

## 11 REPORTS

### 11.1 ANNUAL PLAN 2019/20

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#### PURPOSE

The purpose of this report is to outline the Council's options for consultation on the Annual Plan 2019/20.

#### RECOMMENDATIONS

That the Council:

1. Receive the report;
2. Agree that formal consultation is not required for the Annual Plan 2019/20 because there are no significant or material differences from the content of Year 2 of the Long-term Plan 2018-38;
3. Note that the decision is recognised as not significant as described in Section 76 of the Local Government Act 2002;
4. Note the Annual Plan 2019/20 must still be adopted and the rates struck by resolution before 30 June 2019, and include an overview of any minor changes in costs along with all other information required under Part 2 of Schedule 10; and
5. Note we will use a range of communications and engagement techniques to inform the community through to Annual Plan 2019/20 adoption

Reports contain recommendations only. Refer to the meeting minutes for the final decision.

#### BACKGROUND

1. In 2014 amendments were made to the Local Government Act 2002 (the Act) designed to reduce time and cost by removing unnecessary duplication in consultation processes and in the preparation of information.
2. Consultation is not required if the plan *“does not include significant or material differences from the content of the long-term plan for the financial year to which the proposed annual plan relates”*. The changes to the Act:
  - a) remove the requirement to prepare information that duplicates Long-term Plan (LTP) content, if that content is unchanged from the LTP, making proposed annual plans exceptions based documents; and
  - b) remove the requirement to consult on an annual plan unless the differences from the LTP are significant or material, or if the Council chooses to.
3. Therefore there has to be something significantly or materially different before the government expects the Council to formally consult through a proposed annual plan process.
4. Every three years the Council is required to produce an LTP, and develop annual plans in the intervening years. This year the Council went through the LTP process which was adopted in June. We are now halfway through Year 1 (2018/19) of the LTP.

5. As part of the approval of the LTP the Council agreed to smooth rate increases, resulting in an average rate increase of 4.98% each year for the next five years. This implied that we would manage minor changes to costs and revenue within this fiscal envelope.
6. An internal budget exercise was undertaken with managers in October to identify any significant or material changes to Year 2 of the LTP. No significant changes were identified at that time.

## DISCUSSION

### Differences, materiality, and significance

7. The first thing to identify is whether the proposed Annual Plan 2019/20 content is different to what is in Year 2 of the LTP. The Act does not define 'difference', but Section 95A(2) does refer to variations or departures from the financial statements, new spending, or delay to, or abandonment of, projects.
8. A difference is material if *"it could, in itself, in conjunction with other differences, influence the decisions on assessment of those reading or responding to the consultation document"*. What is and is not material will be circumstantial, and the following used as tests:
  - a. does the difference involve a change to the financial strategy or funding impact statement;
  - b. might the difference(s) alter a reasonable person's conclusion about the affordability of the plan;
  - c. might the difference(s) lead to a reasonable person deciding (or not deciding) to make a submission on any consultation document (for example, has some policy shift been signaled?)
9. A variation, new spending proposal or project triggers the requirement to consult, and the Council's Significance and Engagement Policy is the primary tool for determining the significance of any of these matters or decisions.
10. If there is nothing significant to consult on, then the Significance and Engagement Policy recommends 'informing' the public by:
  - a. providing balanced and objective information to help understand the issue/s;
  - b. using our website, information flyers, and public notices in newspapers.
11. This level of engagement states that the community gets involved 'generally once a decision is made'.
12. There have been no changes identified by management for Year 2 of the LTP that are different, material or significant, meaning there is no financial reason to formally consult on the Annual Plan 2019/20.

### Other considerations

13. Porirua City is already consulting on the Growth Strategy, Adventure Park, and the Cycling and Walking Plan which require both stakeholder and community input. This follows thorough consultation on the LTP, and the ongoing consultation on the District Plan as we move towards notification in 2019.
14. Work on the Growth Strategy in particular has made it likely that there will need to be a review and some adjustments to our future projections. It will take some time to fully understand the implications but this is expected to result in an amended Long-term Plan in Year 3 (2020/21).
15. Since the changes to the Act were made over 20 councils have chosen not to formally consult on an annual plan. This year most councils in the Wellington region, including Hutt and Wellington are taking this same approach.

**Communications and engagement**

16. The changes to the Act were made in 2014 to accommodate new ways of consulting and communicating with the community. Below is an outline of the communications and engagement approach that has been developed if the proposal not to formally consult is supported.
  - a. **Press release** – following the decision on 12 December let the public know that we are sticking to what we said we'd do in the LTP, with a further press release in March reiterating this message.
  - b. **Webpage for Annual Plan 2019/20** – updated webpage goes live on 13 December and includes information on process, frequently asked questions and links to other consultations underway.
  - c. **E-newsletter** – send out a summary of the press release and link to our webpage for more information once the decision is made.
  - d. **Schools** – include information about the change and other consultations coming up in the February schools newsletter.
  - e. **Councillor clinics** – will be scheduled across the city in April for councillors to meet and talk with the community and stakeholders about what's planned for the year ahead.
17. This approach has given consideration to the Act and the Significance and Engagement Policy. It also takes into account the other consultations underway with the community on important issues facing the city.

**Proposed process**

18. Below is a schedule of the proposed process through to the adoption of the Annual Plan 2019/20 in June:

Date	Topic
12 December	Council meeting to discuss proposal
13 December	Press release on decision
	Updated webpage goes live
	E-newsletter distributed
February	School newsletter released
Late March	Further press release
May	Annual Plan 2019/20 developed
19 June	Annual Plan 2019/20 adoption and striking of rates
19 July	Annual Plan 2019/20 available to the public

**CONCLUSION**

19. This approach of continuing with the plan we agreed with the community earlier this year gives certainty to our residents that we follow through on the things we said we would in our LTP.
20. Our wish to receive input from the community on other significant matters, like the city's Growth Strategy and District Plan, means this approach also removes the risk of people not engaging in those important matters as a result of over-consultation.
21. If the proposal is accepted, the Annual Plan 2019/20 will be completed on the basis of the 4.98% rate increase as per the LTP.

## **SUPPORTING INFORMATION**

### **CONTRIBUTION TO COUNCIL'S STRATEGIC DIRECTION**

The issues in this report contribute to the strategic priorities of:

- a. A growing prosperous and regionally connected city
- b. Children and young people at the heart of the city
- c. A great village and city experience
- d. A healthy and protected harbour and catchment

By sticking to the plan and programme agreed for Year 2 of the LTP we send a signal to the community that we remain committed to these priorities.

### **FINANCIAL CONSIDERATIONS**

#### **Cost**

The minor costs associated with the proposed process would be managed within existing budgets.

### **STATUTORY REQUIREMENTS**

In accordance with Section 76 of the Local Government Act 2002, this report:

- a. contains sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

### **TREATY CONSIDERATIONS**

There are no Treaty implications identified in relation to the issues in this report.

### **SIGNIFICANCE**

The Significance and Engagement Policy has been examined and the recommendations in this report support what's stipulated regarding significance and the associated level of engagement required.

### **ENGAGEMENT AND COMMUNICATIONS**

The engagement and communications approach for this process has been outlined in the body of the report.

### **ATTACHMENTS**

Nil