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**REPORT 4**  
1215/52/IM

**2005/06 DRAFT ANNUAL PLAN BUDGET POSITION: REPORT  
OF THE ANNUAL PLAN WORKING PARTY**

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## **1. Purpose of the Report**

This report seeks agreement to the projects and programmes to be included in the 2005/06 Draft Annual Plan. It incorporates the recommendations of the Annual Plan Working Party.

## **2. Executive Summary**

The Council has been developing its Draft Annual Plan for 2005/06 over the past few months. This paper discusses the process to date and provides for agreement to project budgets and to the recommendations of the Annual Plan Working Party.

The Working Party has reviewed the Council's activities for inclusion in the 2005/06 Draft Annual Plan. Its review considered the appropriateness of levels of services for all of the Council's projects and programmes, new initiatives, and changes to fees and charges.

The Working Party's recommendations have resulted in a preliminary real rates funding requirement less than the initial forecast of 7.9 percent. The position at the beginning of these deliberations, including recommended new initiatives, is 7.39 percent for 2005/06. The forecast for the following two years is 4.28 percent and 0.54 percent respectively.

This position has been achieved by:

1. Officers completing detailed reviews of their project and programme budgets and reviewing line-by-line assessments of activities; and
2. the Working Party reviewing new initiatives and having these reviewed at an elected members workshop; and
  - identifying changes to the forecast levels of service; and
  - containing Asset Management Plan changes; and
  - identifying revenue optimisation options in the fees and charges applied to swimming pools; recreation centres; library (late returns); and within the Building Consents and Licensing Services area; and
  - directing the Chief Executive to deliver \$5 million worth of efficiency savings from within organisational costs and by undertaking a targeted review of projects and programmes.

A summary statement of the movements in the Opex and Capex budgets is detailed in the draft forecast position attached as appendix one.

A schedule of ongoing project budgets is detailed in appendix two and a schedule of changed project budgets is outlined in appendix three.

### 3. Recommendations

It is recommended that Council:

1. *Receive the information.*
2. *(a) Agree that the 'ongoing project budgets' for projects and programmes as detailed in appendix two be included in the 2005/06 Draft Annual Plan.*  
  
*(b) Note that the Chief Executive's efficiency and effectiveness review will result in \$5 million of savings including:*
  - *infrastructure and other business unit service level options (\$860k)*
  - *additional revenue from dog licensing (\$250k)*
  - *enhancements in Council budgeting processes / assumptions (\$2m): and*
  - *further savings to be identified as part of a targeted review of projects and programmes taking into account the following criteria:*
    - i. the extent to which it is bound by contractual commitments*
    - ii. an assessment of health and safety risks to both staff and the public*
    - iii. an assessment of issues relating to timing and urgency*
    - iv. any other matters considered relevant.*
3. *Agree that the changes to projects and programmes' detailed in section 6.1, and noted in the project budgets in appendix three, be included in the 2005/06 Draft Annual Plan.*
4. *(a) Agree to the following shifts to the funding targets in the Revenue and Financing Policy:*

Activity	Current Funding targets	Recommended Change
1.4.2 Building Control and Facilitation	User charges 50%	60%
	General rate 50%	40%
	TOTAL 100%	
2.8.3 Public Health	User charges 45%	50%
	General rate 55%	50%
	TOTAL 100%	
7.1.1 Swimming pools	User charges 45%	50%
	General rate 55%	50%
	TOTAL 100%	
7.1.4 Recreation Centres	User charges 25%	30%
	General rate 75%	70%
	TOTAL 100%	

<sup>1</sup> Resulting from Asset Management Plan variations, service level reviews by the Working Party, and the Chief Executive's efficiency review.

*(b) Agree that the changes to fees and charges detailed in appendix four (and outlined in the projects budgets in appendix three) be included in the 2005/06 Draft Annual Plan.*

5. *Agree that the following new initiatives<sup>2</sup> be included in the 2005/06 Draft Annual Plan at the funding levels detailed in appendix five:*

*Earthquake protection (Building Act)  
Waterfront public space expenditure  
Non contestable grants increase  
Wellington Museums Trust: operating grant  
Older Persons Policy Implementation  
Evolve: Youth Drop-in Centre  
Community Events: additional funding  
PWT (CPI increases)  
PWT (Growth in Australian Visitors)  
PWT (Research and Product Development)  
International Conferences  
KWST Sanctuary Development  
Hazardous Trees Removal (response to storms)  
Public Conveniences and Pavilions Upgrades  
Indoor Stadium Development Entity Funding  
Newtown Park Redevelopment  
National Hockey Stadium – Car Park  
Renouf Tennis Centre  
CCOs feasibility studies  
Marine Education Centre*

6. *Agree to include in the 2005/06 Draft Annual Plan the Capex proposed for year one of the Zoo's long range development plan, which represents a \$170k reduction on the forecast.*
7. *Confirm the transition in the rates differential from commercial to residential at 5.4:1 to 4.9:1 for the 2005/06 year.*
8. *Agree to the financial statements, borrowings / debt position, and funding impact statements for adoption by Council in appendix six.<sup>3</sup>*

## **4. Background**

### **4.1 Statutory basis**

The Council is required to produce an Annual Plan for the coming financial year. The 2005/06 Annual Plan comprises year three of the long term council community plan and reports on any variances to its forecasts.

The special consultative process must be used to adopt the Annual Plan. A separate report on this agenda discusses the consultation plan.

