

Subject: 2010/11 Annual Plan Adopting Report

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Meeting Date: 27 May 2010

Report to COUNCIL for decision

SUMMARY

Council has completed its formal consultation process for the 2010/11 Annual Plan. Overall, the consultation process was positive and was an improvement on previous years. In the 2010/11 year, a 6.3% increase in rates revenue is required. This is less than the 6.4% increase forecast in the Ten Year Plan. A decision to decrease the rates further was not considered because:

- There is already a need for Council to find an additional \$0.5M in efficiency savings built into the 2010/11 Annual Plan.
- There has been a decrease in the forecast dividend from Gisborne Holdings Ltd (from \$800k to \$500k) to absorb
- Further reductions in rates revenue would lead to reduced levels of service.

The Annual Plan has been prepared in accordance with Local Government Act 2002 (LGA) requirements. The final step in the process is to formally adopt the Annual Plan, thereby ratifying resolutions made during the hearings process that took place 5/6 May 2010.

This report recommends that Council adopts the attached 2010/11 Annual Plan. Key changes that have been made to the consultation version of draft Annual Plan are highlighted in the document.

RECOMMENDATIONS

That the Council

1. receives the report
2. adopts the 2010/11 Gisborne District Council Annual Plan as attached to this report
3. requests that officers prepare the rates strike for consideration by Council in June 2010.

Harley Dibble
Planning & Performance Team Leader

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Community Planning & Development Manager

1. BACKGROUND

Consultation on the 2010/11 Annual Plan has complied with the special consultative procedures detailed in Sections 83, 85, 89 of the Local Government Act 2002 (LGA 2002). This involved circulating and making available hard and electronic copies of both the draft Annual Plan and a draft Annual Plan Summary and consulting on their content for no less than one month. Council's Annual Plan complies with Part 2 of Schedule 10 and Section 95 of the Local Government Act.

The attached Annual Plan contains changes made as a result of the resolutions made during the hearings process that took place 5/6 May 2010. It also contains a number of changes that take into account time-bound issues including recent government decisions and changes to accounting practices. These changes are highlighted in the document for ease of reference.

2. DISCUSSION

Annual Plan Process

The 2010/11 Annual Plan process went smoothly with respect to community engagement, staff responsiveness, Annual Plan budget and process efficiency.

The timetable for the Annual Plan was brought forward by a couple of months so that planning and alignment of future compliance documents and other activities could occur. As a result the formal consultation period commenced in March 2010 this year, whereas in previous years formal consultation has tended to be around April. Moving the consultation process forward also allowed for more downstream work to occur such as officers responding to submissions for the Hearings process.

A new way of approaching the draft Annual Plan consultation process was promoted this year. The consultation meetings were viewed as community update meetings where the Council sought to demonstrate the value that residents get for their rates by highlighting the diverse range of activities and services that Council provides. Any previous and/or currently contentious issues that communities may have had were anticipated in advance of the meetings through discussions with the relevant activity managers and by examining the Request for Service information. This was to enable Councillors and staff to respond to issues that mattered for those communities. The objectives of the process were:

- To highlight Council's proposed plans for Year 2 of the Ten Year Plan
- To inform the community of progress made on key projects; and
- To seek community feedback both informally, via the community update meetings, and more formally through the Annual Plan submissions process.

A report summarising the community update meetings and other consultation carried out during March, was considered by Council at its meeting in April (**Report 10/218**). That report outlined the 21 community update meetings held throughout the district.

The processes used for the Annual Plan preparation and community engagement meetings had generally improved. Changes were made to the way officers responded to submission using Council's submission modules. Appendix One also provides a breakdown of the submissions received.

Overall, there was a high level of collaborative and cross departmental planning involved for the Annual Plan to allow for a seamless process.

Notwithstanding the positive aspects of the Annual Plan process, there are some areas where staff will continue to improve its Annual Plan and 10 Year Plan processes, particularly in terms of its approaches to community consultation and feedback and the quality of reporting to Council. Comments made during the hearings process and in the media have highlighted a number of possible areas for improvement. These include:

1. Officers making available a statistical breakdown of the submissions prior to the hearings process. This would include the type of information contained in the Chief Executive Letter to the Editor of the Gisborne Herald (published 13 May 2010).
2. The wording in the officer recommendations, particularly when no change is recommended to the draft Annual Plan, may require revision. Careful attention will be paid to this when officers prepare the decision letters to be sent to all submitters to the draft Annual Plan 2010/11.
3. A submission recommending that Council provide more information to Community groups and stakeholders on the Annual Plan and Ten Year Plan consultation process and how to make a submission has been referred to the Community Development Committee.
4. More comparative information could be provided to assist residents in determining whether the Council is providing value for money. This was recently tabled to the Finance and Monitoring Committee (May meeting).

