ORDINARY MEETING

OF

WELLINGTON CITY COUNCIL

MINUTES

Time:	4:00pm
Date:	Wednesday, 31 March 2021
Venue:	Ngake (16.09) Level 16, Tahiwi 113 The Terrace Wellington

PRESENT

Mayor Foster
Deputy Mayor Free
Councillor Calvert
Councillor Condie
Councillor Day
Councillor Fitzsimons
Councillor Foon
Councillor Matthews
Councillor O'Neill
Councillor Pannett
Councillor Paul
Councillor Rush
Councillor Sparrow
Councillor Woolf
Councillor Young

TABLE OF CONTENTS
31 MARCH 2021

Business	Page No.

1 Meeting Conduct

1. 1 Karakia

The Chairperson opened the meeting at 4:00pm with the following karakia.

Whakataka te hau ki te uru,	Cease oh winds of the west
Whakataka te hau ki te tonga.	and of the south
Kia mākinakina ki uta,	Let the bracing breezes flow,
Kia mātaratara ki tai.	over the land and the sea.
E hī ake ana te atākura.	Let the red-tipped dawn come
He tio, he huka, he hauhū.	with a sharpened edge, a touch of frost,
Tihei Mauri Ora!	a promise of a glorious day

James Firestone and Manjit Grewal, members of the Wellington Interfaith Community, blessed the meeting.

1. 2 Apologies

Moved Mayor Foster, seconded Councillor Paul, the following motion

Resolved
That the Council:

1. Accept the apologies from Deputy Mayor Free, Councillor Foon and Councillor Rush for early departure.

A division was required under standing order 27.6, voting on which was as follows:

For:
Mayor Foster, Councillor Calvert, Councillor Condie, Councillor Day, Councillor Fitzsimons, Councillor Foon, Deputy Mayor Free, Councillor Matthews, Councillor O'Neill, Councillor Pannett, Councillor Paul, Councillor Rush, Councillor Sparrow, Councillor Woolf, Councillor Young

Against:
None

Majority Vote: 15:0

Carried

1. 3 Announcements by the Mayor

The Mayor made the following announcement:

"Sadly, we have over the last month since the last Council meeting lost several prominent Wellingtonians. When it was suggested to me that we do an obituary I think at the point we only had a couple, which has sadly expanded to six people who we are going to say some obituaries for. And they are all people who have contributed significantly in different ways to our city and I think one of things, when I was looking through when writing a few notes on some of these people, was the determination that they had to make a difference in whichever their chosen area was for the community.

Councillor Woolf is going to start us off with the first one, Dick Evans, and then I will do the second one which is Simon's own mother, Inge Woolf. Then Shirley Martin would be next, then Nicola would do Avenal McKinnon, then back to you again Simon for Mr. Gray, then I will finish off with Colin Ryder. Simon, over to you."

Councillor Woolf continued the announcement as follows:

"Thank you very much Your Worship and it gives me great honour to tell you a little bit about the three individuals that I'll be speaking about, but I just want you to know that all these people were volunteers. They gave their time freely. They also were involved in a great deal of philanthropy for Wellington and above all they did a great deal of good work in mentoring others. Their legacy is multi-faceted.

Dick Evans would be well known for Evans's Drapery, which was the hub of Wellington retail back in the 1950s, 60s and 70s. It was a family business, they had about five or six different stores - there's still one out in Lower Hutt.

Dick was a man of quite some vision. He set up the Wellington Rugby Supporters' Club back in the early 1960s, it was the first supporters club of its time in New Zealand. The way that it was set up, it helped young people who were underprivileged get into playing sport, and particularly rugby. It set up events and activities, and particularly in welcoming people to Wellington. The "Come on, Wellington" phrase was pre-"Absolutely Positively Wellington". Everybody used to say "Come on, Wellington", and that was Dick.

Dick was a character, a very solid part of the Wellington community, and he was extremely modest and proud. During the period that he was in Wellington (because he shifted to Auckland in his 80's), he was always a very good ambassador and advocate for Wellington, and he contributed greatly to Wellington's vibrancy and vitality. Andy Leslie, the former All Black captain, recognised Dick's contribution recently, these were Andy's words: "He was a wonderful ambassador for Wellington, not only rugby but the city, he dedicated a huge amount of time and energy to it."

I give you Dick Evans and I wish his family and friends only the best."

Mayor Foster continued the announcement as follows:

"I am privileged and honoured to say a few words about Inge Woolf. Inge is Simon's mother. She passed away on 26th February aged 86. She was born in Vienna, and this was in the time leading up to the Nazi occupation of Austria. The family moved to Czechoslovakia and then did a pretty daring escape through Berlin to fly on 'holiday' (which of course was a one way trip) to Britain and thence after the war moved to New Zealand in 1957.

Inge was particularly recognised for the contribution that she made to not just Wellington but to New Zealand in terms of the foundation of the Holocaust Centre of New Zealand. She did that following an attack on the Jewish part of the cemetery at Mākara in 2004, where graves were smashed and swastikas daubed on those graves. Inge, rather than getting angry about it, said that we must tell the stories and make sure that these things are recognised, and that it should never happen again. Sadly of course we have seen genocides happen in more recent years as well.

She was part of establishing the Holocaust Centre of New Zealand, and she was the co-chair of that, and it was opened with a simple message: "Today the lessons of the Holocaust are poignant to combat increasing intolerance and racism, to teach the value of human rights and the celebration of diversity." And I think what we've seen from the Interfaith Council says that that is what we are saying: 'That is not us. We do not do that'.

She also served on the advisory board of the Anne Frank Travelling Exhibition. And I know she travelled widely speaking about lessons of the Holocaust.

In other roles Inge was the Wellington President of the women's business group, Zonta, and also served as National President of Arthritis New Zealand. It was in that role she was awarded a QSM in 1992.

She was a 2019 finalist in the Women of Influence Awards – Community Hero category, and was twice a finalist for the Welly Awards for community service. There can be no doubt Inge Woolf contributed immensely not just to our city but also to our nation, and bringing that message also to the world. I'm honoured to say a few words in recognising her."

Councillor Woolf continued the announcement as follows:

"Thank you for the tribute to my mother. She is greatly missed but has left a wonderful legacy of which I'm one part of. I would also late to thank my council colleagues for all your messages, and the Wellington public as well, it's been a little bit overwhelming but I would like to say on behalf of my sister and I, and our families, that the good will and wishes have been absolutely appreciated and gratefully received.

And now I have the honour of talking a little bit about one of my mum's friends, Shirley Martin. Shirley and my mother in a lot of ways were kindred spirits – fierce resolve and the ability to bring people on board and to work together for common causes.

The headline in the Dom Post by Nicolas Boyack stated: "Shirley devoted to keeping Wellington's ambulance service free." And she absolutely did. She gave more than sixty years' service to Wellington Free Ambulance, the Laura Fergusson Trust equally, and when the Mary Potter Hospice was founded, Shirley was in there boots and all. There would be few people in the city that would have raised as much money for charities as Shirley Martin. It's lovely to see on the screen her husband Alan Martin – LV Martin was an iconic business. And some of the stories that have been told about the way that Shirley treated clients of LV Martin – we have a lot to learn in this day about how we treat people.

Shirley was a leader and an entity in her own right, and I was recounting the other day to a friend, how if you got an invitation round to Oriental Bay, you knew you were going to get warmth, wisdom, fine cuisine and inevitably there would be a request that you couldn't say no to. It was done in the absolute nicest and most loveliest way. Aside from being out there on street corners for the various charities and especially Wellington Free Ambulance, Shirley had other methods of being able to get people to work in a team environment and Wellington Free Ambulance was her passion, and she achieved greatness with that, and that will be her greatest legacy. I am honoured to pay a tribute to a another wonderful Wellingtonian.

Councillor Young continued the announcement as follows:

Avenal McKinnon was a friend of my mother and then became a friend of mine, and then I ended up working with her at the Portrait Gallery. She died recently on March 12, aged 71 - unbelievably she actually looked older than that, because she'd been sick for many, many, years. It was always amazing that someone as ill as she was would still carry on like she was a perfectly operational human being, to a lot of personal cost to herself.

She was a prominent art historian, she grew up in Christchurch as a member of the very wealthy Gough family – it always helps if you want to collect art, be an heiress. Avenal was particularly well known because she was the founding director of the New Zealand Portrait Gallery which opened in 2005. She became a director when, according to the gallery, the founding trust had no physical gallery, a collection of only six artworks, no computers and no assured funding – Avenal sorted that out. But she was very much hands-on; at her funeral someone was saying that he was driving down one of the Quays and looked up to see this little woman (because she was quite small) at the top of a ladder, on the roof of the building cleaning the roof on a Sunday. That was Avenal.

They moved into Shed 11 in 2010, and then Avenal retired. Some of you may have met her if you've been to Beijing on the official trips because her husband, John McKinnon, was our ambassador there. When she retired in 2014 in December the Gallery had, in its own words, established itself as a fully professional national body, with a permanent home in the heritage building on Wellington Waterfront (thanks to the City Council), exhibitions in demand from regional galleries and museums, a collection of over 200 works and growing recognition and respect from the wider sector and public. Avenal nurtured and encouraged the careers of many artists, particularly portrait painters, discovered lost portraits for display or acquisition, created a program of exciting and innovative exhibitions, and built a network of loyal supporters, private donors and institutional funders. She had a huge funeral in Karori – if you're going to have a big funeral, pick a bigger church or get a better sound system – but it was a really lovely funeral. Avenal was made a member of the New Zealand Order of Merit in 2015 for Services to the Arts, and will be hugely missed by the arts community in Wellington."

Councillor Woolf continued with the announcement as follows:

"I'm pretty sure that these people that we're paying tribute today all knew each other as well. So it's again with lot of honour that I pay tribute to probably the shyest of the group.

All these people are humble and modest, that I've talked about, and I'm pretty sure that the others were equally so, but Neil Gray was very shy. He was a quiet achiever, and he should be recognized in a similar sort of way, in that he did achieve a lot for Wellington and particularly as an arts administrator in both the performing and visual arts.

He was also one of the sharpest legal minds that this country's ever produced, and he gave off his time and energy and expertise freely; pro-bono. The length and breadth of what he did, in respect of being the inaugural chairman of the Theatre Arts Trust, the legal advisor to Toi Whakaari, Circa and Bats Theatre.

He was honoured in 2015 for his contributions to Theatre Arts, he was also a finalist in the Wellingtonian of the Year awards, and he was an amazing man with his wife Tiahuia. They were a fantastic tag team, and Tia also contributed to the city in amazingly different ways; in welcoming people here to Wellington, she worked for the Council; and Neil was that solid force right behind.

Their legacy is not in just being patrons of the art and contributing themselves; but their five kids, all of whom are high achievers, all of whom have achieved things for Wellington in many ways. I'd just like to end in acknowledging that Neil, and the Gray family in particular, have contributed to so much to Wellington and largely in a voluntary capacity and also with mentoring lots of people and especially our youth."

Mayor Foster continued the announcement as follows:

“That brings me to the final person to mention, on the 9th of March we lost Colin Ryder. I was just sitting just over there, in the middle of a meeting, when I got a text that said Colin had had an accident at home. That was a real shock, he was 74.

Colin, for those of you who knew him, was a person who showed that determination that is reflected in all of the people we’ve just been listening about. He was someone who never took no for an answer. If the first answer was no, it was “try and try and try again”, and he kept on going.

He was Southland-born, a resident of Johnsonville. I first came across Colin when the Natural Wellington concept was developed – he was at one stage the chair of Wellington Forest and Bird – Natural Wellington was the concept of creating a corridor essentially of natural spaces across from the Hutt Valley right through into Wellington and it gave us the blueprint, that certainly I and other councillors were able to adopt to create our Outer Green Belt and the network which we now see around us which is that fantastic environmental restoration project.

At this funeral the other day, Jim Lynch, who of course was the visionary behind Zealandia Sanctuary, and Andrew Cutler, who chaired the Taputeranga Marine Reserve, described themselves as the three musketeers. Colin not only was part of Natural Wellington, he was also the leader in making Mana Island mouse-free, and when they started that project they thought there were a billion mice on the island, and they got rid of them all. Just something quite extraordinary.

For 17 years he was helped, with Jim and Andrew and a small band of others, working with fisherman to get through the concept of a marine reserve on the Wellington South Coast, and he was also the driving force behind securing Baring Head as a part of the regional park network. That would definitely not have happened without him. He’s also worked to protect Miramar’s Watts Peninsula, I think that’s still a work in progress, and I must say I’ve had quite a number of conversations with him about that. He was also a leader in the acquisition and reserving of Lot 1 Long Gully, immediately to the south of Zealandia. It is I think the largest private reserve piece of land in our district, certainly in the Wellington region.

At his funeral, they said Colin raised something like $20 million for conservation restoration projects, but the estimate is probably nearer to $30 million, so he has made an absolutely immense difference to conservation and environmental restoration in Wellington and in this region. He is going to be missed immensely – personally, I’ll miss him, but I think he’ll be missed immensely by the conservation movement here.

Councillors, thank you for your attention to all of those messages, I think that all of those people remind us that whatever we do, we stand on the shoulders of others, and sometimes we’ve rubbed shoulders with those people as they’ve done the work that they’ve done, and I’d like to ask you all to stand for a few moments to recognise all of them.

1. 4 Conflict of Interest Declarations

No conflicts of interest were declared.

1.5 Confirmation of Minutes

Moved Mayor Foster, seconded Councillor Sparrow, the following motion

Resolved

That the Council:

1. Approve the minutes of the Ordinary Council Meeting held on 24 February 2021, having been circulated, that they be taken as read and confirmed as an accurate record of that meeting.

A division was required under standing order 27.6, voting on which was as follows:

For:
Mayor Foster, Councillor Calvert, Councillor Condie, Councillor Day, Councillor Fitzsimons, Councillor Foon, Deputy Mayor Free, Councillor Matthews, Councillor O'Neill, Councillor Pannett, Councillor Paul, Councillor Rush, Councillor Sparrow, Councillor Woolf, Councillor Young

Against:
None

Majority Vote: 15:0

Carried

1.6 Items not on the Agenda

There were no items not on the agenda.

1.7 Public Participation

There were no requests for public participation.

Secretarial note: In accordance with standing order 19.1, the chairperson accorded precedence to some items of business and announced that the agenda would be considered in the following order:

Item	2.1	Proposed Road Closure
Item	3.1	Report of the Strategy and Policy Committee Meeting of 18 March 2021: Report back on public consultation of a new lease on Wellington Town Belt: Wellington Tennis Incorporated
Item	4.1	Public Excluded: Request to renew membership of District Licensing Committee list member and appoint additional list member
Item	2.2	Long-Term Plan 2021-31 Consultation Document

2. General Business

2.1 Proposed Road Closure

Moved Councillor Sparrow, seconded Deputy Mayor Free, the following motion

Resolved

That the Council:

1. Receive the information.

2. Agree to close the following roads and sections of the roads for the Newtown Festival, 11 April 2021, 5:00am to 9:00pm, to vehicles and cycles only, subject to the conditions listed in the proposed Road Closures Impact Reports.
   - Hall Street (between Riddiford Street and Hall Avenue)
   - Riddiford Street (between Mein Street and Rhodes Street)
   - Rintoul Street (between Riddiford Street and Millward Street). The Rintoul Street Closure (between Riddiford Street and Colombo Street) begins on Saturday 10April 2021 at 6:00 pm and runs until 11:30pm.
   - Colombo Street (west of Rintoul Street up to & including number 9). The Colombo Street closure begins on Saturday 10 April 2021 at 7:00am and extends to 11:30pm Sunday 11 April 2021)
   - Emmett Street (All)
   - Green Street (All)
   - Wilson Street (east of Riddiford Street up to & including number 15) The Wilson Street Carpark closure of the north end of the public carpark begins on Thursday 8 April 2021 at 5am and extends to 6pm Saturday 11 April 2021.
   - Constable Street (between Riddiford Street and Daniell Street)
   - Newtown Avenue (east of Riddiford Street up to & including number 21)
   - Normanby Street (east of Riddiford Street up to & including number 14)
   - Donald McLean Street (east of Riddiford Street up to & including number 31)
   - Donald McLean Laneway (at 5 Donald McLean). Closure of all the laneway begins on Saturday 10 April 2021 at 7:00am and extends to 11:30 pm Sunday 11 April 2021.
   - Ferguson Street (South of Donald McLean Street up to & including number 15)
   - Arney Street (All of Arney Street)
   - Gordon Street (All of Gordon Street)
   - Gordon Place (All of Gordon Place). The Gordon Place closure from number 3 to the end of Gordon Place begins on Saturday 10 April 2021 at 7:00am and extends to 11:30pm Sunday 11 April 2021
   - Florence Street (All of Florence Street)

3. Note that recommendations in this report should not be amended without first carrying out further consultation with affected parties and verification from the Council's Traffic Engineers that the amendment is not likely to cause unreasonable impact on traffic.

