
REPORT 8
(1215/52/IM)

**DRAFT 2007/08 ANNUAL PLAN FOR
RECOMMENDATION TO COUNCIL**

1. Purpose of Report

The purpose of the report is to recommend to Council the adoption of the 2007/08 draft annual plan for consultation.

This report includes the following attachments:

- Schedule of opex projects (appendix 1)
- Funding and Borrowing Statements (appendix 2)
- Financial Statements (appendix 3).

Note that the contents of this report are preliminary – they are subject to change as a result of presentations and decisions at this meeting.

2. Recommendations

That the Committee recommend that Council:

1. *Receive the information.*
2. *Note:*
 - a) *the inflation adjusted OPEX projects and programmes as detailed in appendix 1.*
 - b) *the inflation adjusted CAPEX project and programmes as detailed in report 2.*
 - c) *that the funding effects of the inflation adjusted OPEX and CAPEX projects and programmes are reflected in the Funding and Borrowing Statements in appendix 3.*
3. *Agree that the inflation adjusted Funding and Borrowing Statements and Financial Statements as detailed in appendices 3 and 4 be included in the 2007/08 draft annual plan (noting that any changes arising as part of these deliberations will be incorporated into the final statements presented to Council).*

- 4 *Agree that having due regard to the requirements of section 100 of the Local Government Act 2002, the Council's forecasting assumptions and the Revenue and Financing Policy it is financially prudent not to set a level of operating revenue that meets the projected operating expenses of Council.*
- 5 *Agree that for 2007/08 it is financially prudent to forecast a surplus of \$3.906m, comprising:*
 - *Unfunded depreciation on the following assets:*
 - (a) *Clearwater Sewerage Treatment plant (\$2.356m)*
 - (b) *Living Earth Joint Venture Plant (\$0.755m)*
 - (c) *Transport Assets (\$6.852m)*
 - *Revenue received for capital purposes:*
 - (a) *LTNZ capital subsidies (\$9.828m)*
 - (b) *Development contributions (\$1.220m)*
 - (c) *Targeted rates – Indoor Community Sports Stadium (\$1.132m)*
 - (d) *Bequests (\$0.45m)*
 - *Self Insurance Reserve (\$0.5m)*
 - *Unrealised fair value adjustment for loans and receivables (\$0.739m)*
6. *Recommend that officers prepare the Draft Annual Plan 2007/08 statement of proposal based on the deliberations and recommendations of this Strategy and Policy Committee meeting (of 7 March 2007).*
7. *Note that the statement of proposal and summary will form the basis of the special consultative procedure on the 2007/08 draft annual plan and that consultation will run from 16 April 2006 to 18 May 2007.*
8. *Note that the requirement to amend the 2006/07 – 15/16 long term council community plan¹ is currently being considered in accordance with the Local Government Act 2002. Where amendments are required, a separate statement of proposal will be presented to Council for adoption.*

4. Background

The Council is required to adopt an annual plan by 30 June 2007. The annual plan comprises year two of the long term council community plan (LTCCP) and any variations to that.

The special consultative procedure must be used to adopt the annual plan.

This report is subject to the recommendations contained in the following reports of this agenda:

¹ Changes to the Development Contributions Policy, Revenue and Financing Policy, and the Housing Investment Plan are expected to be presented as amendments.

- Activity reviews
- Revenue and Financing Policy
- Asset Management Plans
- Capex Review
- New initiatives
- Tracks
- Strategic Framework Realignment
- Performance Measures.

Any changes as a result to amendments to the reports on this agenda will have consequential changes to the information appended to this report.

5. Discussion

The 2007/08 draft annual plan describes the second year of the long term plan.

The purpose of the 2007/08 draft annual plan is to:

- support the long term plan in providing integrated decision-making and the coordination of Council resources
- extend the opportunity for public participation in the decision-making process
- contribute to Council' accountability to the community
- detail the annual budget and funding impact statement
- identify any variances from the long term plan for that year.

The annual plan is primarily a budgeting tool and focused on financial matters. The wider matters of role, scope, service levels and priorities of Council have been dealt with through the long term plan process. Any variations will be consulted on as part of the draft annual plan process.

Council is required by legislation to consult on the 2007/08 annual plan ahead of it being adopted using the special consultative procedure as prescribed within the Local Government Act 2002.

The formal consultation period is scheduled to run for one month in keeping with the requirements of the Local Government Act 2002. It is set to run from Monday 16 April 2007 until Friday 18 May 2007. This will be followed by public hearings, which are scheduled for late May 2007.

6. Conclusion

This report provides for the recommendation of the 2007/08 draft annual plan to Council.

Contact Officer: *Brian Hannah – Team Leader, Planning and Research*

Supporting Information

1) Strategic Fit / Strategic Outcome

The report contributes to the outcome that Wellington will operate an open and honest decision-making process that generates confidence and trust in the democratic system.

2) LTCCP/Annual Plan reference and long term financial impact

Not applicable

3) Treaty of Waitangi considerations

Not applicable

4) Decision-Making

5) Consultation

a) General Consultation

A consultation and communication plan for the 2007/08 draft annual plan was adopted by the strategy and policy committee.

b) Consultation with Maori

See above.

6) Legal Implications

Council's lawyers have been consulted during the development of this report.

7) Consistency with existing policy

Not applicable

Appendix One

Appendix Two

Appendix Three