Rates for the 2010/11 Year

Council's 2010/11 Annual Plan sees relatively little movement in rates revenue to that of Year Two of the 2009-19 Ten Year Plan. In fact, the rates revenue required for the 2010/11 year is 6.3% which is less than that forecast in the Ten Year Plan (6.4%) A decision to decrease the rates further was not considered because:

- There is already a need for Council find an additional \$0.5M in efficiency savings built into the 2010/11 Annual Plan. This follows the \$1.M in efficiency savings that Council is on track to achieve for the 2009/10 financial year.
- There has been a decrease in the forecast dividend from Gisborne Holdings Ltd (from \$800k to \$500k) to absorb.
- Further reductions in rates revenue would lead to reduced levels of service.

In Gisborne City the average city residential increase is 6.7% with 60% of this increase due to the new wastewater treatment project. Rates will decrease in Ruatoria and most other rural areas will have increases of up to 4.5%.

Despite these increases the Gisborne District Council's levels of rates, debt and expenditure, among other performance measures, compares favourably with other Councils in its rural/provisional peer group. Our rates increases as a percentage of household income are about half the sector average. The district's challenge is an affordability one.

Next Steps

Following adoption, key steps will complete the 2010/11 Annual Plan process:

1. Councillors will be asked to 'strike the rates' for the 2010/11 year at the June Council meeting.
2. Decision letters will be sent to all of the 69 submitters to the Draft Annual Plan 2010/11.
3. Any unresolved actions that arose from the community update meetings will be followed up and appropriate feedback provided to the various communities.

4. Copies of the adopted Annual Plan will be distributed to statutory consultees. Copies will also be made available for the public on the Council's website and at the HB Williams Memorial Library and Council Offices.

3. SIGNIFICANCE

The 2010/11 Annual Plan is significant and has been prepared as a Statement of Proposal that has complied with the special consultative procedures detailed in the Sections 83, 85, 89 of the LGA 2002.

4. CONSULTATION

The preparation of the 2010/11 Annual Plan has complied with the special consultative procedures detailed in the Sections 83, 85, 89 of the LGA 2002.

5. COMMUNITY OUTCOMES

The Annual Plan 2010/11 sets out how Council's activities and services will contribute to the District's Community Outcomes as set out in 'Tairawhiti by Choice' during the 2010/11 financial year.

6. LEVELS OF SERVICE

The Annual Plan 2010/11 sets out the Levels of Service targets for Council activities during the 2010/11 financial year.

7. FINANCIAL

There are no additional financial impacts other than those identified in the Annual Plan.

8. LEGAL

The attached 2010/11 Gisborne District Council Annual Plan complies with Section 95 of the Local Government Act 2002 (LGA). The LGA requires that Council must prepare an Annual Plan and that it must use the special consultative procedure when adopting it.

Key points of Section 95 are:

- 95(1) The local authority must prepare and adopt an Annual Plan for each financial year.
- 95(3) An Annual Plan must be adopted before the commencement of the year to which it relates.

In addition, Section 23 of the Local Government (Rating) Act 2002 states:

- 23(2) Rates set by a local authority must:
 - (a) relate to a financial year or part of a financial year, and
 - (b) be set in accordance with the relevant provisions of the local authority's Annual Plan for that financial year.

9. APPENDICES

Appendix One: Breakdown of Summaries Received

Breakdown of Annual Plan Submissions Received

This section reiterates the statistical summary that the Chief Executive included in his letter to the editor of the Gisborne Herald (published on 13 May 2010 and attached).

In terms of the formal draft Annual Plan 2010/11 submissions process, the Council received 69 submissions, seven of which were received late. Twenty-six submitters requested to be heard with four withdrawing their request in advance of the meeting and one failing to attend.

- About 160 individual issues were raised by the 69 people who submitted (officer responses were given to each of the individual issues).
- People raised 38 issues in support of the provisions in the draft Annual Plan.
- People raised 30 issues where a change to the Annual Plan was requested or warranted (the Council said yes to four of those, referred two to a committee for action and said no to 24).
- Most submissions related to requests for more or less spending, to a change in the rating system – which cannot be done as part of the Annual Plan process – or asked the Council to do something that was unlawful.
- 58 requests to take actions outside the Annual Plan were received. 45 of those were agreed to. Matters agreed to include:
 - Reviewing pedestrian crossings in the city
 - Installing new culverts under Mangatuna Road
 - Sorting out parking in Ballance Street Village
 - Considering the District Plan Rules for the Matawhero Industrial Area
 - Supporting the “Swim for Life” initiative
 - Supporting Federated Farmers’ representations to Government.
- 36 simple statements were made, questions asked or propositions put.

Note that because some matters were responded to in more than one way, the numbers above add up to more than the total number of topics raised.