A division was required under standing order 27.6, voting on which was as follows:

For:
Mayor Foster, Councillor Calvert, Councillor Condie, Councillor Day, Councillor Fitzsimons, Councillor Foon, Deputy Mayor Free, Councillor Matthews, Councillor O'Neill, Councillor Pannett, Councillor Paul, Councillor Rush, Councillor Sparrow, Councillor

Woolf, Councillor Young
Against:
None

Majority Vote: 15:0

Carried

Secretarial note

With the leave of the meeting, the motion was amended as indicated in red.

3. Committee Reports

3.1 Report of the Strategy and Policy Committee Meeting of 18 March 2021

Report back on public consultation of a new lease on Wellington Town Belt: Wellington Tennis Incorporated

Moved Councillor O'Neill, seconded Councillor Woolf, the following motion

Resolved
That the Council:

1. Grant a new ground lease to Wellington Tennis Incorporated for a ten-year term with one renewal term of ten years and three subleases for Tennis Central Region Incorporated, Kaizen Academy Seido Karate and PlanitPro Limited each for a term of ten years with a right of renewal for another ten years. The land is legally described as Section 1 Survey Office Plan 474197 containing 1.5865 hectares more or less.

A division was required under standing order 27.6, voting on which was as follows:

For:
Mayor Foster, Councillor Calvert, Councillor Condie, Councillor Day, Councillor Fitzsimons, Councillor Foon, Deputy Mayor Free, Councillor Matthews, Councillor O'Neill, Councillor Pannett, Councillor Paul, Councillor Rush, Councillor Sparrow, Councillor Woolf, Councillor Young

Against:
None

Majority Vote: 15:0

Carried

4. Public Excluded

Moved Mayor Foster, seconded Councillor Fitzsimons, the following motion

Resolved
That the Council:

1. Pursuant to the provisions of the Local Government Official Information and Meetings Act 1987, exclude the public from the following part of the proceedings of this meeting namely:

General subject of the matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
4.1 Request to renew membership of District Licensing Committee list member and appoint additional list member	7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.	s48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7.

2. Review the public excluded status of item 4.1 Request to renew membership of District Licensing Committee list member and appoint additional list member for release to public once the appointment is confirmed.

A division was required under standing order 27.6, voting on which was as follows:

For:
Mayor Foster, Councillor Calvert, Councillor Condie, Councillor Day, Councillor Fitzsimons, Councillor Foon, Deputy Mayor Free, Councillor Matthews, Councillor O'Neill, Councillor Pannett, Councillor Paul, Councillor Rush, Councillor Sparrow, Councillor Woolf, Councillor Young

Against:
None

Majority Vote: 15:0

Carried

The meeting went into public-excluded session at 4:39pm.

The meeting returned from public-excluded session at 4:40pm.

Meeting duration

Moved Deputy Mayor Free, seconded Councillor Condie, the following motion

Resolved

That the Council:

1. Continue the meeting beyond the six hours limit as per standing order 11.7.

A division was required under standing order 27.6, voting on which was as follows:

For:
Mayor Foster, Councillor Calvert, Councillor Condie, Councillor Day, Councillor Fitzsimons, Councillor Foon, Deputy Mayor Free, Councillor Matthews, Councillor O'Neill, Councillor Pannett, Councillor Paul, Councillor Rush, Councillor Sparrow, Councillor Woolf, Councillor Young

Against:
None

Majority Vote: 15:0

Carried

Meeting adjournment

Moved Mayor Foster, seconded Councillor Paul, the following motion

Resolved

That the Council:

1. Adjourn the meeting until 4:00 pm on Tuesday 6 April 2021, at the Council Chambers (Ngake (16.09), Level 16, Tahiwi, 113 The Terrace, Wellington).

A division was required under standing order 27.6, voting on which was as follows:

For:
Mayor Foster, Councillor Calvert, Councillor Condie, Councillor Day, Councillor Fitzsimons, Councillor Foon, Deputy Mayor Free, Councillor Matthews, Councillor O'Neill, Councillor Pannett, Councillor Paul, Councillor Rush, Councillor Sparrow, Councillor Woolf, Councillor Young

Against:
None

Majority Vote: 15:0

Carried

The meeting adjourned at 4:46pm with the reading of the following karakia:

Unuhia, unuhia, unuhia ki te uru tapu nui	Draw on, draw on
Kia wātea, kia māmā, te ngākau, te tinana, te wairua	Draw on the supreme sacredness
I te ara takatū	To clear, to free the heart, the body
Koia rā e Rongo, whakairia ake ki runga	and the spirit of mankind
Kia wātea, kia wātea	Oh Rongo, above (symbol of peace)
Āe rā, kua wātea!	Let this all be done in unity

The meeting reconvened at 4:01pm on Tuesday 6 April 2021 with the following karakia.

Whakataka te hau ki te uru,	Cease oh winds of the west
Whakataka te hau ki te tonga.	and of the south
Kia mākinakina ki uta,	Let the bracing breezes flow,
Kia mātaratara ki tai.	over the land and the sea.
E hī ake ana te atākura.	Let the red-tipped dawn come
He tio, he huka, he hauhū.	with a sharpened edge, a touch of frost,
Tihei Mauri Ora!	a promise of a glorious day

All members were present except for Deputy Mayor Free and Councillor Foon.

(Councillor Rush left the meeting at 4:28pm.)

(Councillor Foon joined the meeting at 4:40pm and left the meeting at 4:49pm.)

2. General Business (continued)

2.2 2021-31 Long-Term Plan Consultation Document

Moved Mayor Foster, seconded Councillor Calvert

Resolved
That the Council:

Significant Forecasting assumptions

1. Agree to adopt the draft Significant Forecasting Assumptions (Attachment 1, as tabled at the meeting) as supporting documents for formal consultation alongside the 2021-2031 Long-term Plan consultation document.
2. Agree to delegate to the Mayor and Chief Executive the authority to make editorial changes to the Significant Forecasting Assumptions that may arise as part of the final audit review process.

Financial and Infrastructure Strategy

3. Agree to adopt the draft Financial and Infrastructure Strategy (Attachment 2).
4. Agree to delegate to the Mayor and Chief Executive the authority to make editorial changes to the Financial and Infrastructure Strategy that may arise as part of the final audit review process.

Statements of Service Provision

5. Agree to the draft Statements of Service Provision (Attachment 3) and the projects and programmes budgets (Attachments 4 CAPEX and 5 OPEX), be included in the 2021-31 draft Long-term plan.
6. Agree to delegate to the Mayor and Chief Executive the authority to make editorial changes to the Statements of Service Provision that may arise as part of the final audit review process.

Note: Draft Statements of Service provision details Council activities, associated performance measures, and the capital and operating expenditure for each activity area.

2021-31 10-year Plan Financial and Funding Policies

7. Agree to adopt the draft Revenue and Financing Policy (Attachment 6) as supporting documents for formal consultation alongside the 2021-2031 draft Long-term Plan consultation document.
8. Agree to adopt the proposed changes to fees and charges (Attachment 7).
9. Agree to adopt the draft Rates Remission Policy (Attachment 8) as supporting documents for formal consultation alongside the 2021-2031 draft Long-term Plan Consultation Document.
10. Agree to adopt the draft Rates Postponement Policy (Attachment 9) as supporting documents for formal consultation alongside the 2021-2031 draft Long-term Plan consultation document.
11. Agree to adopt the draft Investment and Liability Management policies (Attachment 10) as supporting documents for formal consultation alongside the 2021-2031 draft Long-

term Plan Consultation Document.

12. Agree to delegate to the Mayor and Chief Executive the authority to make editorial changes to the Revenue and Financing Policy that may arise as part of the final audit review process.

SUPPORTING INFORMATION TO THE CONSULTATION DOCUMENT:

2021-31 Long-Term Plan Financial and Funding Statements

13. Recommend that it is prudent to forecast a surplus of $15.7m in 2021/22, noting that the Council forecasts an underlying balanced budget and that any surplus is a result of items that are presented in the Prospective Statement of Comprehensive Revenue and Expense but do not offset rates.
14. Agree to adopt the Indicative Financial Statements and Statement of Significant Accounting Policies (Attachment 11 and 12) as supporting documents for formal consultation alongside the 2021-31 draft Long-term Plan consultation document.
15. Note that the debt level in the proposed budget breaches the debt limit of 225% Debt:Income ratio in years 1-3 and therefore this, if adopted for the Long-term Plan, would be inconsistent with the council policy per section 80 of the Local Government Act (2002).
16. Agree to adopt the draft Funding Impact Statements (Attachment 13) for formal consultation alongside the 2021-31 draft Long-term Plan Consultation Document.
17. Agree to delegate to the Mayor and Chief Executive the authority to make editorial changes to the above Indicative Financial Statements, Statement of Significant Accounting Policies Financial and Funding Impact Statements that may arise as part of the final audit review process.

Note: Financial and Funding statements include details on projects and programmes.

LONG TERM PLAN 2021-2031 CONSULTATION DOCUMENT

18. Note that Audit New Zealand will attend the meeting and provide their audit opinion on the Consultation Document. Adoption of the Consultation Document will follow the receipt of the Auditor's opinion.
19. Adopt the Long-term Plan 2021-2031 Consultation Document (Attachment 14, as tabled at the meeting).
20. Note the summary of Council's Significance and Engagement Policy (Attachment 15) which will be available as supporting material to consultation.
21. Delegate to the Mayor and Chief Executive the authority to make editorial changes to the Consultation Document to reflect decisions made at this meeting or requirements that might arise prior to formal consultation or through audit review process.

A division was required under standing order 27.6, voting on which was as follows:

For:
Mayor Foster, Councillor Calvert, Councillor Condie, Councillor Day, Councillor Fitzsimons, Councillor Foon, Deputy Mayor Free, Councillor Matthews, Councillor O'Neill, Councillor Pannett, Councillor Paul, Councillor Rush, Councillor Sparrow, Councillor Woolf, Councillor Young

Against:
None

Abstain:
Deputy Mayor Free, Councillor Foon, Councillor Rush

Majority Vote: 12:0

Carried

Attachments 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 15
Reference to be made to the attachments to item 2.2 of the Council meeting of 31 March 2021: 2021-31 Long-Term Plan Consultation Document

Attachments

1 Attachment 1: Updated Significant Forecasting Assumptions
2 Attachment 14: Updated Consultation Document

The meeting concluded at 5:23pm with the reading of the following karakia:

Unuhia, unuhia, unuhia ki te uru tapu nui	Draw on, draw on
Kia wātea, kia māmā, te ngākau, te tinana, te wairua	Draw on the supreme sacredness
I te ara takatū	To clear, to free the heart, the body
Koia rā e Rongo, whakairia ake ki runga	and the spirit of mankind
Kia wātea, kia wātea	Oh Rongo, above (symbol of peace)
Āe rā, kua wātea!	Let this all be done in unity

Authenticated:____
Chair

Absolutely Positively **Wellington** City Council
Me Heke Ki Pōneke

ORDINARY MEETING

OF

WELLINGTON CITY COUNCIL

MINUTE ITEM ATTACHMENTS

Time:	4:00pm
Date:	Wednesday, 31 March 2021
Venue:	Ngake (16.09) Level 16, Tahiwi 113 The Terrace Wellington

Business **Page No.**

Draft Significant forecasting assumptions

2021-2031

Long-term Plan

The tables below outline the specific forecasting assumptions to be used in the preparation of the 2021 LTP and associated documents. It notes their data source, key challenges and risks around the assumption including commentary on how the risk will be managed.

Population

Assumption	The long-term population forecast for Wellington City is growth of between 50,000 to 80,000 over the next 30 years. This is the forecast growth projection that underpins our Spatial Planning. Planning within this LTP has been based on existing assumptions provided by Forecast.id growth projections as shown in the table to the right. (this aligns to the low end of Spatial planning projected range for population growth). Once the Spatial Plan is finalised then we will ensure full alignment between our Spatial Plan and LTP.		
Data	Long-term population and demographic assumptions are provided by Informed Decisions (.id) for Wellington City modelling population growth, demographic changes and housing demand at a neighbourhood and city level. These forecasts were created in December 2020 by .id, on behalf of Wellington City. Forecasts are available for each year from 2013 to 2043. They do not consider potential impacts to assumptions stemming from COVID-19. Forecast inputs are based on Statistics NZ data and detailed information from the Council about current and planned residential activity in the city. Note that given COVID-19 we have supplemented our long-term population projections with advice on the short-term effects of COVID-19 on population growth. This advice has not changed this long-term population assumption, however will be used to inform the shorter term ratepayer base growth assumption (see below) which is informed by the short to medium term economic and growth outlook.		
Level of certainty	**Moderate**		
Key risks	*Risk* Population forecast growth assumptions are conservative, which may lead to an underestimation of population growth.	*Effects of risk* If population growth is higher than forecast, added pressure will be put on Council infrastructure and service provision,	*Mitigation* Moderate growth can be accommodated within the present level of Council infrastructure.

Year	Wellington City Population
2020	214,537
2021	216,505
2022	218,734
2023	221,421
2024	223,585
2025	225,587
2026	227,094
2027	228,312
2028	229,303
2029	230,252
2030	231,242
2040	243,958
2043	248,953

	A risk exists that total population growth continues to track higher than average. Risk that short-term growth will be significantly lower than forecast as the impacts of COVID-19 slow levels of migration to Wellington.	leading to possible failure to meet expected levels of service or constraining growth. If population growth is lower than expected, then we risk investing in services and infrastructure that will be over servicing the population. This impact may however be short-term if over the long-term growth continues.	Where higher levels of growth create demand for new infrastructure, the Council will collect development contributions to meet a portion of the costs of new or upgraded investment. Our LTP is updated every three years allowing for growth projections and investment plans to be updated on a regular basis.

Economic growth

Assumption

That the Wellington City economy will continue to be impacted by the effects of COVID-19 until beyond 2023 with GDP remaining lower than March 2020 levels until 2024. Some sectors, including tourism related industries including hospitality will have on-going impacts well into the period of the long-term plan.

Year	Wellington City GDP		Wellington City Unemployment
2019	25,651	2.3%	4.2%
2020	26,135	1.9%	3.8%
2021	25,332	-3.1%	4.2%
2022	25,904	2.3%	4.7%
2023	26,021	0.5%	4.5%
2024	26,537	2.0%	4.4%
2025	27,189	2.5%	4.3%
2026	27,815	2.3%	4.1%
2027	28,464	2.3%	4.0%
2028	29,128	2.3%	3.8%
2029	29,786	2.3%	3.8%
2030	30,430	2.2%	3.8%

Data

Economic projections are based on economic modelling of Wellington City economy undertaken by Infometrics commissioned in January 2021. This report will be available on the WCC LTP website.

Level of certainty

Moderate

Key risks

	Risk	*Effect of risk*	*Mitigation*
Key risks	Economic growth is lower than forecast due to: • the impacts of COVID-19 before more severe or lasting longer than anticipated • external market factors	Lower levels of economic growth will impact the affordability of Council plans: • ratepayer base growth assumptions will be inaccurate (see later assumption) • the affordability of Council services will be lower for households, businesses and users of services	We have been conservative in our assumptions around economic recovery to reduce the likelihood of this downside risk Our economic assumptions will be closely monitored and any resulting updates to our long-term plans will be made through Annual Planning process

	• insufficient investment in infrastructure/services constraining city development		

Growth in ratepayer base

Assumption

Year	Capital value growth	Rate units*
2021/22	0.6%	86,602
2022/23	0.6%	87,494
2023/24	0.6%	88,568
2024/25	0.6%	89,434
2025/26	0.6%	90,235
2027/28	0.6%	90,838
2029/30	0.6%	91,325
2030/31	0.6%	91,721
2031/32	0.6%	92,101
2032/33	0.6%	92,497

* The rate units are stated at the end of the preceding financial year

Data	*Ratepayer base growth is based on current property information from Council valuation service provider (Quotable Value Ltd), forward looking consenting, historic trends and expected population growth assumptions provided by Informed Decisions Ltd.*		
Level of certainty	**Moderate**		
Key risks	*Risk* The growth in the ratepayer base is higher or lower than projected.	*Effects of risk* If growth is higher than forecasted, average rates funding increase will be reduced by an equivalent amount as there is a greater number of ratepayers across which the rates funding requirement will be allocated. If growth is lower than forecasted, the average rates increase for the ratepayer will be higher. The annual impact of a 1 percent of variance in growth in the ratepayer base is equivalent to approximately $3.9 million of rates in 2021/22.	*Mitigation* We will measure and report on growth in the rating base and review the projections and underlying strategy on a regular basis. Ratepayer growth assumptions are reconfirmed through each Annual Planning exercise and provide the opportunity to adjustment plans based upon updated growth projections.