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<sup>2</sup> Note that the V8 Car Race is considered earlier on this agenda. The budget forecast presented here includes the funding sought for the car race. Note also that the Karori Wildlife Sanctuary; and Marine Education Centre were discussed at committee on 3 March and that business cases covering these two are contained in the New Initiatives Booklet that accompanies this agenda.

<sup>3</sup> These draft statements will be contained in appendix six and are to be provided to elected members on 7 March 2005.

## 4.2 Working Party Membership

An Annual Plan Working Party was established by Council on 15 December 2004. The membership was made up of Crs Shaw (Chair), Foster, McKinnon, Ruben, Wade-Brown. The Mayor as an ex officio member chaired the meeting in Cr Shaw's absence. Crs Goulden, Morrison and Ritchie joined the Working Party on a number of occasions.

## 4.3 Process to date

The annual planning process to date has included:

28 June 2004: The 2005/06 forecast financial position of 7.9 percent real rates requirement was adopted as part of the 2004/05 Annual Plan.

22 November 2004: The planning process was outlined at an elected members' workshop. The indicative forecast position and 'shocks' to it were outlined.

7 December 2004: The Annual Plan process was agreed by the Strategy and Policy committee. The Annual Plan Working Party was established and the key budgetary levers were discussed.

10 December 2004: New initiatives were identified.

31 January 2005: The inaugural Annual Plan Working Party meeting was held. The Working Party established its process and agreed to the format of papers. An outline of a revised forecast position was presented.

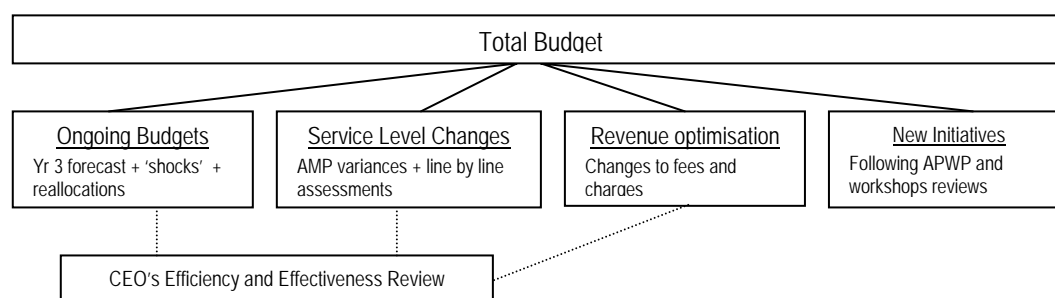
14 -15 and 22 - 24 February: The Working Party considered: new initiatives; line-by-line assessments of projects and programmes; and changes to fees and charges.

24 February 2005: Elected members' workshop was held to receive deputations and review new initiatives. The results of an independent review of seven Asset Management Plans were also presented.

1 March 2005: The Annual Plan Working Party reviewed its report for consideration by the Strategy and Policy committee.

## 5. Budget Preparation

The 2005/06 budget process is made up of five key components as presented below:



## 5.1 Project Budgets

The continuous review of Council's activities to ensure they are efficient and effective is an important lever in the budgetary process. The planning process has ensured that budgets are reviewed at a number of stages to ensure they are at optimal levels.

This year's review can be summarised as follows:

- i. Officers reviewed forecasts for each of their projects and programmes
- ii. Shocks and other factors impacting on the budget were identified and presented to Council
  - o CPI/cost of living increases
  - o contractual price fluctuations
  - o salary and wages adjustments, including Collective Employment Contract increases
  - o renegotiation of insurance policies
  - o impacts on income sources, including reassessment of housing market rentals
  - o depreciation review and identified adjustments
  - o reallocation of indirect labour charges between Opex/Capex projects
  - o consequential budget changes arising from project timing changes
- iii. Officers prepared forecast budgets reflecting the above movements
- iv. Officers prepared summary Asset Management Plans identifying variations
- v. Officers prepared line-by-line assessments of projects – potential service level changes identified
- vi. Working Party reviewed the line-by-line assessments, AMP variations, questioned officers and recommended proposed service level changes; and
- vii. Business-as-usual budgets (projects that have no change to their levels of service) were prepared
- viii. Officers identify efficiency and effectiveness savings (see below)
- ix. Committee and Council deliberate on recommendations
- x. Officers revise budgets taking into account the above movements<sup>4</sup>.

The process has resulted in decision being required in two distinct areas.

(1) Agreement to the ongoing project budget – agreement to project and programmes that have not been affected by a change to level of service. These are detailed in appendix two.

(2) Agreement to changes in projects and programmes. These may take the form of AMP variations, service level changes as recommended by the Working Party, new initiatives, or changes to fees and charges. Each of these is discussed below.

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<sup>4</sup> The Council's project and programme budgets include: i. all revenue and expenditure that is either directly or indirectly allocated/charged to projects and programmes (except rates income, revenue from investment properties, dividends and petrol tax income). ii. the allocation of organisational costs based on the direct and indirect labour charged to the project. iii. the allocation of financing costs based on the net book value of assets used in the delivery of the outputs of the individual project.

The initial 2005/06 budgets presented to the Working Party include organisational and financing costs allocated to Opex projects before the Working Party recommendations were considered. Upon approval of the Working Party recommendations the impact directly and indirectly on Opex and Capex projects and programmes, organisational costs and financing costs will need to be reallocated across all Opex projects. This will result in a movement of organisational and financing costs within most Opex projects but will have a nil net effect across Council.

