ensuring there is an equitable allocation of the cost of these assets to ratepayers. This treatment is covered under our Revenue and Financing Policy.

## 6. **Audit**

The final 2006-16 LTCCP has been audited. A copy of the Audit New Zealand report will be presented once the Council approves the 2006-16 LTCCP.

## 7. **Communication**

There was a media release from the 1 June 2006 meeting. However, another will be prepared announcing Council's formal adoption of its LTCCP.

## 8. **Recommendations**

*That Council:*

- 1) *Receives the report;*
- 2) *Notes its content;*
- 3) *Notes that the 2006-16 Long-term Council Community Plan includes the following policies:*
  - *Policy on Significance;*
  - *Policy on partnerships with the private sector;*
  - *Rates remission and postponement policies;*
  - *Policy on development contributions or financial contributions;*
  - *Treasury management policy;*
  - *Revenue and financing policy.*
- 4) *Resolves that, in accordance with Section 100 of the Local Government Act 2002, it does not operate a balanced budget for the last four years of this plan, for reasons noted in Section 5 of this report.*
- 5) *Approves the Greater Wellington Regional Council's 2006-16 Long-term Council Community Plan and the 2006/07 Annual Plan.*
- 6) *Receives the Audit report.*
- 7) *Adopts the Council's final 2006-16 Long-term Council Community Plan and 2006/07 Annual Plan.*

Report prepared by:

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**Attachment 1:** Greater Wellington Regional Council's ten-year plan 2006-16,  
Incorporating the 2006/07 Annual Plan (Detailed information  
document and Policies document)