Civil defence and emergency			
Assumption	The assumed risks of a significant earthquake are in line with Wellington lifelines planning and relate to likelihood of earthquakes at different scales on the Modified Mercalli intensity (MMI) scale. Likelihood captured in the table below.		

MMI level	Average return period
MMI7	~30 years
MMI8	~120 years
MMI 9	~400 years
MMI 10	~1350 years

Data	Sourced from Wellington Lifelines report 2019.		
Level of certainty	**Low**		
Key risks	*Risk* That a significant event occurs during the period of the Long-Term Plan	*Effects of risk* The city is unable to recover sufficiently or quickly enough in order to prevent long-term adverse effects on the population or local economy.	*Mitigation* In order to recover from a significant event the Council has insurance and debt provision to provide some flexibility to respond financially to adverse events. The Council is further prepared to respond to large events, as some response plans are in place and staff members are regularly trained. However, work is needed to ensure that learnings from any activation are captured and contribute to the ongoing improvement of the city's preparedness. A key focus for this LTP will be improving the city's resilience. There will be a number of earthquake strengthening and resilience projects aimed at helping us mitigate the adverse impact of a significant event and manage our event insurance costs.

Climate change	
Assumption	We assume climate change occurs in line with Ministry for the Environment's global emissions scenarios ranging from low to high greenhouse gas concentrations these are informed by the Intergovernmental Panel on Climate Change (IPCC). The most notable impact of which for Wellington City will be increased risks of coastal storm surge, and higher frequency and magnitude of flooding events, both exacerbated by sea level rise and increased volumes of water during rainfall events. Table 12 from the MfE guidance informs our base assumptions for planning being:

Table 12: Minimum transitional New Zealand-wide SLR allowances and scenarios for use in planning instruments where a single value is required at local/district scale while in transition towards adaptive pathways planning using the New Zealand-wide SLR scenarios

Category	Description	Transitional response
A	Coastal subdivision, greenfield developments and major new infrastructure	Avoid hazard risk by using sea-level rise over more than 100 years and the H+ scenario
B	Changes in land use and redevelopment (intensification)	Adapt to hazards by conducting a risk assessment using the range of scenarios and using the pathways approach
C	Land-use planning controls for existing coastal development and assets planning. Use of single values at local/district scale transitional until dynamic adaptive pathways planning is undertaken	1.0 m SLR
D	Non-habitable short-lived assets with a functional need to be at the coast, and either low-consequences or readily adaptable (including services)	0.65 m SLR

For detailed guidance on the application of these assumptions see MfE guidance.

Data	Assumptions are directly informed by Ministry for the Environment projections for Wellington and Wairarapa.		
Level of certainty	**Moderate –** while there is certainty on the direction of change, there is uncertainty as to the speed at which the climate and sea level rise will change.		
Key risks	*Risk* That sea level rise may be lower or higher than planned for.	*Effects of risk* If sea level rise happens slower than assumed, then we will have over invested in mitigating or management strategies. The impacts of this may be short-term as sea levels continue to rise over the longer-term. If sea level rise is faster than assumed then we will have increased levels of service interruption, including to storm water and transport services.	*Mitigation* The effects of sea level rise occur over a long-period and we will regularly review climate predictions as we make choices around our investment and as we regularly update our long-term plans. We also plan in the longer term to transition towards dynamic pathways planning.
Resource consents			

Assumption	Conditions for existing resource consents held by the Council will not be significantly altered. Any resource consents due for renewal during the 10-year period of this plan will be renewed accordingly.
Data	**N/A**
Level of certainty	**Moderate**- there is some uncertainty around consenting conditions for the renewal of some Council consents: • Stage 1 of the global consent for stormwater discharge expires in 2023, for stage 2 and future consents there is a likelihood of more stringent conditions as the requirements of the National Policy Statement for Freshwater Management come into effect • Consenting of any sludge minimisation plant in the coastal environment would be significantly more challenging than the current site • Landfill consents expire in 2026. Given the Southern Landfill consenting conditions are substantially about the management of water, there is a likelihood that conditions will be substantially more rigorous.

Key risks

Risk	*Effects of risk*	*Mitigation*
Conditions of resource consents are altered significantly. The Council is unable to renew existing resource consents upon expiry	The financial effect of any change to resource consent requirements would depend upon the extent of the change. A significant change in requirements could result in the Council needing to spend additional funds to enable compliance.	Generally, the Council considers that it is fully compliant with existing resource consents. Changing consenting conditions will be inputs into planning individual projects- for example in the scoping of any landfill or sludge minimisation investment.

Inflation

Assumption

Cost adjustors

Inflation rates have been estimated using the BERL mid-scenario Forecasts of Price level Change Adjustors to 2031. We also assume that the Reserve Bank will use monetary controls to keep CPI within the 1.5 percent to 3 percent range.

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	*20 yr ave*
Planning and regulation	3.2%	1.7%	0.5%	2.7%	2.5%	2.3%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	*2.0%*
Roading	2.3%	1.9%	0.8%	3.3%	3.1%	3.0%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	*2.5%*
Transport	2.8%	1.8%	0.7%	2.9%	2.6%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	*2.2%*
Community activities	2.0%	1.7%	-0.2%	3.2%	2.7%	2.5%	2.4%	2.5%	2.4%	2.5%	2.6%	2.6%	2.4%	*2.1%*
Water and environmental management	3.8%	2.5%	-3.8%	6.0%	3.5%	2.6%	2.7%	2.9%	2.8%	3.2%	3.3%	3.4%	3.1%	*2.5%*
WCC HR cost adjustor			2.8%	2.4%	1.5%	1.7%	2.0%	2.2%	2.3%	2.4%	2.6%	2.7%	2.7%	*2.5%*

Interest revenue – forecast to remain constant. Interest rates do not increase annually in line with rates of inflation.

Data	***Inflation rates applied –*** Inflation rates have been estimated using the BERL Forecasts of Price level Change Adjustors to 2031. We also assume that the Reserve Bank will use monetary controls to keep CPI within the 1.5% to 3% range. Inflation is affected by external economic factors, most of which are outside of the Council's control and influence.		
Level of certainty	**High**		
Key risks	*Risk* That actual inflation will be significantly different from the assumed inflation.	*Effects of risk* The Council's costs and the income required to fund those costs will increase by the rate of inflation unless efficiency gains can be made.	*Mitigation* Annual review through the annual plan process.

Cost of carbon

Assumption

WCC assumes that the cost of carbon will inflate over the coming years as per the table below-

Year	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Rise to $50 in Year 2 by 2031 with ongoing 2% growth thereafter	$35.00	$35.00	$50.00	$51.00	$52.02	$53.06	$54.12	$55.20	$56.31	$57.43	$58.58	$59.75
% increase from 2020		0%	43%	46%	49%	52%	55%	58%	61%	64%	67%	71%

This assumption directly informs the carbon unit costs related to the Southern Landfill. More broadly the growing cost of carbon will have implications on the investment profile of individual projects and design of Council services, these impacts will be considered through the establishment of frameworks the Council will use in future project investment analysis and service review.

Data	Short to medium term price assumptions are based on price controls in the NZ ETS (The initial Cost Containment Reserve price trigger to be set at $50 in 2021 and rise by two per cent for each subsequent year). Over the long-term these assumptions trend in line with the long-term price signals from the 2018 Productivity Commission report *'Low Emissions Economy'* that signals a need for prices to move to between $75 and $200 by 2050.		
Level of certainty	**Moderate –** the certainty of our cost of carbon assumption is moderate particularly beyond 2025 when current ETS regulatory price controls expire. A range of factors including the pace of technological change and level of economic activity could significantly affect both the long-term trend and year on year costs.		
Key risks	*Risk* That actual inflation will be significantly different from the assumed inflation.	*Effects of risk* The Council's carbon unit costs and the landfill income required to fund those costs will increase by the rate of inflation unless efficiency gains can be made. This includes to secondary impacts on other Council budget lines, for example the cost of fuel and electricity, which are not directly informed by this carbon price assumption.	*Mitigation* Annual review of the budget through the annual plan process.

Asset revaluations	
Assumption	Assumed growth in asset values are outlined in the table below. Growth in Council asset values are key drivers of forecasting increasing capital investment and depreciation rates.

	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	40/41	50/51
Buildings Revaluation	16.5%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Waters Revaluation	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Treatment Plant Revaluation	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Roading Revaluation	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

Depreciation and revaluation of property, plant and equipment (including water and transport assets)

Financial forecasts in this Long-Term Plan include a 3-yearly estimate to reflect the change in asset valuations for property, plant and equipment in accordance with the Council's accounting policies.

The following assumptions have been made for this LTP:

- The Council will continue its policy of fully funding depreciation which is affected by asset revaluations
- Revaluation movements shall equate to the inflation rates applied for all depreciable property, plant and equipment (refer to the "Inflation" section)
- The value of non-depreciable assets (such as land) is forecast to remain constant

Data	Asset revaluation assumptions are based off asset valuation analysis provided by CBRE and BERL.		
Level of certainty	**Moderate –** moderate uncertainty in how Council asset values will change over time		
Key risks	*Risk* That actual asset value growth will be significantly different from the assumed rates.	*Effects of risk* Asset value growth at higher rates than assumed will lead to increasing pressure on rates and borrowing levels. This risk has impacted Council planning repeatedly in recent years as asset value growth has exceeded budgeting assumptions.	*Mitigation* Annual review of assumptions through the annual plan process.

Significant Asset lifecycles	
Assumption	The estimated useful lives of significant assets will be as shown in the Statement of Accounting Policies. The asset life of key assets (three waters and transport is included below). The majority of the significant assets will continue to be revalued every three years. It is assumed that assets will be replaced at the end of their useful life. Ranges in average ages relate to the variability of component parts of assets and changing material and design of assets over time.

Key Asset – Pipes	Asset life in years
Water pipes	50-95
Water reservoirs	40-100
Water pumping stations	20-100
Sewer pipes and tunnels	60-110
Sewer pumping stations	20-80
Stormwater pipes	50-130
Stormwater pump stations	20-100

Key Asset – Roads	Asset life in years
Surface	10
Base	50
Bridges	80
Footpaths	20-50
Retaining walls	50-75
Sea walls	80-100
Kerbs and channels	70-120

It is also assumed that:

- the majority of the significant assets will continue to be revalued every 3 years.
- assets will be replaced at the end of their useful life.
- planned asset acquisitions (as per the capital expenditure programme) shall be depreciated on the same basis as existing assets.

Data	Assumptions of asset lives are informed by guidance on the Useful Life of Infrastructure from the NAMS Council and Council actual condition information of assets.		
Level of certainty	**Mixed –** The level of certainty of useful lives of assets ranges across different asset types. Underground assets that are not easily accessible have lower levels of confidence on their current condition and therefore expected remaining useful lives.		
Key risks	*Risk* That assets wear out earlier or later than estimated.	*Effects of risk* Depreciation and interest costs would increase if capital expenditure was required earlier than anticipated. The financial effect of the uncertainty is likely to be immaterial.	*Mitigation* Generally, we have the ability to prioritise work programmes should assets wear out earlier or later than estimated. In addition we are actively investing in improving the quality of asset condition information including of our three waters assets, to reduce the likelihood of this risk.

Interest rates- cost of borrowing

Assumption

The Council borrowing rates for debt will change as per the table below.

	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	50/51
Effective Interest Rate	2.52%	3.03%	3.34%	3.26%	3.48%	3.58%	3.45%	3.59%	3.74%	3.72%	3.58%

<table>
<tr><td>Data</td><td colspan="3">Assumption reflects Council actual borrowing rates along with forecast rates based on hedging position and range of economic forecasts.</td></tr>
<tr><td>Level of certainty</td><td colspan="3">High - There is relative higher levels of certainty over short-term borrowing rates for Council debt in the short term given hedging policies. Longer-term, certainty levels are lower as interest rates are subject to wide range of factors.</td></tr>
<tr><td>Key risks</td><td>Risk
That prevailing interest rates will differ significantly from those estimated.</td><td>Effects of risk
Based on the minimum hedging profile, a 0.1 percent movement in interest rates will increase/decrease annual interest expense by between $200,000 and $1,000,000 per annum across the 10-year period of this plan</td><td>Mitigation
Interest rates are largely driven by factors external to the New Zealand economy. The Council manages its exposure to adverse changes in interest rates through the use of interest rate swaps. At any time Council policy is to have a minimum level of interest rate hedging equivalent to 50 percent of core borrowings.</td></tr>
<tr><td colspan="4">Expected returns on investment and funding sources</td></tr>
<tr><td>Assumption</td><td colspan="3">We assume that the impacts of COVID-19 will mean that WIAL dividend income will be zero in 2021/22 before progressively increasing back to pre COVID-19 levels by 2024/25.

The Council has made assumptions on the level of subsidies it expects to receive from central government through the NZTA over the period of the plan. This is that the normal Funding Assistance Rate (FAR) is expected to remain at 51 percent of eligible expenditure for the period of the plan. It is assumed that the NZTA subsidy will apply to 85% of our transport programme of work (maintenance, renewal and upgrade works) excluding the majority of cycleways which the NZTA subsidy is assumed to apply to 100% of.</td></tr>
<tr><td>Data</td><td colspan="3">n/a</td></tr>
<tr><td>Level of certainty</td><td colspan="3">Low – We have a lower than normal level of certainty on WIAL dividend assumptions given the current economic climate and impacts of COVID-19.

Moderate – NZTA have indicated that given cost pressures the level of NZTA funding available for our transport investment may reduce, because of this, current draft NZTA income assumptions have a moderate level of uncertainty. The amount of the work programme that is funded by NZTA is based on their evaluation of councils Asset Management Plans. The Council is confident of the maturity of its Asset Management Plan to secure at least 85% of its work programme to be subsidised. If more is subjected to the NZTA subsidy, then this would increase Council’s revenue stream.</td></tr>
<tr><td>Key risks</td><td>Risk
That the That WIAL dividends are significantly lower than assumed or that NZTA makes further changes to the subsidy rate, the funding cap or the criteria for inclusion in the subsidised works programme.</td><td>Effects of risk
If the actual returns/revenues from these sources are significantly less than forecast, the Council will need to look for alternative funding through rates or borrowings. If the returns were greater then Council would have additional revenue above forecasts.</td><td>Mitigation
Annual review of assumptions through the annual plan process.</td></tr>
</table>

		A 5 percentage point change in the level of NZTA subsidy over our transport programme would represent approximately \$1.7m increase or decrease in revenue each year.	
Ability to deliver capital programme			
Assumption	We assume that there will be market capacity to deliver our planned capital programme. This will be supported by careful programme planning, investment in internal capability and Wellington Water increasing their capability, capacity and use of innovation and scale.		
Data	**n/a**		
Level of certainty	**Moderate** – There is always an inherent level of risk in delivering a capital programme, particularly one that is substantially increased. Although we have plans to manage this risk there remains uncertainty. In the short-term this is linked to the ongoing effects of COVID-19 border measures on labour and material supply, in the longer-term this relates to the ability of the supplier market to respond to regional investment plans and on how other planned infrastructure investment across the region progress.		
Key risks	*Risk* That our capital programme is not able to be delivered as planned.	*Effects of risk* If we are unable to deliver the planned capital programmes, then the benefits of investment will be delayed. For projects aimed at enabling growth, this could constrain the pace of growth. There will also be delays to our planned capital expenditure profile with flow on impacts on borrowing and operating expenditure projections.	*Mitigation* Regular monitoring of our capital programme progress, and adjustments to plans through the formal Annual Planning process. Careful programme planning, investment in internal capability and Wellington Water increasing their capability, capacity and use of innovation and scale. If unable to deliver the capital programme, Council will prioritise renewals work (to prevent asset failure and resulting service interruptions) and critically review the planned capital upgrade work programme including identifying opportunities for deferral of works.
Level of service			
Assumption	For this 10-year plan we assume that: • the current demand for Council services and customer expectations regarding business as usual levels of service will not significantly decrease during the planning period • beyond what is specifically planned for and identified in this 10-year plan, there will be no significant additional impact from above pressures on asset requirements or operating expenditure.		