## **5.2 Chief Executive's Efficiency and Effectiveness Review**

An important lever in the budgetary process has been management's review of efficiency and effectiveness. The Chief Executive has committed to identifying \$5 million worth of efficiencies for the 2005/06 financial year. The areas for efficiency have been identified as:

- service level changes
- operational efficiencies; and
- budgeting efficiencies.

Management have made the following progress towards this savings target. The following have been identified:

- infrastructure and other business unit service level options (0.55%)<sup>5</sup>
- additional revenue from dog licensing (0.16%)<sup>6</sup>
- enhancements in Council budgeting processes / assumptions with no impact on service levels (1.28%).

The remaining savings of 1.21 percent will be achieved as part of a targeted review of project and programme efficiencies, and then a service level review guided by the following criteria (as were recommended by the Working Party) being applied to each activity:

- the extent to which it is bound by contractual commitments
- an assessment of health and safety risks to both staff and the public
- an assessment of issues relating to timing and urgency
- any other matters considered relevant.

These unidentified savings will be allocated across the project and programme budgets while the review is undertaken. The Chief Executive will report back on the targeted review in June.

## **6. Asset Management Plan and Service Level Reviews**

The Working Party carried out a review of the current service levels for all of the Council's activities. The Working Party was presented with a line-by-line assessment of the Council's projects and programmes. This review was carried out by key achievement area and was guided by officers' identification of variances within summary Asset Management Plans.

The review ensured that each project was thoroughly considered. The line-by-line assessment detailed:

- a weighted statement on how important the project was to the achievement of outcome(s) relative to other projects
- the extent to which the project was required by legislation
- the current level of service and how this was determined
- proposed changes to levels of service; and
- the risks and financial impact of reducing these.

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<sup>5</sup> The changes are noted in the table in section 6.1 and are marked with an \*

<sup>6</sup> The fee level changes are noted in appendix four.

The variances within Asset Management Plans were detailed within each summary. As with previous years any changes to service levels took into account the diamond analysis.<sup>7</sup> It should be noted that the Asset Management Plans will be presented for adoption in June following consultation on the Draft Annual Plan.

## 6.1 Recommended Changes to Levels of Services

The Working Party has recommended that the service levels for the following projects are changed including consequential Opex impacts of Capex decisions. The nature of the change will vary – the changes may take the form of an increase through the Asset Management Plan, a deferral, a cut to the project, or efficiencies. The changes that have been identified are:

Project name		AMP Impacts	Service Levels changes	Project total
	<b>Built Environment</b>			
C533	District Plan		(100)	1,456
C578	Northern Growth Mgmt Plan		(25)	91
CX408	Central City Walking Routes		(80)	0
CX447	Northern Growth Mgmt Plan		(4,350)	0
	<b>Community Health and safety</b>			
A468	Community Properties programmed maintenance	101		523
C068	Community Halls operations and maintenance	100		346
C072	Public conveniences contract	436		1,831
C125	Housing operations and maintenance	(209)	(200)	(2,248)
C592	Community Computing		(223)	96
CX364	Housing reconfiguration	111		111
CX457	Newland Community Facility		(340)	25
CX467	Community Halls – upgrades and renewals	212		217
	<b>Culture and Arts</b>			
C130K	Community arts programme		(100)	523
	<b>City Economy</b>			
C582	Creativity workforce		(50)	50
C583	Creativity awards		(20)	0
C584	Creative achiever programme		(100)	100
C585	Centre of innovation and creativity		(50)	0
C633	Business support		(200)	0
CX275	Wgtn Convention Centre renewals	54		1,186
	<b>Natural Environment</b>			
C517	Park furniture maintenance	274		661
A008	Hazardous trees removal	52		787
C513	Community Greening initiatives	25		149
C518	Park buildings and infrastructure maintenance	71		1,424
C524	Town belts maintenance		(100)	913
C560	Botanic garden services	283		3,124
C563	Horticultural operations	15	(100)	984
CX284	Park structures upgrades and renewals	319		517
CX348	Botanic gardens renewals	256		955
CX437	Town belts and reserves upgrades	156		589

<sup>7</sup> The diamond analysis involves examining projects in terms of their impacts on risk, cost, strategic investment and levels of service