Data	**n/a**		
Level of certainty	**Moderate**		
Key risks	*Risk* That there are significant changes in the impact of pressures on the demand for services or levels of service beyond those planned in this plan.	*Effects of risk* If customers begin to expect a higher level of service, we either risk decreasing residents' satisfaction or an increase in ongoing costs to maintain a higher level of service	*Mitigation* The Council has well defined service levels for its planned activities, which have been reviewed as part of the 10-year plan process. Customer satisfaction surveys and other engagement strategies generally support the key assumptions made within the 10-year plan and therefore there are currently no known additional areas of the Council's service that require significant modification.
Three waters reform			
Assumption	While the Government's three waters reform programme is currently underway, and the Council is participating in that work, the Government is not expected to make a decision on the reforms until May 2021. As such, for the purposes of planning it is assumed that three water services will continue to be delivered through their existing arrangements between the Council and Wellington Water over the life of the Long-Term Plan.		
Data	Our assumption is in line with SOLGM advice on the treatment of reforms as outlined in their practice note *Three Waters Reform in the 2021-31 Long-Term Plans*		
Level of certainty	**Uncertain**		
Key risks	*Risk* That the three waters reform leads to changes to the management and/or ownership of Council's three waters assets	*Effects of risk* A change in ownership of three waters assets would have substantial direct impacts on Council finances and its financial and infrastructure strategy. It could also have second order impacts on Council's long-term planning in other areas given fundamental changes to the Council's financial position. For example, our debt to revenue position may be negatively affected should the value of three waters debt that is transferred be disproportionately lower relative to three waters income compared with wider Council debt and income levels.	*Mitigation* Any decisions on the Council's involvement in reforms would require consultation with the community and that would include full consideration of the direct and second order impacts.

Social Housing funding

Assumption	It is assumed that alternative sources of funding for City Housing renewals and upgrades is identified in the first year of this LTP and capital upgrade costs related to years 2 onward, and capital replacement costs related to year 4 onward are funded through this alternative means. Work is required to explore these options and may, for example, include establishment of a Community Housing Provider to take ownership of City Housing. Some alternative funding approaches, such as a change in ownership of City Housing, would be a significant change within our Significance and Engagement Policy and would require a statutory consultation process to be undertaken in the first year of the LTP.		
Data	**n/a**		
Level of certainty	**Low –** there is low certainty on the likelihood of alternative funding as no decisions have been taken to date and no commitment has been provided by central govt to provide funding. The establishment of a Community Housing Provider is possible but this option has not yet been debated by the Council and no community consultation on such a proposal has yet been undertaken. There is moderate certainty however that if these alternative arrangements were agreed to that they would successfully address the financial sustainability issues facing City Housing.		
Key risks	*Risk* That we are not able to find alternative funding arrangements for city housing as assumed.	*Effects of risk* If alternative funding is not secured in time for year 2 of this LTP then there will be significant unfunded capital costs required. This would require some re-prioritisation of the capital programme however City Housing reserves can be used to fund renewals and legislative upgrade requirements such as Healthy Homes requirements.	*Mitigation* Council's Annual Planning process provides a process whereby reprioritisation of the capital programme can be undertaken. Setting a debt limit at 225%, below the 280% limit of the LGFA covenant provides some flexibility for future additional debt.
Sludge funding			
Assumption	It is assumed that off balance sheet funding for the sludge minimisation project is able to be secured (through the Infrastructure Funding and Financing legislation (IFF)). This would enable the project to proceed without impacting Council debt limits.		
Data	**n/a**		
Level of certainty	**Low –** While the sludge minimisation project appears to fit the criteria for IFF financing, Council has only recently initiated the application process via Crown Infrastructure Partners.		
Key risks	*Risk* That we are not able to secure off balance sheet funding arrangements for sludge minimisation as assumed.	*Effects of risk* Until funding is secured then the sludge minimisation project would not be able to proceed, or alternatively reprioritisation of the capital programme or alternative Public Private Partnerships would be required.	*Mitigation* Council's Annual Planning process provides a process whereby reprioritisation of the capital programme can be undertaken.

		Delays in confirming the sludge minimisation project would impact planning for dependant pieces of work, in particular the future of the Southern Landfill and waste minimisation activities.	Alternative Public Private Partnership that will enable Sludge to be financed off balance sheet are being investigated in parallel. Setting a debt limit at 225%, below the 280% limit of the LGFA covenant provides some flexibility for future additional debt.
LGWM funding			
Assumption	Only initial $270m costs of LGWM delivery projects plus programme funding are included in our budget given the significant uncertainty about the full future programme scope and costs of LGWM, including the funding split for those costs. Their exclusion from the budget does not mean the Council does not plan to proceed with LGWM, the Council remains committed to improving Wellington’s transport infrastructure as envisioned through the LGWM programme. Their exclusion from the budget however mean that future further costs of LGWM identified through business cases will either need to be funded alternatively and/or accommodated through further extending the Council’s debt position agreed to through this LTP. Alternative funding arrangements are preferred and, for example, may include identification of new revenue streams such as traffic demand management or off balance sheet funding arrangements through the Infrastructure Funding and Financing legislation.		
Data	**n/a**		
Level of certainty	**Low**		
Key risks	*Risk* That alternative funding for the full costs of LGWM are not able to be identified and, in order to proceed with LGWM business cases, the Council would have significant unbudgeted costs. The need for the Council to identify alternative funding or make significant variations to this LTP to accommodate additional costs may also lead to delays to decision making around programme business cases.	*Effects of risk* This would either require Council to accommodate additional costs into an amended budget with breaches of proposed current rates and debt limits or aspects of LGWM may not be able to proceed. The effect of this risk on Council finances and the programme is significant given the draft size of the full programme identified in the indicative programme business case was $3.2b for the three partner organisations.	*Mitigation* The LGWM partners are engaging with the Minister of Transport on the range of funding tools. Setting a debt limit at 225%, below the 280% limit of the LGFA covenant provides some flexibility for future additional debt should Council decide that LGWM investment warrants further extending the debt position. Council’s Annual Planning process also provides a process whereby reprioritisation of the capital programme can be undertaken.
Funding sources – ground leases			

Assumption	That long-term ground leases for Michael Fowler Centre carpark, Municipal Office Building and Civic Administration Building are all secured in the first two years of the LTP to enable revenue from those ground leases to be used to pay down Council debt. Proceeds from those ground leases would be approximately $27m
Data	**n/a**
Level of certainty	**High –** While the MFC carpark negotiations are more advanced and therefore the likelihood of ground lease more certain, the MOB and CAB sites are less certain as we have not yet tested the market. Council has had valuations on the land and unsolicited queries from the private sector about opportunities with Civic Square. The need to gain resource consent for demolition of those buildings and potential consultation requirements associated with that also creates risks to this assumption
Key risks	*Risk* That long-term ground leases are not able to be secured in the timeframe of this assumption or are at a lower value than assumed. *Effects of risk* If long-term ground leases are delayed or at a lower value then that may impact Council's debt position and may lead to breach of proposed debt to revenue limits. *Mitigation* Council's Annual Planning process provides a process whereby reprioritisation and/or rephasing of the capital programme can be undertaken.
Development Contributions	
Assumption	We have assumed annual revenue from Development Contributions of $3.5m over the 10 years of this long-term plan.
Data	**n/a**
Level of certainty	**Moderate** – the level of Development Contribution revenue is broadly in line with actual levels of revenue over the previous three financial years.
Key risks	*Risk* The level of development contributions collected and the timing could results in insufficient income to cover the costs of required growth infrastructure. *Effects of risk* If the level of development contribution income is less than forecasted, this would mean the debt is not paid off as quickly as planned, and therefore interest costs relating to this debt would be marginally higher than planned *Mitigation* Council's Annual Planning process provides a process whereby reprioritisation of budget can be undertaken.
Sale of assets	
Assumption	We have assumed sale proceeds from asset sales of $48m will be realised to repay borrowings across the 10-year period of this plan.
Data	**n/a**
Level of certainty	**Moderate –**

Key risks	*Risk* That the sale of assets do not occur at forecasted levels.	*Effects of risk* If the level of asset sales is less than forecasted, either our level of debt will increase by the relevant amount or the Council may consider revising its level of asset investment. The interest cost of servicing this debt will be lower or higher depending on the level of asset sales.	*Mitigation* Council's Annual Planning process provides a process whereby reprioritisation of budget can be undertaken. Setting a debt limit at 225%, below the 280% limit of the LGFA covenant provides some flexibility for future additional debt.
Insurance			
Assumption	The Council will maintain its current level of asset insurance to indemnify itself against the expected damage caused in a one in one thousand year earthquake event. This level will cover approximately 70% of the forecast loss, with the remaining 30% of the loss assumed to be funded by debt.		
Data	The 1-1000 year event loss estimates for Council owned assets are calculated by GNS. This informs our strategy on how we transfer the risk to a third party and also the level of financial risk that is held by Council if third party risk transfer is not available or affordable.		
Level of certainty	**Moderate –** Price and available capacity of insurance is reducing over time in areas of the world that are deemed to be of high risk, as a result of a natural disaster.		
Key risks	*Risk* That the Council is not able to secure sufficient insurance That the increasing costs of holding insurance exceed available budget. That the financial loss to the assets in a major event is significantly greater than that estimated.	*Effects of risk* An inability to secure sufficient insurance or actual losses exceeding estimated loss would mean that not all assets would be able to be repaired or replaced post the earthquake event. Meeting increasing costs of insurance to maintain coverage would have direct impacts on rates and fees and user charges.	*Mitigation* The assumptions that drive the 1-1000 damage estimates are updated every 2-3 years by GNS to ensure up-to-date asset information is understood e.g. buildings that are based isolated and unlikely to have any major damage. Council is also working to minimise potential impacts of an event through significant investment to earthquake strengthen buildings (base isolation). New developments and renewal of our assets are also done with earthquake resilient materials e.g. Water pipes, reservoirs, tunnels and bridges. The Forecast Debt limit includes the provision of the 30% debt funding of the forecast loss.
LGFA			
Assumption	Each of the shareholders of the LGFA is a party to a Deed of Guarantee, whereby the parties to the deed guarantee the obligations of the LGFA and the guarantee obligations of other participating local authorities to the LGFA, in the event of default. Council assumes no default event occurring during this Long-Term Plan.		
Data	**n/a**		

Level of certainty	**Low –** The Council believes the risk of the guarantee being called on and any financial loss arising from the guarantee is low. The likelihood of a local authority borrower defaulting is extremely low and all of the borrowings by a local authority from the LGFA are secured by a rates charge.		
Key risks	*Risk* In the event of a default by the LGFA, each guarantor would be liable to pay a proportion of the amount owing. The proportion to be paid by each respective guarantor is set in relation to each guarantor's relative rates income.	*Effects of risk* Payment would be required by Wellington ratepayers for the relevant amount in default	*Mitigation* The structure and makeup of the LGFA through the foundation documents sets out the protections and processes of guarantees and defaults. The LGFA Risk management committee, reporting framework, Key performance indicators and variance at risk all mitigate the risk eventuating
Renewal of external funding			
Assumption	It is assumed that the Council will be able to renew existing borrowings on equivalent terms		
Data	**n/a**		
Level of certainty	**High –**		
Key risks	*Risk* That new borrowings cannot be accessed to fund future capital requirements.	*Effects of risk* Future capital programmes may be delayed and the Council improvement programmes/infrastructure assets may not receive the required investment.	*Mitigation* The Council minimises its liquidity risk by maintaining a mix of current and non-current borrowings in accordance with its Investment and Liability Management Policy.
Weathertight homes			
Assumption	The Council will continue to spread the cost incurred by settling weathertight homes claims by funding claims from borrowings and spreading the rates funded repayment across a number of years. This 10-year plan assumes that the Council's weathertight homes liability will be fully settled and the associated borrowing repaid over the 15–year period.		
Data	**n/a**		
Level of certainty	**High**		
Key risks	*Risk*	*Effects of risk*	*Mitigation* N/A.

	That the level of the claims and settlements is higher than provided for within the 10-year plan.	The weathertight homes liability is an actuarial calculation based on the best information currently available. The liability provided for within the Council's financial statements is $39 million, a 1 percent change in this figure would equate to $0.4 million.	
General rates differential			
Assumption	It is assumed that the general rates differential will remain at 3.25:1 Commercial: Base/Residential over the 10-year period of this plan.		
Data	**n/a**		
Level of certainty	**High**		
Key risks	*Risk* That the Council makes the decision to change the general rates differential from forecast.	*Effects of risk* Should the Council decide to change the general rate differential, the maximum it could be expected to move would be from 3.25:1 to 1:1 Commercial: Base/Residential. This could potentially transfer the rates impost from Commercial ratepayers back to Base/Residential ratepayers of approximately $60 per annum.	*Mitigation* Council's Annual Planning process provides a process whereby rates differential can be reconfirmed regularly. .

Tō mātou mahere ngahuru tau

Our 10-year Plan

2021-2031
Long-term Plan
Consultation Document

[Inside front cover]

Our journey to 2021

July 2018
Our last Long-term Plan

Our plans don't start from scratch every three years, each Long-term Plan builds on the previous one.

Below are some of the highlights of the past two and a half years since we adopted our previous Long-term Plan in 2018. For more information, refer to our Annual Reports.

- Strengthened and opened the Basin Reserve Museum Stand
- Began construction of the Convention Centre
- Began strengthening of St James Theatre
- Commenced construction of Omāroro reservoir
- Mayor's Taskforce on Water
- Built and opened Waitohi Johnsonville Community Hub
- Opened new Te Māra social housing apartments
- Opened a network of pop-up libraries in response to seismic issues with the Central Library
- Opened the temporary Royal New Zealand Ballet building
- New Matariki festival, Ahi Ka, started
- Passed Te Atakura – First to Zero Carbon policy
- Declared a Climate and Ecological emergency
- North Kumutoto public space upgrade

February 2021

The world has changed in the past three years, but we have still achieved a lot of what we planned. Now we need to continue working to make the city stronger and fit for the future.

Note: The 2021-31 Long-term Plan comes into effect on 1 July 2021. For information on the 2020/21 year, please see the Annual Plan: https://wellington.govt.nz/your-council/plans-policies-and-bylaws/plans-and-reports/annual-plan

We need to hear your voice

A Long-term Plan sets out Council's priorities for the next 10 years, including what we will do, how much it will cost and how we will fund it.

What is this document?

This is our Consultation Document. It highlights the key decisions for our Long-term Plan. It focuses on the key issues the city faces, and the practicable options and cost implications that we believe are available to resolve those issues.

We want your feedback

Our plans and budgets are draft. We will be finalising them in June 2021. Before then, we need to hear from you so we can ensure the future we plan for is one we all want.

How to have your say

There are three ways to let us know what you think:

- **An online submission** at our website – https://wgtn.cc/ltp
- By email – email your submission using the form at the back of this document or online to: ltp@wcc.govt.nz
- Drop off a written completed submission form to one of the submission boxes at our libraries or service centre
  The form can be printed from at our website or pickup from Arapaki Service Centre or any of our libraries.
- **By post** - completed forms can be returned by free post to
  Freepost 2199
  Long-Term Plan
  PO Box 2199
  Wellington 6140

The consultation will run from 6 April to 10 May.

What happens next?

We appreciate the feedback we get, and we do take time to consider it.

The Mayor and Councillors are given copies of all submissions. We also prepare reports on the submissions, so Councillors know how many there were and what the main themes and comments are.

If you wish to speak to your submission, please indicate that preference clearly when you make your submission. Our submission form includes a tick box question on oral submissions.

The Mayor and Councillors are scheduled to adopt the final plan on Wednesday 30 June 2021.

Is there more information?

This document outlines the key issues that we would like your views on. For the complete set of supporting information that underpins the Long-term Plan, including changes to fees and charges, the wider capital programme, policies relevant to the Long-term Plan, financial statements and the Financial and Infrastructure Strategy, please visit https://wgtn.cc/ltp

Contents

Mayor’s welcome - Investing in more for a city fit for the future

This draft Long-term Plan is ambitious. It centres on the much-needed investment in our infrastructure that our city has been crying out for and on solving resilience issues. It is investment we need to underpin a modern, dynamic, creative, sustainable city.

It is set in a uniquely challenging environment. We know we need to invest more in core three waters and waste infrastructure, there are major civic buildings needing strengthening or replacement because of seismic risk and damage, our transport system needs transformative investment, our social housing portfolio needs change to become economically viable, we have to plan for the housing and supporting infrastructure needed by a growing population, and we are working hard, particularly with our business and arts and culture communities, to recover from the impacts of COVID-19.

Collectively the proposed investment programme in this plan is the largest we have ever made in our city.

Last year my Mayoral Taskforce confirmed there had been underinvestment in our city’s drinking water, wastewater, and stormwater networks since the first pipes were laid in the 19th century. This Long-term Plan provides the required increase in funding for renewals of our three waters infrastructure. We have also started work on our biggest ever reservoir, Omāroro, to provide a resilient water supply for the central city and low-lying suburbs.

A major decision in this plan also outlines the best option to treat sewage sludge. Dealing with sludge is essential to allowing us collectively to reduce waste to landfill and significantly reduce the scale of the pending landfill extension.

It includes the funding to complete major civic projects that are currently well underway. The St James Theatre will reopen this coming summer, and the Town Hall, Tākina – Wellington Convention and Exhibition Centre, and Omāroro Reservoir will be completed in 2023.

Alongside this is investment in the sustainability and efficiency of our transport system, and the strengthening and modernising of our Central Library. We will engage separately on the exciting new design and fit-out of the library.

We are also working on completing a Spatial Plan to better provide capacity for our growing population, and will soon consult on new Economic, Arts and Culture, and Community Strategies and a Framework to guide the redevelopment of Te Ngākau Civic Square.

The extra investment in this plan will increase Council debt levels. We are proposing to lift our debt limit from the current 175 percent of debt to revenue to 225 percent. We consider this a prudent level because we must maintain borrowing headroom for known but currently unbudgeted investment needs, and for events that are unexpected, such as an earthquake or pandemic. Examples and more information on this are set out in this document.

Of course, this investment costs money, and I am very conscious that these proposed costs will be hard for some people and businesses.

This document is draft. For each of the key decisions there are options to choose from, including our preferred option. The proposed plan seeks to balance the need to invest in essential infrastructure with maintaining a prudent debt limit and trying to maintain rating affordability. This is a bold ambitious plan. I believe the investment will lay the foundations for a dynamic, attractive city fit for the future. I look forward to hearing from you during the consultation process.

Our strategic direction

Community Outcomes Framework

To help prioritise our Long-term Plan investment we developed a Community Outcomes Framework to put community wellbeing at the centre of our planning. The draft was presented for feedback during our pre-engagement in November 2020 to February 2021.

Through this early engagement with business groups, community groups, students, and the public, we heard that water, transport, and housing are particularly important and need to be a priority. The full report on our pre-engagement is available on our website.

This feedback has guided the refinement of the draft Community Outcomes Framework, and has informed Council decisions on the Long-term Plan strategic direction, budget, and content of this consultation document. This framework is also available on our website.

Community Outcomes

Environmental	Social	Cultural	Economic
A sustainable, climate friendly eco capital A city where the natural environment is being preserved, biodiversity improved, natural resources are used sustainably, and the city is mitigating and adapting to climate change – for now and future generations	**A people friendly, compact, safe, and accessible capital city** An inclusive, liveable, and resilient city where people and communities can learn, are connected, well housed, safe, and healthy	**An innovative, inclusive, and creative city** Wellington is a vibrant, creative city with the energy and opportunity to connect, collaborate, explore identities, and openly express, preserve, and enjoy arts, culture, and heritage.	**A dynamic and sustainable economy** The city is attracting and developing creative talent to enterprises across the city, creating jobs through innovation and growth while working towards an environmentally sustainable future.

Priority Objectives

The framework presents the long-term outlook for the city, and we have six priority objectives to focus on in the next three years. These are based on community feedback.

Priority Objectives for next three years
A functioning, resilient and reliable three waters infrastructure - *with improving harbour and waterway quality and, reducing water usage and waste*
Wellington has affordable, resilient, and safe housing – within an inclusive, accessible, connected, and compact city
The city's core transport infrastructure is a safe, resilient, reliable network - that supports active and public transport choices, and an efficient, productive and an environmentally sustainable economy
The city has resilient and fit-for-purpose community, creative and cultural spaces – including libraries, marae, museums, and community halls, where people connect, develop, and express their arts, culture, and heritage
An accelerating zero-carbon and waste-free transition - with communities and the city economy adapting to climate change, development of low carbon infrastructure and buildings, and increased waste minimisation.
Strong partnerships with mana whenua – upholding Te Tiriti o Waitangi, weaving Te Reo Māori and Te Ao Māori into the social, environmental, and economic development of our city and, restore the city's connection with Papatūānuku (nature).

Our proposed plan - building strong foundations

Wellington was a different place when we last did a Long-term Plan in 2018. Many of the impacts of the Kaikoura earthquake were still being worked through, we didn't know about the issues with the Central Library, the symptoms of our aging water network had not reared their head and COVID-19 was unheard of. Collectively these have dramatically increased our financial challenges.

We believe we need to plan for a strong city – one that can cope with anything. This means investing now to ensure the city continues to thrive and is fit for the future.

This includes the big-ticket items we are already investing in, such as Omāroro Reservoir, Town Hall, and Let's Get Wellington Moving, critical investment increases in our three waters and transport infrastructure, strengthening our Central Library, and future proofing for climate change.

The following section outlines the key challenges facing the city, and the community views we have received on these areas through early engagement on the Long-term Plan.

Key challenges

Infrastructure

The Council's primary role is the provision of core infrastructure – the foundations of a city that allows communities, the environment, and businesses to thrive.

However, much of our infrastructure, particularly our three waters and transport networks, requires additional investment to make it more reliable. It will also need further investment to meet the needs of our growing city.

What you said

During our pre-engagement survey we asked you about our infrastructure.

- Having a reliable three waters network was consistently one of the most important priorities in the Environment Wellbeing area
  "Critical infrastructure must come first before all the nice to dos. The aging water infrastructure must be renewed/replaced at a sustainable level."

- Having a reliable and active transport network was also consistently a priority in the Economic Wellbeing area
  "An efficient and economic transport system encourages economic growth and improves general quality of life for all residents and visitors."

Housing and Urban Development

Our city is growing, and we need to plan for it. Housing affordability is also being stretched as the city grows. Council needs to contribute through a range of housing interventions including through our enabling role through Spatial and District Planning work but also through provision of sustainable and quality social housing and ensuring the availability of infrastructure in place for a growing city.

What you said

During our pre-engagement survey we asked you about housing and urban development.

- Affordable and resilient housing was consistently one of the most important objective identified by participants in the future of the city.
  "Affordability. Probably the most discussed topic these days, along with climate change. If you want to keep people in the city, then we have to provide affordable, safe, resilient places to live."

- A sustainable urban environment, with eco-friendly building practices was also often chosen as a priority for the city.
  "As we continue to grow, it becomes apparent that our housing stock is woefully inadequate and unfit for purpose. We need to begin providing new housing that is sustainable, eco-friendly, good for the environment and good for our city."

Resilience

The Council has been proactively developing the city's resilience for decades. We are currently strengthening our Town Hall and St James Theatre and have already completed or supported other strengthening projects. The impact that earthquakes and climate change can have on Wellington is not a new phenomenon. However, with every shake or storm we learn more about our infrastructure, our land, our coast, and their vulnerabilities.

As a result of the 2016 Kaikoura earthquake and others in the past decade, we need to do significant earthquake strengthening work across the city, including on our infrastructure and many venues. There are also significant additional costs such as funding the pop-up libraries opened due to the closure of the Central Library and the increasing costs of our insurance.

What you said

During our pre-engagement survey we asked you about resilience in our city.

- Having resilient communities, buildings, transport and environment were all frequently listed as very important by participants in our pre-engagement.
  "A city that is resilient is also a city that is safe. It is incredibly important that action be taken on earthquake prone buildings and aging infrastructure."

Environment

We have a key challenge in responding to climate change in line with the Council's declaration of a climate emergency and adoption of its Te Atakura Strategy. In addition, the city has ambitions around the natural environment and waste minimisation that requires Council investment

What you said

During our pre-engagement survey we asked you about the Environment.

- All of the objectives under Environment wellbeing were frequently rated Very Important or Important by respondents. Access to accessible and maintained green open space in the city and reducing the city's emissions and creating energy efficient facilities in particular were often highlighted by respondents
  "Climate change is the biggest issue facing us, so I want us to prioritise the environment and reduce carbon emissions."

What this plan will cost

Alongside our four big challenges outlined in the previous section, we must be realistic about what we are able to pay for and when.

Pressures on our budget means the Council has needed to make some extremely hard decisions about what is in and out of the budget. This is to ensure we do not spend more than we can afford, so that future generations are not adversely impacted and that we have the ability to respond to future events, opportunities and pressures.

This section explains our budget in more detail and outlines the impact on rates and debt. More detail is provided in our Finance and Infrastructure Strategy and Significant Forecasting Assumptions on our website: https://wgtn.cc/ltp

Why is there pressure on the budget?

This Long-term Plan has significant operating cost pressures that the city must deal with. These include some that are common across the country, but also cost pressures that are unique to Wellington. They mainly come from community demand and meeting government regulations. The impact of these cost pressures contributes to the proposed increases in rates. We are also proposing to increase some of our fees and user charges (non-rates revenue) to minimise the impact of the increasing costs to rates.

New Assets

The proposed plan includes significant investment in new assets, which leads to increased costs. Depreciation is the amount collected through rates each year to cover the eventual cost of replacing or renewing a share of our assets. Depreciation is forecasted to double in ten years from $147m in 2021/22 to $297m in 2030/31.

New assets are initially funded by debt which means there is also an increase in our interest costs. Interest is forecasted to increase 152 percent in the ten years of this plan from $23m in 2021/22 to $35m in 2030/31.

On top of this, investment in new assets leads to other additional costs for things like maintenance or resources to operate the assets.

Existing Assets

As well as new assets, we are also proposing significant investment in our existing assets, including renewing ones that have come to an end of their useful life. The Long-term Plan includes the strengthening of assets such as the Town Hall and the Central Library and includes improving our three waters infrastructure. This also increases costs for depreciation and interest.

Debt Repayments

In previous years, the Council has borrowed to fund some operating costs such as the lost revenue due to COVID-19, and the temporary central city libraries.

In the 2020/21 Annual Plan, we forecasted lost revenue of approximately $38m (including the Wellington International Airport Limited dividend) and to lessen the burden on the community we funded this through debt rather than rates. The cost of the temporary libraries was also funded through debt as this was a late change to the plan. These debt-funded operating costs now need to be recouped through rates over time.

Some operating costs are also funded by debt where the benefit of these costs is spread over several years, for example weathertight homes settlement payments.

COVID-19 has had a material impact on the finances of Wellington International Airport Limited. As a 34 percent shareholder this means we won't receive our usual dividend that forms part of our additional non-rates revenue. This dividend normally offsets 4 percent of rates, this loss has been funded through debt for 2021/22 to 2023/24.

So how does Council budgeting work?

The Council's budget is how we plan for the money that comes in and money that goes out. By law, the Council's budget should be 'balanced' where income matches expenditure – so forecast to break even (not a profit or loss).

Our operating budget is the equivalent of what households spend on day-to-day expenses, such as groceries, power, loan payments and rent.

Council's operating expenses covers things like paying back our debt, collecting rubbish or recycling, maintaining our roads and reserves, and operating our pools, libraries, and recreation centres. Just like household budgets, our bills go up with inflation increases, changes in purchasing choices (levels of service) or other circumstances.

Our capital budget is what we spend on our assets – the equivalent to households buying a car, replacing furniture, or doing renovations.

For Council, these capital expenses are for replacement and new assets, like new water pipes or upgrading reservoirs, strengthening venues, upgrading libraries, pools, or community centres, and building new community facilities for when the city grows.

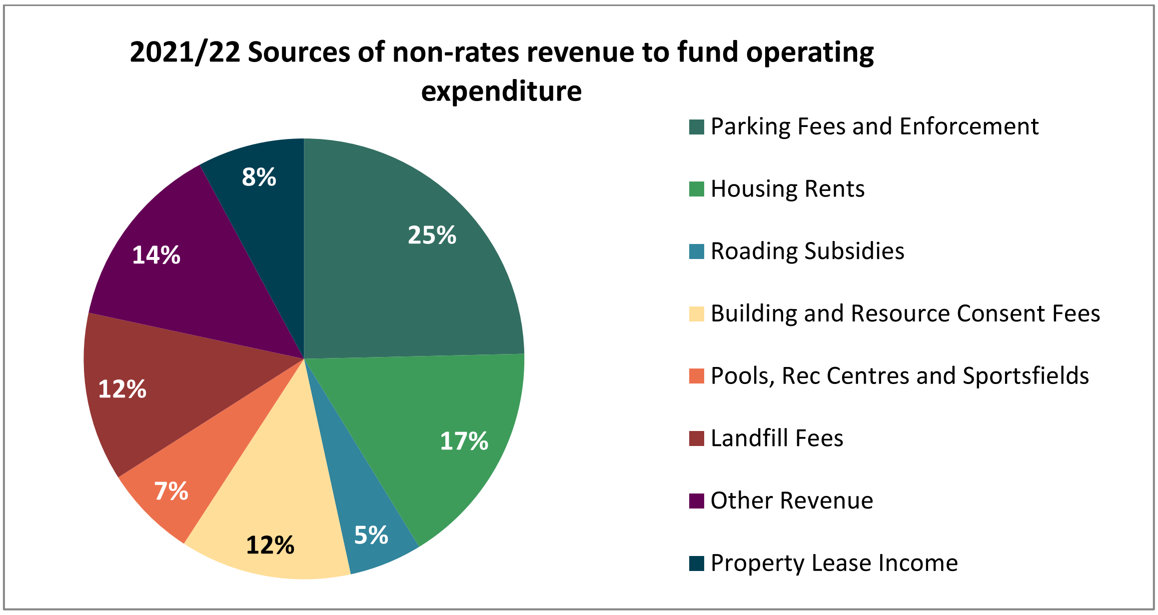
Where does the money come from?

The money for operating expenses comes mainly from rates, fees, and charges from those using the services, revenue from investment income e.g. ground lease income and any Wellington International Airport dividend.

Debt funds the majority of our capital projects – our development projects and renewing and upgrading our assets and infrastructure. We borrow for these expenses as they are often quite large, and this means we can spread the cost of paying for the projects over time and make sure generations that benefit from the asset, also pay their share of the costs. This happens by the borrowings being repaid over time through funding depreciation.

Waka Kotahi NZ Transport Agency also provides funding for parts the transport network, such as cycleways.

For some projects, for example a new housing development, the Council will provide roading or water pipes as a contribution to the development. We recover some of these costs by requiring the developer to reimburse the Council. These are development contributions.



The graphic illustrates the non-rates revenue to fund operating expenditure. The biggest area of non-rates revenue is Parking fees and enforcement at 25 percent of the total non-rates revenue of $180 million. Housing rents, Other revenue, Landfill fees, and Building and Resource consent fees follow at 17%, 14%, 12% and 12% respectively. Property lease income, Pools, rec centres and sportsfields and Roading subsidies follow each with under 10 percent of total non-rates revenue.

What is the plan for rates?