Project name		AMP Impacts	Service Levels changes	Project total
	Resources and Waste			
A041	Sewerage network asset stewardship	(290)	(50)	9,341
A041A	Stormwater network stewardship	72		8,306
C076	Landfill operations and maintenance		(410)*	(2,056)
C086A	Sewerage network unplanned maintenance		(750)	1,704
C086C	Stormwater network maintenance		(50)	1,581
C088	Porirua sewerage treatment contribution	250		1,699
C463	Water asset stewardship	10	(130)	7,765
C486	Water network information compliance monitoring	(114)	(338)	306
C495	Sewerage network critical drains inspection		(70)	207
C496	Stormwater critical drains inspection		(30)	119
C547	Water conservation and leak detection	10		99
C556	Quarry operations		(380)*	(468)
CX029	Sewage pollution elimination project – sewer main trunk upgrades	(3,815)	(1,185)	811
CX031	Stormwater flood protection upgrades	980	(330)	2,956
CX127	Water reservoir and pump station	(2,259)		301
CX336	Water pump station/reservoir upgrades	(1,152)	(11)	4,100
	Recreation and Leisure			
C034	Swimming pool operations	533	(200)	6,779
C037	Recreation centre operations	134		1,864
C046	Wellington Zoo	(46)		3,113
C467	Branch Libraries operations	65		4,891
C632	Ice Skating Rink		(70)	0
CX056	Aquatic facility renewals	(294)		1,256
CX059	Recreation centre renewals	(1)		69
CX125	Zoo renewals	113		195
CX358	Branch libraries upgrades	(12)		153
	Transport			
A513A	Traffic control and asset stewardship	30	(16)	723
C006	Open space vegetation management	70		1,522
C026B	Streetlight maintenance		(200)	1,318
C305	Footpath maintenance		(50)	274
C377	Footpath asset stewardship		(400)	3,250
C452	Traffic sign maintenance		436	693
C453	Vehicle network asset stewardship	59	(6)	4,995
C576	Passenger transport asset stewardship	121	(6)	644
P184	City gateway improvements		(50)	85
CX098	Road corridor sea wall renewal		1,100	1,593
CX135	Passenger transport network upgrades	1,000	(1,000)	256
CX171	Minor safety projects		132	648

Project name		AMP Impacts	Service Levels changes	Project total
CX232	Traffic calming projects		100	240
CX319	Roadside parking improvement	500	61	626
CX353	Traffic signal renewals	37		450
CX431	Bus Shelter contract improvements	100		103
Project name		AMP Impacts	Service Levels changes	Project total
CX445	Safer roads project		(1,530)	2,960
	Organisational			
Org	(Commercial A&B properties)	(110)		0
Org CX	(Civic Complex fit out)	106		678

Projects where no change to the level of service is recommended are detailed in appendix two and form the ongoing projects budget.

## 7. Revenue Optimisation: Fees and Charges

The Council's Revenue and Financing policy sets the appropriate source of funding for each of the Council's activities. Officers continually review how they are performing against funding targets and each year a review of fees and charges is undertaken.

This year the review of fees and charges was presented to the Working Party. The review has resulted in the following areas being identified for change:

- Swimming pools
- Recreation centres
- Libraries (overdue charges)
- Building Control and Facilitation; and
- Public health.

The recommended changes take two forms: a change to some funding targets and a change to the level of fees and charges. The funding targets changes and set out below, and the specific fees are set out in appendix four. The fee changes will reduce the level of rates required by 0.79 percent, with the changes to dog fees identified by management in section 5.2 an additional 0.16 percent. The target changes are:

Activity	Current Funding targets	Year-to-date 2/4	Recommended Change	Fee change refer:	
1.4.2 Building Control and Facilitation	User charges	50%	52%	60%	Appendix 4
	Other revenue	0%	0%	0%	
	Targeted rate	0%	0%	0%	
	General rate	50%	48%	40%	
2.8.3 Public Health	User charges	45%	44%	50%	
	Other revenue	0%	0%	0%	
	Targeted rate	0%	0%	0%	
	General rate	55%	56%	50%	
7.1.1 Swimming pools	User charges	45%	40%	50%	
	Other revenue	0%	0%	0%	
	Targeted rate	0%	0%	0%	
	General rate	55%	60%	50%	
7.1.4 Recreation Centres	User charges	25%	28%	30%	
	Other revenue	0%	0%	0%	
	Targeted rate	0%	0%	0%	
	General rate	75%	72%	70%	
7.1.6 Libraries	No change	No change	No change		

## 8. New Initiatives

The Working Party considered 34 new initiatives<sup>8</sup> and recommended 21<sup>9</sup> following review by a workshop of elected members on 23 February.

### 8.1 Initial Assessments

An initial review of initiatives was carried out by officers. Each initiative has been considered for its:

- legal and contractual requirements
- contribution to Council's strategic outcomes
- consistency with current policy
- urgency – the opportunity it represents
- relativity to existing projects and current levels of service
- cost
- funding and delivery options
- risks.

Following this initial review initiatives were then placed against the priorities for the coming year.

### 8.2 2005/06 Priorities

The Council's strategic direction is well established. Each of the proposed initiatives can be seen to contribute in some way to the direction. In order to test the level of that contribution officers developed a number of priorities for the coming year. These have guided the determination of whether or not to recommend funding. The priorities are:

- i. to address holes<sup>10</sup> in existing services that need to be filled
- ii. to take time critical or unique opportunities to enhance the city
- iii. to support organisations which demonstrate a collaborative leadership role in the city.

### 8.3 Recommended New Initiatives

The following new initiatives have been recommended for inclusion in the 2005/06 Draft Annual Plan:

Project	Description
Earthquake protection (Building Act)	The initiative aims identify earthquake-prone buildings in Wellington City (as classified under the Building Act). This will allow the capture of information on building structure to facilitate the development of a policy on earth-quake buildings, a statutory requirement of the new Building Act 2004.
Waterfront public space expenditure	WWL is requesting the Waterfront Frameworks agreed Council contribution early in order to expedite the waterfront process.
Non contestable grants increase	Funding is sought to increase the hourly rate of Community Centre co-ordinators. The proposal relates to 29 organisations (18 Community Centres, 6 Citizens Advice Bureaux and 5 other community groups) that currently receive community salary grants.

<sup>8</sup> The business cases for each of the initiative are contained in the New Initiatives Booklet that accompanies this agenda.

<sup>9</sup> The V8 Car Race and the Marine Education are also recommended but were not considered by the Working Party.