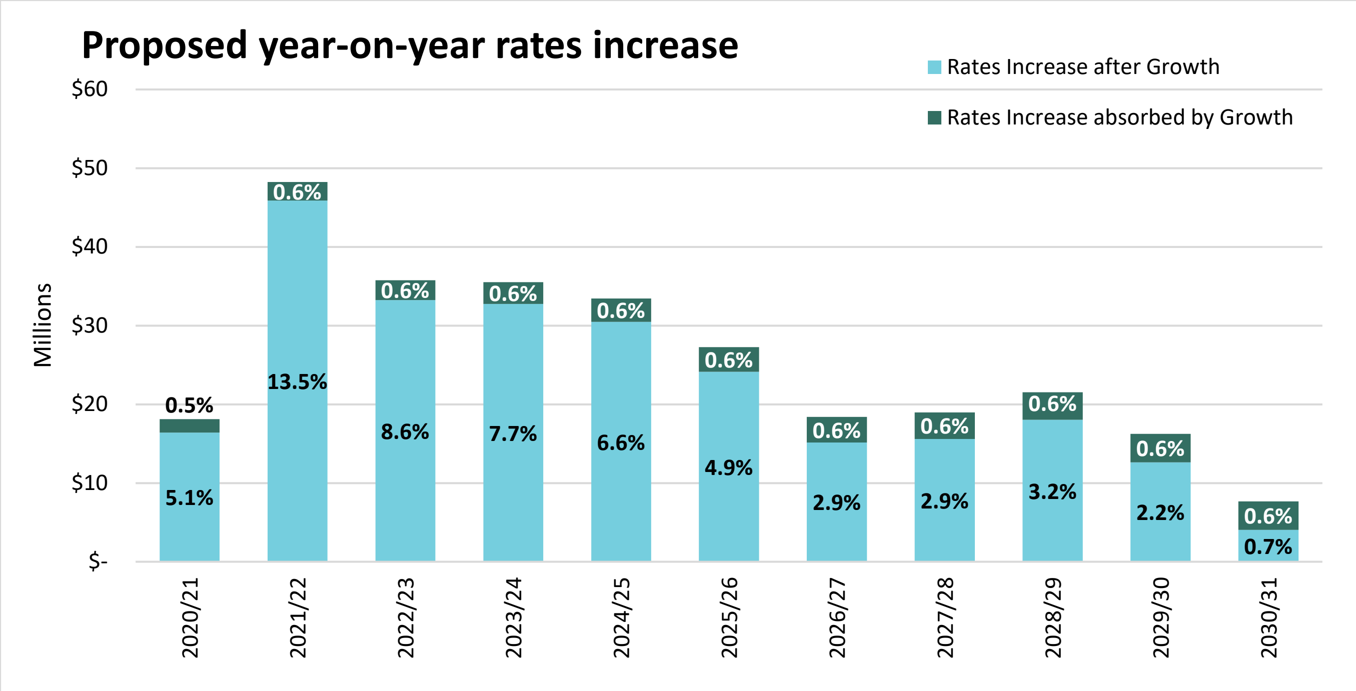
Our draft budget, which includes the preferred options of this plan, has an average rates increase for the average ratepayer of 5.3 percent after growth across the 10 years of the plan. We also propose setting a rates limit across the first 3 years of the plan of $465m, and across years four to ten at $630m.

The average rates increase assumes average growth in the ratepayer base of 0.6 percent per year across the 10 years of the plan.

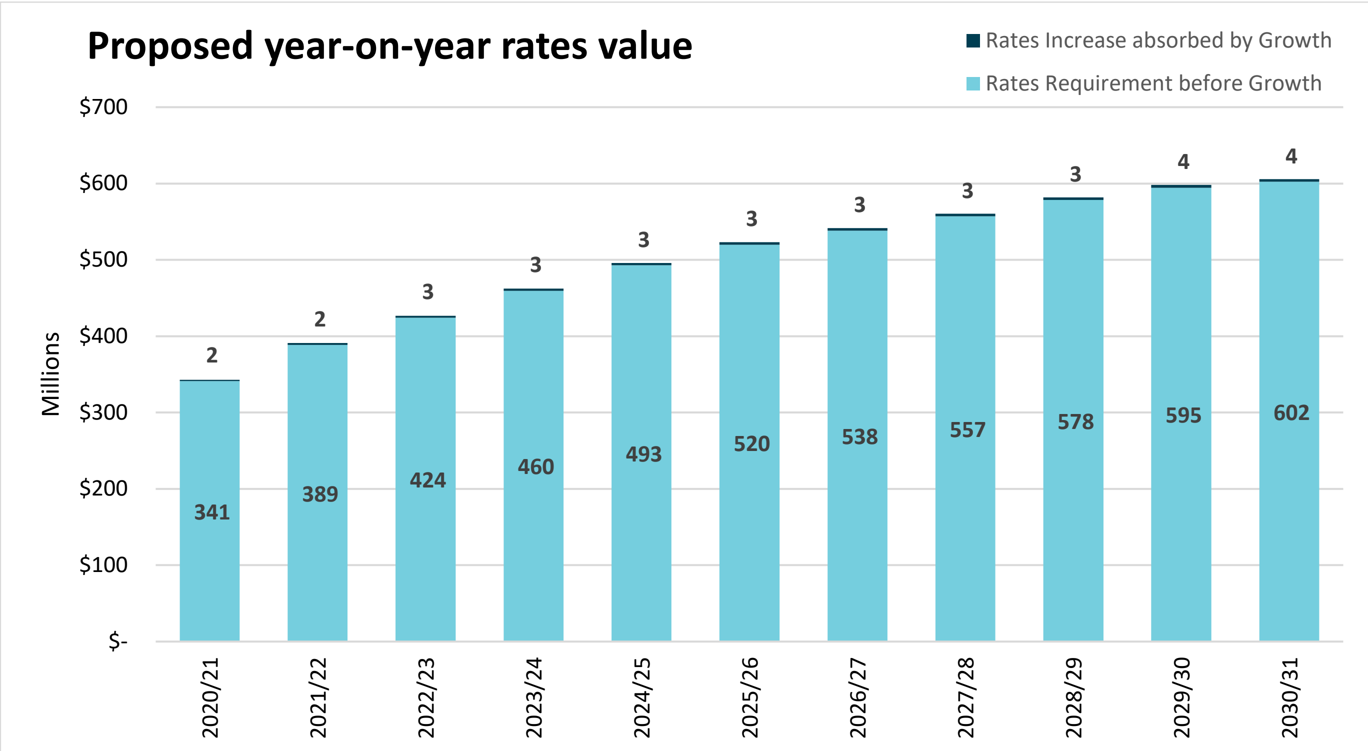
The first year of the plan has a rates increase of 13.5 percent (after growth) and there is an average of 9.9 percent (after growth) over the first three years. This is higher than previous plans because of the cost pressures described at the beginning of this section, including earthquake strengthening, a growing and aging asset base, and COVID-19 impacts. Therefore we now require a step up in the level of rates we charge.

Last year, our costs increased, and revenues decreased, but we recognised that many households and businesses were in uncertain times because of COVID-19. Council decided to keep rates low for 2020/21 as an economic and affordability response to the pandemic and debt funded the difference between our costs and the reduced revenue coming in.

We highlighted at the time that this would mean rates needed to catch up in 2021 so we can begin to pay back that debt and move towards balancing our budgets.



The graphic illustrates the proposed increase in rates requirement year-on-year in percentage terms, including the increase from the 2020/21 Annual Plan.



The graphic illustrates the proposed total year-on-year rates requirement in dollar terms, including the rates requirement from the 2020/21 Annual Plan.

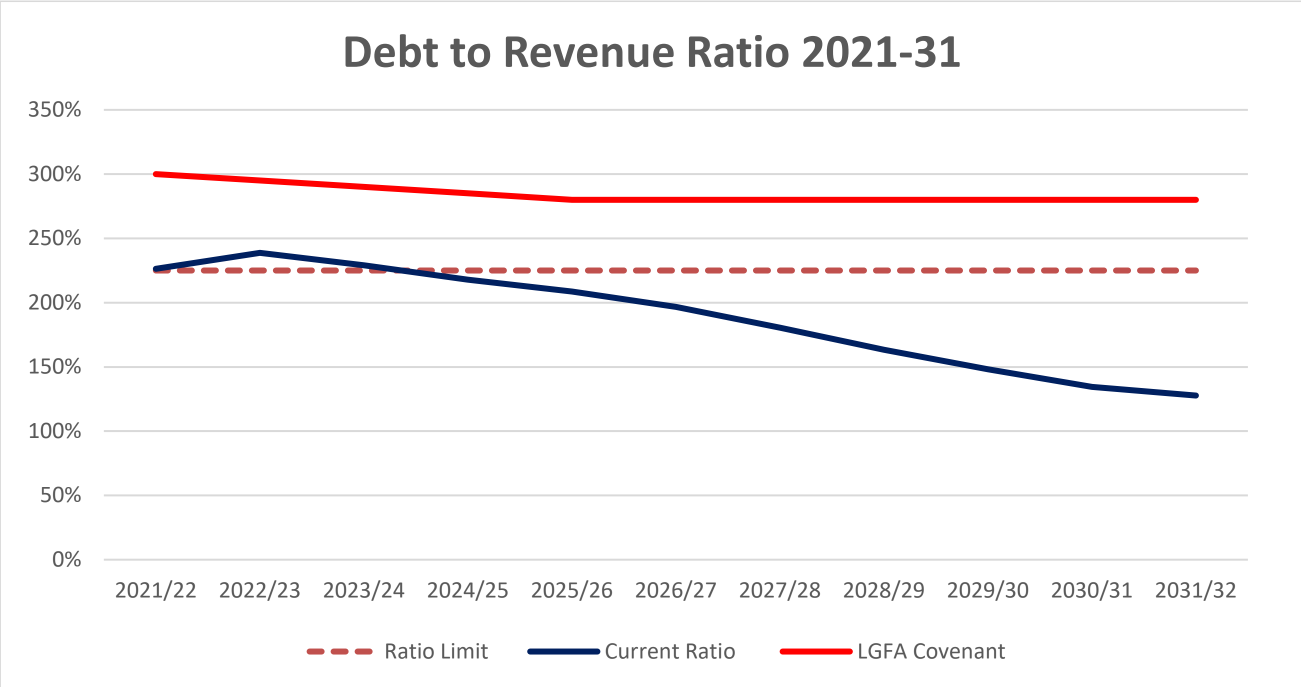
What is the plan for borrowing?

Our proposed plan and budget represent our highest ever level of capital investment in Wellington. It addresses the need for increased investment in our three waters infrastructure and transport network and seismic strengthening of key buildings, along with making progress against all our other priority community objectives.

In setting this plan there are significant choices we have made to ensure that Council finances remain within sensible financial limits and are affordable for Wellingtonians. These represent many of the preferred options we have for the big decisions listed from pg 15 of this document.

Our policy is to fund new capital expenditure through borrowings, but as we have constraints on how much we can borrow, we are assuming alternative funding sources for things like sludge minimisation and City Housing.

Our debt levels for this plan, including the value of uninsured assets, range from 134 percent to 239 percent of our annual income. Our proposed limit is 225 percent however Councillors made the decision to allow a breach of limit in year 1-3 to allow the Library to built over years 1-5. Our starting borrowing position of $787m equates to $10,635 per household in Wellington.



It is important we have sensible limits on our borrowing to ensure that the impact on affordability of rates is maintained and leaves enough ‘headroom’ to ensure we can repay our debt, and respond to future events, opportunities and pressures.

Why we need headroom for the future

As we’ve said, this draft Long-term Plan budget represents a significant lift in investment in the city, with a $2.7b capital investment programme across the 10 years, $400m more than our previous plan in 2018.

This will result in Council taking on more debt and raises our debt-to-income ratio limit from 175 percent to 225 percent, which is a significant increase. This means we can borrow $2.25 for every $1 of income.

The Local Government Funding Agency (LGFA), through which we borrow most of our money, has a covenant for Councils that sets a hard limit where no lending will be possible above a 285 percent debt:income ratio (from 2025). To facilitate further spending on planned future programmes that we do not know the cost of yet, we need to leave ourselves room between our debt limit and the LGFA covenant – this is called ‘headroom’ above the limit.

While some Councils have higher limits that are closer to the covenant, an increase beyond 225 percent is not recommended for Wellington because we need capacity to deal with known and unknown cost pressures in the future.

The headroom is required to cover **unknown** costs from unexpected future events. For example, another COVID-19 lockdown, another earthquake, or any other event or issue that future generations may have to grapple with, especially ones that impact our revenue streams.

We also need to leave room for future costs risks that are **known** – insurance, water reform, interest rate changes, the price of carbon, and the need to adapt to climate change.

Other known risks are projects for which alternative funding sources have been identified, but not confirmed. Uncertainty of these funding sources means there remains a risk to Council's financial position and therefore it makes sense to leave some headroom should alternative funding models fail to be secured. Without headroom they would not be able to be progressed.

This includes projects like:

- ***Sewage sludge*** – the proposed plan assumes the ability to identify alternative funding models necessary for $147m to $208m for building a new sewage sludge plant in the first ten years of the plan. Our preferred option is that Council will use the new Infrastructure Funding and Financing Legislation to finance the investment. This tool, developed by Central Government, allows investment in the plant to be made through a special purpose vehicle (SPV) where the debt sits, and the SPV collects an annual levy from ratepayers to service the asset and loan. (See Decision 7, pg 30, for more)
- ***City Housing*** – the proposed plan assumes the ability to identify alternative funding models for $402m of necessary investment in City Housing, for example through government financial support and/or establishment of a Community Housing Provider. (See pg 35 for more)
- ***Let's Get Wellington Moving*** – the full costs of LGWM have also not been included in this draft budget. We have $270m included for early projects, but council's contribution could be more than $1.4b. This will require additional funding and financing mechanisms to be identified for this to progress alongside the planned investment in this draft budget. (See pg 33 for more)
- ***Growth*** – The infrastructure requirements of our review of our Spatial Plan and District Plan have also not been fully accommodated into the proposed capital growth budgets. In this plan we have only accommodated for growth in the central city. Once we have a clearer picture of the other parts of the city where growth will happen, funding allocations can then be made. This is expected to be a key part of the 2024 Long-term Plan. For more information on the Spatial Plan and District Plan review, visit https://planningforgrowth.wellington.govt.nz/

Insurance risk coverage
Since the last Long-term Plan, the insurance market has become more challenging for Wellington. The increasing cost of insurance cover has led us to make decisions to not insure certain assets. In addition, we have been unable to access insurance for the maximum probable loss. Therefore, we rely on our ability to borrow money to cover those uninsured assets in case of unexpected, major shocks. The maximum headroom we need to maintain to mitigate against our lack of insurance is $405m, an increase since our last plan in 2018.

For more information on our significant forecasting assumptions please see the website https://wgtn.cc/ltp.

The big decisions for this plan

This year we are asking for your feedback on seven big decisions. Each decision relates to one of our key issue areas and has options in how we might proceed. Council has stated its preferred option – do you agree? Do you want another option? Let us know.

Decision 1 – Investment in three waters infrastructure

Background

The Council's three waters network means our network of drinking water, wastewater, and stormwater infrastructure, including:

- 2,727km of pipes
- 67 reservoirs
- 105 pump stations
- 2 treatment plant

It is valued at approximately $3.9 billion replacement cost. The Council owns the infrastructure, but the regionally owned Council-controlled organisation Wellington Water Limited is responsible for the provision, management and quality of clean, safe drinking water and efficient wastewater and storm water services.

However, the condition of our network and what we need to invest in has for many years been largely out of sight, out of mind.

In December 2019 and into early 2020 several high-profile pipe failures, particularly in the wastewater network, led to concerns about the condition of the infrastructure. The Mayoral Taskforce: Three Waters was established in February 2020 to investigate the condition, funding, and management of the network, and to develop recommendations for its future.

The Taskforce, and investigations into the network by Wellington Water, found the following information about our three waters network:

Drinking Water

Our drinking water pipes are old and we lose up to 30 percent of our water through leaks. However, the Taskforce also found that we cannot be exactly sure of our water loss levels as we do not measure it as a city, instead rely on high level regional information. Of these pipes, 30 percent have already passed their expected useful economic life, and 50 to 60 percent of pipes require replacement in the next 30 years. As these assets age they are becoming increasingly prone to failure.

Wastewater

All of the streams in Wellington City are polluted with wastewater, and none of the city's water bodies meet the environmental limits anticipated under the National Policy Statement for Freshwater Management 2020. This is mainly due to 20 percent of our wastewater pipes being beyond their expected life, and the recent failures in the Mt Albert tunnel, Victoria St and Willis St laid bare the state of our pipes.

Stormwater

Traditionally stormwater has been associated with drainage. While this is still true, there is now a further dimension – stormwater needs to be of a better quality – this has become a legal requirement. Investment in sewage pipes has also fallen off, so the network is ageing and deteriorating, leading to increases in pipe breakages and leakage.

What does this mean for the network?

All of the challenges with our network means that as it ages, and with the issues possibly exacerbated by earthquake damage, the maintenance, and renewals we need to do are increasingly reactive rather than planned.

The Taskforce made 48 recommendations to Council, including: to make improvements in asset and financial management; that better information was required about the condition of pipes and pumps; to strengthen planning rules to better manage stormwater quality and quantity; and strongly recommended accelerating the renewals of old drinking water and wastewater pipes, valves and pumps. Other areas of focus included better resilience, carbon management, governance, and funding.