<sup>10</sup> A 'hole' is defined as a threat or deficiency that compromises the provision of a service at an appropriate level for an internationally competitive city.

Project	Description
Wellington Museums Trust: operating grant	The initiative aims to increase the core funding grant to the Wellington Museums Trust, to enable it to maintain services at the current levels. The Working Party recommended that the project be funded at \$60k only.
Older Persons Policy Implementation	The initiative aims to employ an advisor to co-ordinate activities to support the implementation of the Older Person's Policy. An Older Person's Policy is currently being developed in collaboration with Age Concern and Grey Power.
Evolve: Youth Drop-in Centre	<p>The initiative seeks Council support to enable Evolve to open at least one evening per week, additional funding is requested for Peer Support Workers.</p> <p>Offices have provided additional information on this project in the New Initiatives Booklet that accompanies this agenda. The information concludes that while the project would be eligible for consideration as part of the Youth Grants within Wellington City Council it would be unlikely to receive funding at the requested level.</p>
Community Events: additional funding	This proposal requests additional funding to retain at a current service level the city's programme of free events and event support to the community.
PWT (CPI increases)	PWT seeks an increase to its core funding. A large amount of the funding covers increasing salary costs to more appropriately remunerate key staff in a competitive environment. Funding is recommended at 100k only.
PWT (Growth in Australian Visitors)	PWT seek an increase to its funding to extend its marketing programme in the Australia. The proposal endeavours to significantly increase Australian visitation to Wellington. Funding is recommended at 200k only.
PWT (Research and Product Development)	PWT seek support from Council to fund an integrated research and product development programme that will underpin growth and planning for the tourism sector. Funding is recommended at 205k only.
International Conferences	The initiative aims to provide funding for the organisation of the New Zealand Alumni Convention and the Sister Cities New Zealand Conference in April 2006.
KWST Sanctuary Development	<p>Funding is sought by KWST to aid in the development of a 'world-class visitor experience' which will position the Sanctuary as a major international tourism destination. The paper will be discussed by committee in early March.</p> <p>The Working Party supports funding up to \$8m conditional on financial support for the project being gained from the government and Greater Wellington Regional Council.</p>
Hazardous Trees Removal (response to storms)	The initiative aims to complete the removal of specific group and individual trees on the Town Belt and reserve land that have become hazardous or pose future risk issues as a result of 2004 February and August storms
Public Conveniences and Pavilions Upgrades	An increase to funding is sought to expand project CX366 Public conveniences upgrades, to include pavilions and allow for new facilities and an upgrade of the existing Te Aro toilets to a manned facility.
Indoor Stadium Development Entity	This proposal seeks to provide an operating grant to the Indoor Stadium Trust should it be established following consultation.
Newtown Park Redevelopment	Funding is sought for the Newtown Park redevelopment. The redevelopment proposal covers the entire Newtown Park precinct. The current standard of facilities at Newtown Park is not sufficient to host high profile sporting events.

Project	Description
National Hockey Stadium – Car Park	Funding is sought to construct 60 new car parks at the National Hockey Stadium.
WRAC – Leisure and Water-play development	This proposal seeks additional capital project expenditure, so that the previously approved leisure and water play project can be initiated in 2005. Note that the project does not impact on the 2005/06 budget and is considered separately on this agenda.
Renouf Tennis Centre	Funding is sought by Wellington Tennis Incorporated to assist fund construction of a new building that will cover two existing outdoor tennis courts at the Wellington Renouf Tennis Centre.
CCOs feasibility studies	This proposal seeks to provide new budget to enable the CCO Monitoring Team to facilitate the development and preparation of business cases by external bodies in support of new initiatives for Council consideration
Zoo Upgrade	This initiative seeks funding for a long range development plan (LRDP) to undertake capital works designed to improve the Zoo layout, animal accommodation, and to assist in upgrading the visitor experience. Officers are working with the Wellington Zoo Trust to finalise a business case for consideration by the Council. In the meantime, it is recommended that the Draft Annual Plan include the Capex proposed set out in the LRDP. For 2005/06 this represents a \$170k reduction compared to the figure currently allocated under the LTCCP. The business case will be presented in June as part of the Annual Plan deliberations with officers recommendations.
Marine Conservation Centre	The Marine Conservation Centre was considered by committee on 3 March and was recommended for inclusion in the Draft Annual Plan. The budgets presented as part of this paper reflect the costs of this project.
V8 Car Race	The V8 Car Race is considered separately on this agenda. The budgets presented as part of this paper reflect the costs of this project.

#### 8.4 Declined New Initiatives

The following new initiatives have been considered and declined:

Project	Description
Cycle Strategy Implementation	This proposal seeks funding to implement the Cycling Strategy. The proposal also promotes the design and implement of an off-road cycle connection between Berhampore and Island Bay. The Working Party's recommendation that 200k Capex and 50k Opex be funded was not supported by the elected members' workshop.
Fujitsu Computer room	The Working Party declined the initiative pending further information.
Urban form enhancement – Karori town centre	The initiative aims to improve the urban form and functionality of the Karori Town Centre through the acquisition of the Mobil site.
NZ centre for photography in Shed 11	This proposal seeks Council's support to establish a full-time permanent venue dedicated to photography – the New Zealand Centre for Photography at Shed 11.
Festival of the Arts	The initiative has two components. 1. It seeks an addition of \$150k to the core funding that the Council provides. 2. It also seeks support for a one off event – Earth from the Air.
ICT Strategy: Economic Development Opportunities	This proposal focuses on the economic development phase of the Information and Communication Technologies (ICT) Strategy. Funding is sought to purchase independent expert advice that can provide an in-depth understanding of ICT and potential strategies for the Council.
Central Library Building Upgrade	Funding is sought to undertake an upgrade of the Central Library building. Increased usage and facilities have placed greater pressure on optimising building facilities.

Project	Description
Johnsonville Library in the Mall	An opportunity to relocate the Johnsonville Library into the expanding Mall is being explored by officers. Any changes would not occur until the 2006/07 at the earliest and officers will re-present the proposal then if it is still considered a priority.
Zoo operating grant	The Zoo seeks a change to its operating grant. The Zoo's strategic plan is scheduled to be discussed prior to the Annual Plan deliberations.
Sister City Associations (extension)	The initiative aims to increase funding for International Relations activities and to fund the Wellington Xiamen and Wellington Sakai Associations to facilitate their taking increased responsibility for organising inter-sister city community events and initiatives. The Working Party's recommendation to support this bid was not supported by the elected members' workshop.
Increased Maintenance of Green Areas and Road Reserve	This initiative seeks to increase the level of maintenance of road reserve and green spaces. The initiative was considered as part of the levels of service debate. The Working Party considered the current level of service adequate.
Litter Enforcement	This initiative seeks to extend the number of existing staff that enforce the litter bylaw. The initiative was considered as part of the debate on levels of service. The Working Party considered the current level of service to be adequate.
Spinks Café: Youth Café Subsidy	This proposal seeks contribution towards the cost of completing Spinks Café (with a one-off grant). This project, initiated by Wellington Boys and Girls Institute (BGI) has previously been supported by the Council, including the funding of a feasibility study to ascertain the viability of the youth café. The Working Party was supportive of the project and asked that it be considered as part of the strategic grants pool.  Officers have provided additional information in relation to the appropriateness of the project applying for a grant and on timing. This is provided in the New Initiatives booklet that accompanies this agenda.

## 9. Rating Differential

In 2000, the Council voted to alter the rates differential that determines the share of general rates<sup>11</sup> to be paid by residents and by businesses. It was agreed that over a 10-year period, the balance will shift from a point where the commercial sector contributed 7.0 times more general rate (for a property with the same value) to a stage where they will end up contributing 2.8 times more to the general rate than the residential ratepayer by 2009/10.

This policy was confirmed as part of last year's detailed review of the Revenue and Financing Policy. The Council concluded that the move to the 2.8 ratio is still appropriate.

The Council also agreed, given that the Revenue and Financing Policy review resulted in a number of changes to activity funding, to continue a smooth transition to the 2.8:1 ratio. This was achieved by recalibrating the differential transition so that the general rate differential ratio in 2004/05 was 5.5:1.

<sup>11</sup> The general rate is split between the base differential rate, which applies to residential ratepayers, community organisations and rural land, and the commercial, industrial and business differential rate.

The transition for the remaining years is as follows:

	<i>2005/06</i>	<i>2006/07</i>	<i>2007/08</i>	<i>2008/09</i>	<i>2009/10</i>
GR Ratio	<b>4.90:1</b>	<b>4.10:1</b>	<b>3.60:1</b>	<b>3.10:1</b>	<b>2.80:1</b>

The 2005/06 ratio is presented for confirmation only. Any change to the ratio would require an amendment to the Revenue and Financing Policy.

## **10. Financial Statements**

The Council is required to prepare Forecast Financial Statements and a Funding Impact Statement as part of its Annual Plan. These need to reflect the decisions of the Council and must be approved subject to any changes made by the committee to the project and programme budget. The statements will be tabled at the committee to allow for this.

## **11. Conclusion**

The Council has undertaken a comprehensive review of its budget. An Annual Plan Working Party was established in December and met throughout February to review projects for inclusion in the 2005/06 Draft Annual Plan. The paper has presented the Working Party's recommendations on:

- a. the ongoing projects budget
- b. new initiatives
- c. changes to levels of service
- d. opportunities for increased revenue through the changes to fees and charges
- e. the Chief Executive's efficiency and effectiveness review.

Following agreement by Council the Draft Annual Plan consultation on the publication will occur and Council will make final decisions in late June taking into account submissions from the community.

## Appendix four: Proposed changes to Fees and Charges 2005/06

### C480 - Building Control & Facilitation

DETAILS	Current Charges	Proposed Charge
<b>Building Permissions (incl. building inspection services)</b>		
<b>Smallworks</b>		
Drainage/Plumbing (value <\$2000)	135.00	160.00
Free Standing Fireplace	95.00	122.50
In Built Fire Place (value<\$2,000)	135.00	265.00
<b>Building Consent Fees</b>		
<b>Lodging Fee</b>		
Lodging Fee for building consents	40.00	75.00
<b>Code Compliance Certificate</b>	35.00	56.25
<b>Project Information Memorandum (PIMs):</b>		
PIM (if lodged with Building Consent)		
< \$ 5,000	30.00	55.00
\$5001 - \$12,000	75.00	110.00
\$12,001 - \$50,000	100.00	165.00
\$50,001 - \$250,000	150.00	220.00
\$250,001 +	300.00	385.00
PIM ONLY Not lodged with a Building Consent		
Project Value <\$5,000 to \$250,001 +	60.00 - 330.00	55.00 - 385.00
<b>Plan Check</b>		
< \$ 5,000	40.00	83.00
\$5001 - \$12,000	155.00	220.00
\$12,001 - \$25,000	205.00	248.00
\$25,001 - \$50,000	240.00	275.00
\$50,001 - \$75,000	250.00	358.00
\$75,001 - \$100,000	305.00	385.00
\$100,001 - \$250,000	685.00	743.00
\$250,001 - \$500,000	865.00	990.00
\$500,001 - \$1,000,000	1,365.00	1,650.00
\$1,000,000+	1,365.00+	1,650.00+
for each \$500k or part there of over \$1,000,000	400.00	550.00