Rapid population growth also means the network is nearing capacity in many areas, and there will need to be well targeted, but extensive investment in new infrastructure to align with future population growth.

In general, the Council concurred with the findings of the Taskforce, and is aware that the scale of the financial challenge is very significant. We have already increased funding through the 2020/21 Annual Plan to identify and address some immediate problems. This Long-term Plan represents the first opportunity to determine how we will invest in our three waters networks in an effort to bring our infrastructure up-to-date.

Our preferred option

There are three different levels of investment in the three waters network to consider. Our preferred level of investment is explained in Option 2 which focuses on improving the condition and reliability of the network in an affordable and sustainable way.

Problems with pipes have been a long time in the making, and we cannot fix everything at once. Option 2 represents a $2.4b investment in our three waters network and is the middle-ground option that we are confident of being able to deliver in this plan. We will be able to review the level of investment in our next Long-term Plan review in 2024, when we will have more information on the network.

This option includes funding for wastewater laterals (see Decision 2) but does not include the cost of sludge minimisation that is to be funded off balance sheet (see Decision 7).

Delivering increased investment

The Wellington region is emerging from a long period of low investment on water assets. The age of our networks and a series of high-profile failures have resulted in Wellington Water recommending to its client councils a significant increase in funding is required for the LTP cycle and going forward.

The capacity and capability of the local market is currently sized for the historical levels of funding. We will need to ramp up our resources while also improving our productivity to be successful in delivery. The long-term arrangements Wellington Water have in place with their consultant and contractor partners mean they are ahead of the game and well placed to respond collectively.

While we are ramping up, other large infrastructure projects within the region and nationally will also be competing for limited resources, this coupled with COVID-19 uncertainty means if we are not well planned there is a risk that we fail to deliver our capital programme in future years.

To meet the challenge, Wellington Water are taking a dual approach which involves increasing capacity and capability coupled with improved productivity using innovation and increased scale to do things smarter.

Wellington Water are currently progressing a few initiatives:

- To give us a better understanding they have commissioned an independent review of local sector capability and capacity. This will assess the current collective capability and test growth plans across Wellington Water's delivery teams and supply chain partners. The result of this will be available later this year.
- Government water reform funding has allowed Wellington Water to trial a fast track renewals delivery model for low risk work using more trenchless technology. Wellington Water will implement the lessons from this trial which will increase productivity and enable them to deliver more work in the future with less resource.
- Wellington Water are sequencing the programme to ramp up gradually over the first three years of the next LTP cycle, this will enable suppliers to invest in capacity building with confidence and grow accordingly.
- Wellington Water is progressively getting ahead of their annual plan cycle. This year Wellington Water shared their draft 2021/22 programme with their suppliers in February, this greater visibility enables them to be better planned and hit the ground running on 1 July.

While all the above mitigates the overall delivery risk, it will remain at a moderate level and require ongoing attention. If unable to deliver the capital programme, Council will prioritise renewals work (to prevent asset failure and resulting service interruptions) and critically review the planned capital upgrade work programme including identifying opportunities for deferral of works.

Option 1	Option 2 (preferred option)	Option 3
Maintain current funding level This would see a continuation of the existing level of funding for three waters renewals. This includes keeping the $3.2m operational expenditure increase agreed as part of the 2020/21 budget, which is a 2.1% opex increase and 14.8% capex increase over the 2018 Long-term Plan. The risk of this option would be compounding year on year decreases in service levels, a lack of investment in improved data for decisions and consequential increases in operating costs of the networks. We do not believe this is what most Wellingtonians want and so is not our preferred option. The impact of this option on our network is outlined below: **Drinking Water:** Under this option, we will complete $144m of renewals and $73m of upgrades on our network. Investment will continue at about the current pace, but this will not keep up with our challenges. We anticipate an	**Enhanced investment** This option entails a substantial increase in the level of three waters investment, including a 23.2% operational expenditure and 41.1% capital expenditure increase above what was in the 2018 Long-term Plan. While there remains a risk with this option that some service levels may continue to decrease and therefore increase operating costs, this option includes additional funding to better understand the condition of the network, and this will improve our ability to renew and invest in the network. We do not think this option will fix all of our network problems, but we think this will reverse some of the trends and set us on a more favourable path towards higher performance and quality in our network. We think it is affordable and provides a pragmatic first step towards improving our network.	**Accelerated investment** This option would mean an increase in investment over Option 2, and is a 32.6% operational expenditure and 222% capital expenditure increase over the 2018 Long-term Plan. It aims to accelerate all work programmes across the network. However, it is not our preferred option because we do not yet have sufficient information to properly cost and direct our investment, and our growth plan is not yet at the stage where we can use it for infrastructure planning. We think more work is required to gather this data before such a sizeable investment is made. There is substantial uncertainty regarding the ability to deliver such a large programme of work. The impact of this option on our network is outlined below: **Drinking Water:** This option also includes investigations into our network. This enables us to

increasing number of leaks and bursts, and that the percentage of water lost will continue to rise. We will not get ahead of our deferred replacement of vulnerable asbestos cement pipes. This in turn will mean a requirement to construct more water storage somewhere in the region, at a cost in the hundreds of millions. **Wastewater:** In this area we will complete $121m of renewals and $55m of upgrade work on our network. We will replace old pipes with pipes constructed from new, more resilient materials. However if this option is progressed, at this level of funding we can expect to see more pipe failures and wastewater continue to escape into streams and the marine environment. We will not be able to comply with the new legal requirements on environmental water quality, and we will need to accept the risk of disruption and reputational damage from significant wastewater failures. **Stormwater:** Under Option 1 we will complete $54m of renewals and $67m of upgrades on the network. This will see some improvements in parts of the city, but overall, we can expect to see an increase in instances of flooding as a changing climate delivers more intense rainfall, and as the water tables continue to rise. We can also expect to see a continuation of the decline in stormwater quality. We also expect more failures such as the 'sinkhole' that occurred in Jervois Quay in February 2021. **Growth:** Option 1 also does not accommodate growth, and we would not be able to develop parts of the city because there is not enough capacity in our drinking water or wastewater networks.	The impact of this option on our network is outlined below: **Drinking water:** This option includes: investigations into our infrastructure so we can better understand what needs replacing; $127m for renewal and $62m for upgrade work meaning fewer leaks; and funding to complete Omāroro reservoir. **Wastewater:** This option includes the repairs of pipes identified through the investigations into the network, which reduces the risks of leaks. Alongside this, we propose to renew pipes, mainly in Taranaki, Wakefield, Victoria and Dixon streets and Kent Terrace, install a new pump station in Taranaki St and increase wastewater network capacity. Work is also planned in Stebbings Valley and Karori. In total there will be $154m spent on renewals and $3.3m on upgrades. We anticipate that under this option the quality of some of our streams and the marine environment may not worsen, but the problem is decades in the making and it will take some time to reverse. **Stormwater:** Based on asset inspections already completed, we propose to focus on the $52.8m renewals programme and $22.5m upgrades programme. Included in this is funding to reduce flooding risks in Tawa. We will address stormwater quality issues through our review of the District Plan. **Growth:** We have identified $255m over 10 years for growth investment across all three waters, and will target these upgrades in the central city, and Stebbings Valley. Any additional funding for growth in other areas would be added in time for 2024 Long-term Plan, following Spatial Plan development.	minimise water leaks through an extensive $195m pipe renewals programme. Meaning an eventual reduction in maintenance, and leaks and burst pipes would be rare. We would have a detailed understanding of the carbon footprint of our network and should be able to defer construction of a new storage lake. We would also spend $26m on network upgrades. **Wastewater:** After investigations and a $391m renewals programme, we would be able to invest to reduce sewage pollution, starting with catchments around the central city, Karori and Owhiro Bay, then widening into other catchments. We think the waterways and coastal environment would be close to where we would like them to be by the end of the work programme. Pipe breaks would be rare and if there was a discharge it would be swiftly managed. This also includes a $38m upgrades programme **Stormwater:** Improved pipes and planning regulations would mean better management of stormwater. Where practical, this would include natural green and open spaces that use vegetation, soils, and other elements and practices to help deal with environmental challenges such as stormwater runoff and climate adaptation. This would supplement and, where possible, replace portions of the $96m hard infrastructure renewals and $24m upgrades programme. **Growth:** Once we fully understand where the city is to grow, and have analysed the network, we would develop a roughly $776m investment plan to enable this growth investment to occur over 10 years – noting that more funding for growth will be needed to realise our 30 year growth projections. Of this $776m, the majority is for investment in our wastewater network, which is $432m of growth funding over this plan.
Opex Cost: $1.4b over 10 years)	**Opex Cost:** $1.7b (over 10 years) Drinking water: $687m, Wastewater $639m, Stormwater $359m	**Opex Cost**: $1.8b (over 10 years)

Capex cost and debt impact: $552m over 10 years Drinking water: $248m, Wastewater $180m, Stormwater $124m	**Capex cost and debt impact:** $678m over 10 years Drinking water: $264m, Wastewater $330m, Stormwater $83m	**Capex cost and debt impact:** $1.5b over 10 years Drinking water: $397m, Wastewater $862m, Stormwater $288m
Rates impact: No impact	**Rates impact:** 2.51% 3 year average increase	**Rates impact:** 5.85% 3 year average increase

Decision 2 – Wastewater laterals

A second decision relating to our three waters network is the ownership of the wastewater laterals.

Background

Currently residents are responsible for the maintenance of the pipes connecting their property to the wastewater (sewerage) main underneath the road corridor. These are called wastewater laterals.

This is problematic as often residents are not aware of their responsibilities and are unable or unwilling to pay for repairs when their lateral fails. Often the failure of laterals under the road corridor are also outside of the control of property owners, for example being the result of damage caused by street tree roots. Most Councils in New Zealand are responsible for the maintenance of laterals in public land.

Our preferred option

Our preferred option is Option 2. In it we propose that the Council takes ownership of the laterals between the property boundary and the sewerage main underneath the road corridor.

Option 1	Option 2 (preferred option)
No change Retain status quo policy settings where households are responsible for renewal and maintenance of the wastewater laterals in the road corridor to the main. This is inconsistent with other Councils in New Zealand and can be problematic, as property owners are often not aware they are responsible, the issues are out of their control or they are not able to undertake the repairs.	**Take ownership** Change the Council's policy to be consistent in the region and New Zealand. This would result in the Council taking responsibility for the section of the wastewater lateral beneath the legal road to the property boundary. This will create efficiencies in maintenance by allowing us to plan their renewal alongside wastewater mains.
Opex Cost: No change	**Opex Cost:** $5m (over 10 years)
Capex cost and debt impact: No change	**Capex cost and debt impact:** $27m (over 10 years)
Rates impact: None	**Rates impact:** 0.17% 3 year average increase

Decision 3 – Cycleways

Background

Cycleways is an area where we have ambition to seriously lift our game – we're proposing to accelerate the development of a network of safe bike paths, lanes and connections so it is possible for more Wellingtonians of all ages and abilities to make some trips by bike, or choose cycling as their main mode of transport..

Our full network plan can be viewed at transportprojects.org.nz.If all of the routes were progressed, it would be a $226m investment across the 10 years of this plan.

Doing this programme will give people more choice in how they get around, help to reduce the number of cars on our roads, reduce the levels of congestion for those who cannot use active and public transport, and also make progress on our Te Atakura: First to Zero goals. This is a big part of our environment key issue as transport is one of the biggest contributors to Wellington's carbon emissions.

Investing in cycleways helps to create more pleasant places for people and is a fairer way of sharing the public space on and around roads across transport modes. This is because the projects often have wider benefits including new crossings and other pedestrian improvements, better lighting, seats, plants, landscaping, and in coastal locations, more resilient infrastructure such as sea walls to adapt for climate change.

The proposed investment outlined in this draft plan is in addition to our initial $270m investment in the Let's Get Wellington Moving (LGWM) programme which will also make the central city safer and easier to get around on foot and by bike. LGWM is also planning to deliver public transport, walking and biking improvements on key routes. This is likely to include a safer biking route between Berhampore and the central city.

Our preferred option

Our preferred option, Option 3, is a $45m or 60 percent increase in funding for cycleways than what was planned in the previous Long-Term Plan. It will progress $120m of the full $226m programme.

We believe Option 3 balances the need for increased investment in this area with what is affordable for the Council and what we will be able to deliver. It allows time in the programme for robust community engagement and to build capacity in the Council and the sector for the full programme to be eventually delivered.

Option 1	Option 2
Finish started projects This option includes finishing the eastern connections route, including the connection into Miramar and the Evans Bay coastal route in the first three years of the plan. It also includes $250,000 each year for minor improvements and tactical urbanism (see note) projects to encourage people to shift to cycling as a main form of transport. This is a significant reduction in funding for the cycleways programme. **Projects included in this option are:**	**Medium investment** This is a medium level of investment but is still a reduced programme compared to Option 3 and 4. In this option, we would complete what we have started as per Option 1, plus there is $500,000 allocated each year for minor improvements and tactical urbanism (see note) projects to encourage people to shift to cycling as a main form of transport. **Projects included in this option are:** • Finish the Evans Bay coastal route from Carlton Gore Road to Cobham Drive (Years 1-3)

• Finish the Evans Bay coastal route from Carlton Gore Road to Cobham Drive (Years 1-3) • Finish the approved bike and walking improvements through the Miramar cutting – Shelly Bay Road to Tauhinu Street (Year 1) • Funding for the Island Bay Parade upgrade is not included in this option as it would be a new project	• Finish the approved bike and walking improvements through the Miramar cutting – Shelly Bay Road to Tauhinu Street (Year 1) • Funding for the Island Bay Parade upgrade is included in this option – $6m in years 4-6
Opex Cost: $2.3m average increase p.a.	**Opex Cost**: $2.4m average increase p.a.
Capex cost and debt impact: $29m (over 10 years)	**Capex cost and debt impact:** $39m (over 10 years)
Rates impact: 0.67% 3 year average increase	**Rates impact:** 0.69% 3 year average increase
Option 3 (preferred option)	**Option 4**

High investment
 	
This option puts our full programme of work into a priority order for delivery, and aims to complete $120m of that programme during the next decade, including $1m per year for minor improvements and tactical urbanism projects (see note) to encourage people to shift to cycling as a main form of transport.
 	
This option is a $45m or 60 percent increase in funding over what was allocated in the 2018 Long-term Plan.
 	
It includes $82m for new cycleways projects that will be prioritised in years 3 and 4. These routes would include the cycleways outlined below and be based on current cost estimates and benefit/cost ratios.
 	
The prioritised projects expected to be included in this option are:
 	
• Finish the Evans Bay coastal route from Carlton Gore Road to Cobham Drive (Years 1-3)
• Finish the approved bike and walking improvements through the Miramar cutting – Shelly Bay Road to Tauhinu Street (Year 1)
• Funding for the Island Bay Parade upgrade is included in this option – $6m in Years 4-10 as part of the $82m for new cycleways
• New cycleways projects – $82m for Years 3-10:
  o **Eastern corridor:** Park Road; Miramar Ave to Ira St; Hobart St to Miro St; Broadway to Seatoun; Childers Tce to Queens Dr; Coutts St to Tirangi Rd; and Rongotai to Lyall Bay
  o **Northern connections:** Tawa to Johnsonville; Kaiwharawhara to Ngaio; Kenya St; and Johnsonville to Ngaio
  o **Southern connections:** Brooklyn to city; and Brooklyn to Owhiro Bay
  o **Western connections:** Highbury to city
 	
Lower priority routes including around the south coast, and northern connections into Newlands, Paparangi and Grenada Village may not be able to be delivered within this budget.
 	
What we progress and when as part of this option will depend on which routes are delivered as part of Let's
	Accelerated full programme
	
	This option includes our full $226m programme of work and aims to complete that full programme during the next decade, including $1m per year for minor improvements and tactical urbanism projects (see note) to encourage people to shift to cycling as a main form of transport.
	
	New cycleways projects will be prioritised in year 1 and delivery would begin from year 2. These routes would include the cycleways outlined below and in Option 3. The order will be based on current order cost estimates and benefit/cost ratios.
	
	However, there is substantial uncertainty regarding the affordability of this option and the ability of the sector to deliver such a large programme of work.
	