## **C480 - Building Control & Facilitation (continued)**

<b>Building Certificate (pre-requisite for liquor licence application)</b>		
Where application received with application for town planning certificate	45.00	110.00
Where application received independently	85.00	185.00
<b>Late building consents (replaced by Certificates of Acceptance)</b>		
Initial fee including one hour processing time	90.00	
per hour processing charge	90.00	
Lodging Fee	40.00	
<b>Certificates of Acceptance</b>		
< \$ 5,000		388.00
\$5001 - \$12,000		525.00
\$12,001 - \$25,000		553.00
\$25,001 - \$50,000		580.00
\$50,001 - \$75,000		663.00
\$75,001 - \$100,000		690.00
\$100,001 - \$250,000		1,048.00
\$250,001 - \$500,000		1,295.00
\$500,001 - \$1,000,000		1,955.00
\$1,000,000+		1,955.00+
for each \$500k or part there of over \$1,000,000		855.00
<b>Vehicle Access</b>		
Linked to a building consent or resource consent	90.00	220.00
Received independently	141.25	405.00
<b>Vehicle Crossing</b>		
Initial inspection Fee	50.00	110.00
Vehicle Crossing Inspection Fee over 1 hr	90.00	110.00
<b>Earthworks Consent</b>		
Linked to a building consent	90.00	165.00
Received independently	141.25	240.00
Processing time over 1.5 hour	90.00	110.00
<b>Amended Plan</b>		
Initial fee (includes 1 hour processing time)	85.00	166.25
Process time over 1 hour	90.00	110.00

## C480 - Building Control & Facilitation (continued)

<b>Compliance schedule/ Building Warrant of Fitness</b>		
New compliance schedule (linked with Building Consent)	80.00	110.00
Alterations to compliance schedule (linked to Building Consent)	40.00	165.00
Amendments to compliance schedule		190.00
Building Warrant of Fitness - Annual Certificate		115.00
Building Warrant of Fitness Inspection (per hour)		115.00
<b>Consultants reports</b>	actual cost	actual cost
<b>Structural Fee/ Producer Statements</b>		
Structural fee for checking elements of specific design on projects comprising structural works for:		
<ul style="list-style-type: none"> <li>• single element</li> <li>• several separate element</li> <li>• major design aspects on project valued under \$250,000</li> <li>• major design aspects on larger projects</li> </ul>	205.00	285.00
	260.00	400.00
	510.00	772.50
	860.00	1,232.50
Structural fee for checking elements of specific design on projects comprising structural works, supported by a producer statement for:		
<ul style="list-style-type: none"> <li>• single element</li> <li>• several separate element</li> <li>• major design aspects on project valued under \$250,000</li> <li>• major design aspects on larger projects</li> </ul>	70.00	130.00
	75.00	157.50
	100.00	185.00
	135.00	240.00
<b>Building Inspections</b>		
Standard Inspection Fee: 45 minute inspection	75.00	86.25
Standard Final Inspection: 1 hour inspection	100.00	115.00
Engineering inspections (not covered by a Producers Statement) , including fire engineering, structural engineering for unusual proposal, specific design	actual cost, plus 20.00	actual cost, plus 40.00

## C480 - Building Control & Facilitation (continued)

<b>Swimming Pool</b>		
Fencing Inspection: first standard inspection free	-	-
Fencing Inspection: additional standard inspection - 45 minutes (first standard inspection free)	75.00	86.25
Exemptions: Base fees (including 5.5 hours of processing time)	550.00	632.50
Exemptions: processing costs after the initial 5.5 hours	100.00	115.00
Hearing costs	actual cost	actual cost
<b>Public Drainage</b>		
Consents - Major Works (with pipes)		
\$400 for the first \$4,000 plus 8% of the balance over \$4,000 (excl GST)	as per calculation	as per calculation
Consents - Minor Works (single manholes, sumps and leads)	200.00	240.00
<b>LIM and Information Services</b>		
LIMs: Residential	340.00	300.00
LIMs: Commercial Base Fee	600.00	700.00
LIMs: Commercial per hr after 10 hrs	56.00	70.00
Property Reports: Building Consents	100.00	140.00
Property Reports: Resource Management	100.00	140.00
Property Reports: Public Drainage	100.00	140.00
<b>Customer Services</b>		
Pre-application Meeting (per quarter hr)	15.00	27.50
Monthly Report of Issued Building Consents	40.00	56.25

## C478 - Public Health

<b>DETAILS</b>	<b>Current Charges</b>	<b>Proposed Charge</b>
<b>Environmental Health</b>		
<b>Health Licensing and Inspection</b>		
New Food Premises (1st yr. set-up)	300.00	367.50
New Non Food Premises (1st yr. set-up)	150.00	210.00
Change of Occupiers Fee base fee	100.00	105.00
Change of Occupiers Fee base fee - Charge over 1 hr (per hr)	100.00	105.00
Inspections (per hr) for legal action	100.00	105.00
Late payment +10%	-	-
Annual licence for registered food premises : Excellent Grade	150 - 500	150 - 500
Annual licence for registered food premises : Good Grade	240 - 700	250 - 700
Annual licence for registered food premises : Ungraded	300 - 900	300 - 900
Annual licence for registered food premises : Ungraded – High risk	400 - 1500	400 - 1500
additional inspections (over 3 hr) per hr	100.00	100.00
Re-grading of Premises (per hr)	100.00	100.00
Sports clubs (min. food prep.)	119.00	125.00
Unregistered Eating Houses	175.00	175.00
Temporary/Mobile Food stalls base fee	150.00	150.00
Temporary/Mobile Food stalls base fee -Charge over 1 hr (per hr)	100.00	100.00
Fairs: “small”	119.00	125.00
One day food stall	100.00	100.00
Fairs “large”	284.00	300.00
charity/ fund raising	-	-
Animal boarding	189.00	200.00
Camping grounds	189.00	200.00
Hairdressers	100.00	100.00
Mortuaries/ Funeral Directors	119.00	125.00
Offensive Trades	237.00	250.00
Pools: commercial pools/ spas	189.00	200.00
Pools: commercial pools/ spas - excellent	100.00	100.00
Schools – Pools (no entry fee)	-	-
Saunas only	79.00	80.00
Poultry Farm / Piggeries	119.00	125.00

## C478 - Public Health (continued)

<b>Health Check</b>		
Building consent for food premises base fee	200.00	210.00
Per hr fee (over 2 hrs)	100.00	105.00
<b>Trade Waste</b>		
Trade Waste Licence Fee - Initial Application fee	150.00	157.50
Trade Waste Licence Fee – High Risk	1,500.00	1,600.00
Trade Waste Licence Fee – Medium Risk	750.00	800.00
Trade Waste Licence Fee – Low Risk	250.00	262.50
Trade Waste Licence Fee – Minimal Risk	75.00	85.00
Grease and Grit Traps – Initial Application fee	0	-
Trade Waste: Grease traps	50.00	78.75
Trade Waste: Shared grease trap (per premises)	20.00	26.25
Trade Waste: Grit traps	75.00	105.00
Trade Waste: charge after first hr (per hr)	80.00	105.00
Trade Waste: Monitoring (lab) charges	Actual	Actual
Collection and Transport of trade waste: Initial Application fee	100.00	131.25
Collection and Transport of trade waste: charge after first hr (per hr)	80.00	105.00
Collection and Transport of trade waste: Annual Licence Fee	150.00	157.50
Collection and Transport of trade waste: Monitoring (lab) charges	Actual	Actual
<b>Animal Control</b>		
Registration per animal: Entire	95.00	125.00
Registration per animal: Neutered / Spayed & Newly Registered	72.50	110.00
Registration per animal: Approved Owners	30.00	40.00
Approved responsible owner	47.50	65.00
Registration per animal: Charge for Late Payments (50%)		
Licence for 3 or more dogs	27.00	30.00
Licence for Guide or Hearing Dog		20.00
Impounding Fees: First per animal (free if registered)	60.00	75.00
Impounding Fees: Subsequent impounding	135.00	150.00
Impounding Fees: Sustenance per day	11.00	15.00
Impounding Fees: Destruction Fee	30.00	30.00
Collection or delivery of dog on behalf of owner	25.00	25.00
After hours callout for collection or delivery of dog		25.00
Replacement of registration tag	5.00	10.00
Infringements	100-400	100-400

## **C478 - Public Health (continued)**

### **Pavement Permissions**

Pavement Permissions - initial application	165.00
Pavement Permissions – renewal	82.50
Pavement Permissions - special application	220.00
Extension of Liquor Licensing area	82.50

## **C034 Swimming Pools**

Adult Swim	\$3.50 to \$4.00	\$30,000
Child Swim	\$1.50 to \$2.00	\$23,000
Passports to Leisure	\$1.60 to \$2.00	\$22,000
+ withdrawing Super Card Access		\$20,000
Under 5's to Under 2's	\$0.50	\$26,000
Associated Concession Card Increases		\$21,000
Creche Sessional Fee	\$5.00 to \$8.00	\$13,000
<b>Total</b>		<b>\$155,000</b>

## **C037 Recreation Centres**

Gym Hire Hourly Rate	\$33.00 to \$35.00	\$5,000
Pre-school Class	\$2.00 per 8 week course	\$3,000
Schools Class	\$5.00 per session	\$2,500
Play Trailer Hire	\$30.00 - \$60.00/week	\$2,000
<b>Total</b>		<b>\$12,500</b>

Note: all above assumes 10% drop off in participation as a result of fee increases or change to criteria

## **C050 Central library and library network-wide operations**

### **C467 Branch libraries operations and maintenance**

Increasing over-due charges: Raise adult charges for overdue books and magazines periodicals from \$0.40 to \$0.50 per day - children and teenagers \$0.20 to \$0.25 per day.

Higher charges may encourage earlier return of items which will improve the collection turnaround. Increased maximum charge may impact on customers' ability to pay leading to increased debt levels. Financial impact: \$60K additional income - assumes a drop off of late returns of 50%.