	Projects included in this option are:
	
	All of the projects outlined in Option 3, plus:
	• Funding for Island Bay upgrade is included in this option – $14m in years 1-3
	• **More Northern Connections:** Johnsonville to Newlands; Newlands to Paparangi; Paparangi to Johnsonville; and Churton Park to Paparangi
	• **More western connections:** Ngaio to Karori; and Thorndon to Northland
	• **Coastal routes:** Owhiro Bay to Lyall Bay; Lyall Bay to Seatoun; and Shelly Bay to Seatoun
	
	What we progress and when as part of this option will depend on which routes are delivered as part of Let's Get Wellington Moving (LGWM), which is likely to include a Newtown connections route, and any further Councillor decisions related to cycleways.

Get Wellington Moving (LGWM), which is likely include a Newtown connections route, and any further Councillor decisions related to cycleways.	
Opex Cost: $2.6m average increase p.a.	**Opex Cost**: $4.5m average increase p.a.
Capex cost and debt impact: $120m (over 10 years)	**Capex cost and debt impact:** $226m (over 10 years)
Rates impact: 0.76% 3 year average increase	**Rates impact:** 1.31% 3 year average increase

Note: Tactical urbanism is about co-designing quick, low-cost, scalable improvements. This can be done through pilots, or temporary spaces, that can become permanent based on community feedback

Decision 4 – Te Atakura First to Zero (climate change)

Background

Wellington City Council joined hundreds of other cities around in the world in declaring a State of Climate and Ecological Emergency, accepting local and international scientific evidence that there remains around a decade to take urgent action to reduce greenhouse gas emissions in order to avoid disastrous consequences.

Climate change will have significant impacts on the city, the most notable being increased risks of coastal storm surge, and higher frequency and magnitude of flooding events, both exacerbated by sea level rise and increased volumes of water during rainfall events. While we will work to mitigate the affects of climate change through reducing emissions, we must also prepare to adapt our city and its infrastructure to manage the affects of change.

Te Atakura – First to Zero is our response to the climate and ecological emergency we declared in 2019 but it is not yet funded. Our ambitious target of reducing our emissions significantly in this decade (the national target is half by 2030) is essential to ensuring Wellington is a place where human society can flourish in future decades and centuries.

One of the most significant actions we can take to reduce the city's emissions will be shifting transport modes (from petrol or diesel cars to electric cars, public transport, cycling and walking). The funding for Let's Get Wellington Moving, our Spatial and District Plan review and our extensive cycleways plan (see Decision 3) are allocated directly to those programmes. They are all significant parts of our climate action and will contribute extensively to our reducing our emissions. The full benefits of these won't occur this decade.

Te Atakura is intended to ensure sufficient activity is undertaken in this decade to reduce our emissions. Council can do this by supporting the transport mode-shift projects, as well as encouraging the uptake of electric cars, providing seed funding to leverage businesses and community impact, and supporting residents to be motivated to take action.

Initiatives include:

- Converting our vehicle fleet to electric cars
- Greening our building projects
- Supporting car sharing and electric vehicle charging
- Home Energy Saver grants
- Business Energy Saver grants
- Wellington Climate Lab
- Climate and Sustainability Fund

Our preferred option

Our preferred option, Option 3, is to fully fund Te Atakura, which will enable us to work towards reducing our emissions by the full amount planned for this decade.

Option 1	Option 2	Option 3 (preferred option)
Low level of funding This is a low funding option that is significantly below what is outlined in the Te Atakura action plan. It will mean a significant reduction in the scope of all planned initiatives. The difference between this option and Option 2 is a significant reduction in outward facing programmes that support others to take climate action, lower levels of funding for community engagement and initiative development. This level of funding is likely to deliver only half of the reduction in estimated emissions of Option 3. Workstreams funded under this option include: • Measurement of Council and City greenhouse gas emissions • Climate change response team funding (including initiative investigation and community engagement) • Adaptation planning • Council EV Fleet project (replacing our vehicle fleet with electric vehicles, over 10 years) • Public EV chargers over 5 years, starting in Year 3 • Car sharing support • No increase in existing funding for Home energy audits (Home Energy Saver) • Workplace Travel Planning • Community climate action support (Climate and Sustainability Fund) • Business climate action support (Zero Carbon Challenge and Climathon funded)	**Medium investment with savings** This is a medium level of funding, below what is outlined in the Te Atakura action plan. The difference between this option and Option 3 is less funding for the WCC EV Fleet and public EV chargers and lower levels of funding for community engagement and initiative development. Lower levels of reductions in emissions are likely. Workstreams funded under this option include: • Measurement of Council and city greenhouse gas emissions • Climate change response team funding (including initiative investigation and community engagement) • Adaptation planning • WCC EV Fleet project (replacing our vehicle fleet with electric vehicles, over 10 years) • Public EV chargers over 5 years, starting in Year 1 • Car sharing support • Home energy audits (Home Energy Saver) • Workplace travel planning • Community climate action support (Climate and Sustainability Fund) • Business climate action support (Business Energy Saver starting Year 3, Wellington Climate Lab – includes and expands on Zero Carbon Challenge and Climathon)	**Fully fund the programme** This option provides full funding for the Te Atakura action plan (not including Let's Get Wellington Moving or cycleways). This means we will be able to work toward reducing our emissions by the full amount planned for this decade. We will also be able to investigate new actions needed and respond to the climate change impacts that we are already seeing in the city. Workstreams funded under this option include: • Measurement of Council and City greenhouse gas emissions • Climate change response team funding (including initiative investigation and community engagement) • Adaptation planning • WCC EV Fleet project (replacing our vehicle fleet with electric vehicles, over 10 years) • Public EV chargers over 5 years, starting in Year 1 • Car sharing support • Home energy audits (Home Energy Saver) • Workplace travel planning • Community climate action support (Climate and Sustainability Fund) • Business climate action support (Business Energy Saver starting Year 1, Wellington Climate Lab – includes and expands on Zero Carbon Challenge and Climathon) Our full Te Atakura action plan is available at https://wcc.govt.nz/zero-carbon
Opex Cost: $11.4m (over 10 years)	**Opex Cost:** $18.7m (over 10 years)	**Opex Cost**: $20.8m (over 10 years)
Capex cost and debt impact: $6.7m (over 10 years)	**Capex cost and debt impact:** $6.7m (over 10 years)	**Capex cost and debt impact:** $9.1m (over 10 years)
Rates impact: 0.65% 3 year average increase	**Rates impact:** 0.94% 3 year average increase	**Rates impact:** 1.03% 3 year average increase

Decision 5 – Te Ngākau Civic Precinct – Council office buildings

Background

Te Ngākau Civic Square is the musical, creative, and democratic heart of Wellington, but it has significant resilience challenges.

As a result of concerns about its earthquake resilience, the Town Hall was closed and is now being earthquake strengthened. The Central Library also has resilience issues that we are seeking feedback on, in Decision 6 of this document.

In the future, decisions will need to be made on how best to resolve the resilience issues in the remaining buildings and over what timeframe, including the decision outlined below for our two Council office buildings – the Municipal Office Building (MOB) and the Civic Administration Building (CAB).

The other remaining structures with resilience issues include the Capital E building, the City to Sea bridge and the underground carpark.

A key challenge is funding because there is insufficient debt headroom in the early years of the plan to carry out the capital works and the costs to remedy the issues is significant.

A redevelopment of MOB was previously proposed as part of the National Music Centre initiative in partnership with Victoria University of Wellington (VUW) School of Music and the New Zealand Symphony Orchestra (NZSO). This would strengthen the building to at least 67% NBS and upgrade the building services, with VUW and the NZSO being long-term tenants and the building becoming the home of the National School of Music.

The CAB, which is connected to MOB through the shared entrance, atrium and adjoining floors, was closed due to extensive earthquake damage after the 2016 Kaikoura earthquake. The insurance claim has been settled, meaning $22m is available for remedying the building but it won’t be sufficient to address the issues with CAB and those across all the other buildings so significant additional spending would be required to ensure the precinct can be restored and made resilient.

The estimated cost to strengthen and upgrade MOB is $84m, this is significantly higher than the initial estimate of $50m. The estimated cost to strengthen and upgrade CAB is $48m, noting that without significant remedial work on the piling structure CAB is only likely to be able to achieve an NBS rating of about 50%.

The Framework for Te Ngākau is being developed and it is likely to emulate the self-funding model used on the Waterfront. Like the Waterfront, any developments that would happen would be done under the implementation of the framework that will stipulate the vision, objectives and principles for the whole precinct and ensure the Council and city shape any developments that would happen in this key public space.

The Council has also committed to returning the main Council premises to the square as part of its redevelopment.

Michael Fowler Centre carpark

In the 2015/25 Long-term Plan, we consulted on three options for the future of the Michael Fowler Carpark, with disposal of the site through a long-term ground lease to off-set seismic strengthening costs in Te Ngākau adopted as the agreed option. Following a 2016 public process, a preferred developer was selected. Negotiations continue with the developer who is proposing to construct a high-rise building on the site. Any completed negotiations with regard to ground lease arrangements will require a formal Council decision.

Our preferred option

While we are still working through finalising the Framework, a specific decision is required in this Long-term Plan with respect to the future of the Council office buildings - the Municipal Office Building and the Civic Administration Building.

As MOB and CAB are connected, and have similar resilience issues, it is important that the future of the two Council office buildings is considered together. Given this, Council has considered several options.

Our preferred option, Option 1, is to demolish and rebuild the MOB and CAB buildings in partnership with private investment through a long-term ground lease for the site.

Combining a MOB and CAB development would enhance this opportunity and significantly decrease the need for additional Council borrowing and ratepayer funding to address these impaired buildings.

Option 1 (preferred option)	Option 2
Demolish and site developed through a long-term ground lease In this option the MOB and CAB buildings would be demolished, and new buildings developed in their place, through the sale of a long-term ground lease and private funding to develop the replacement building. The opportunity for the National School of Music to be housed within any new MOB building would be pursued. This option enables the Council to avoid significant costs involved in strengthening the existing buildings. Because both buildings are demolished in this option, it will provide greater scope as a community to reimagine Te Ngākau Civic Precinct and see this area restored without further Council borrowings at a time when there are greater priorities for Council investment. MOB is considered a significant asset and a contributory building to the Heritage Civic Precinct. Permission to demolish and for a replacement to be built would require a resource consent. Under this option Council would retain ownership of the land, control the design brief for any replacement buildings but not own or fund the replacement buildings.	**Proceed with base build proposal for public purposes** Remediate MOB in its current form and for it to be a part of the National Music Centre. Retain and strengthen CAB. The design work required to strengthen and upgrade MOB has been completed and the cost is expected to be $84m. The strengthened building would not result in a fully resilient building (67% NBS at best) as it is constrained by limitations within the existing building. It would possibly be completed quicker than alternate options that involve a replacement building and would retain the building's heritage value. In this option we would also retain and strengthen CAB, the strengthened building would not result in a fully resilient building (50% NBS) as it is constrained by limitations within the existing building. The cost is estimated to be $48m. Both buildings would be funded through an increase in Council borrowings with an offsetting revenue stream from the ability to re-let the finished space as offices. The development risk for both would remain with Council. The increase in borrowings would take Council beyond its debt limit and would require a breach of the limit, the limit to be increased or other capital investment to be reduced.
Opex Cost: $750k for resource consent. Demolish MOB $5.7m; Demolish CAB $5.2m.	**Opex Cost**: MOB $1.5m to $3.8m p.a. **Opex Revenue** – CAB $1.5m - $2.0m
Capex cost and debt impact: Proceeds of $7m from the sale of MOB ground lease; $7m from the sale of CAB ground lease.	**Capex cost and debt impact:** Estimated $84m for MOB, Estimated $48m for CAB
Rates impact: 0.18% 3 year average increase	**Rates impact:** 1.05% 3 year average increase

Option 3	Option 4
Retain and seek to repurpose This option would see MOB strengthened and upgraded to a lesser standard to be fit for use as lower end office space. CAB would be strengthened in the same manner as envisaged under option 2. This option does not vary greatly from Option 2 but would prevent MOB from being available for the National School of Music. Under this option the strengthening costs are lower but there is a greater requirement for fit-out, which under Option 2 was being met by the National School of Music. The extent of the fit-out requirement of MOB will determine the repurposing cost. However, MOB would not be as resilient as in Option 2 and would require ratepayer funding as the expected lower rent would not be sufficient to fully fund the costs associated with the upgrade. The development risk would still be significant and would remain with Council. It is likely both buildings would be able to be completed more quickly than alternative options that involve replacement of a building and this option would retain the MOB building's heritage value. The increase in borrowings would take Council beyond its debt limit and would require a breach of the limit, the limit to be increased or other capital investment to be reduced.	**Sell to support development** This option would seek to sell MOB and CAB 'as is'. The new owners would then become responsible for the strengthening and upgrade of the two buildings. Development risk would pass with the building to the new owner. Council would retain ownership of the land. Given the challenges and costs to strengthen these buildings there is no certainty that there would be a buyer or of the sale value, it may actually require Council to incentivise any sale. Importantly, when considering the wider Te Ngākau Civic Square perspective, this option would also result in Council losing control of significant sites in the square and introduces risks to the overall future of the area. As Council would have no control of the buildings, there is no guarantee that any refurbishment will be done in a timely manner, be of good quality, that the use will be appropriate for the area, or that the buildings will be strengthened to a resilient level. Because this option is a sale of the buildings, it relieves Council of the cost and associated borrowings, transfers the development risk and potentially does not result in any rates impact unless incentives are required to facilitate any sale.
Opex Cost: MOB \$0.7m - \$4.3m per annum for 35 years (if able to be leased) CAB lease revenue \$1.5m	**Opex Cost**: None
Capex cost and debt impact: Estimated \$70m - \$90m for MOB. Estimated \$48m for CAB.	**Capex cost and debt impact:** None
Rates impact: 1.07% 3 year average increase	**Rates impact:** None

Decision 6 –**Central Library**

Background

Wellington's much-loved Central Library was closed in March 2019 following an engineering assessment saying that the way the floor was designed presented a high level of potential failure in a significant earthquake. It has a similar floor design to one used in the now demolished Statistics House, where a floor collapsed in the Kaikoura earthquakes.

In 2020, we ran a six-week consultation in which we asked for public feedback on five options for restoring a Central Library service in Te Ngākau Civic Square. The options all considered, to varying degrees, the resilience of the building, future proofing the library service, the connection to Te Ngākau, and the overall costs. The options consulted on included:

- ***Low-level remediation –*** Repairing the structural issues of highest concern so the building is safe to re-open ($81.9m).
- ***Mid-level remediation –*** Strengthening the building to approximately 80 percent NBS of the current code. It would increase the likelihood the building could be re-occupied safely after an earthquake ($154m).
- ***High-level remediation –*** Repair the building's structural issues to the highest extent possible. It would include installing base isolators and integrate the building more with Te Ngākau and the surrounding streets through additional entrances, views, landscaping, and improved accessibility ($178.7m).
- ***Build new building on same site or another Te Ngākau Civic Square site –*** This would involve demolishing the existing building and either building a new library on the same site ($183m), or building the new library on another Te Ngākau Civic Precinct site ($183m).

After hearing from Wellingtonians in this consultation phase, Council agreed to recommend the high-level remediation option to be part of this plan. This option, as above, makes the building resilient to future shocks, and supports our ability to deliver an adaptable modern library service, while preserving the buildings heritage. It also allows us to mitigate some climate change impacts in the future.

Our preferred option

Now the Council has decided on how we will repair and upgrade the building, there are choices about how to fund the project, and when the work should take place.

The preferred option, Option 1, includes the Council agreeing to temporarily breach its debt limit of 225% to ensure the library can be refurbished in the original timeframe and remain in public ownership. Our debt level will remain at 225%, and Council has agreed to accept the breach in the first three years of this plan. This breach will be mitigated by any capital underspend being used for the library project rather than on new projects. Our debt level will be back below our limit by year 4 – 2024/25

An alternative option to complete the project without breaching the debt limit through making cuts to other capital projects (such as our three waters network, city streets upgrades, cycleways programmes, or venue upgrades) is not recommended as this would not be responsible management of the other assets.

Option 1 (preferred option)	Option 2	Option 3
Strengthen now by temporarily exceeding debt limit This option repairs the building's structural issues to the highest extent possible. It includes base isolating the building. Base isolation means the building would likely be safe to occupy during and after a significant earthquake. The building's heritage value will be retained, and it will integrate more with Te Ngākau Civic Precinct and the surrounding streets through additional entrances, views, landscaping, and improved accessibility. Under this option, the full costs of this project will be met by Council. It will mean the rebuild will progress within the original timeframe and the building will reopen in 2025. However, there is not enough headroom in the budget in the early years of the Long-term Plan for this project. This means the Council's debt limit will be exceeded in the first three years of the plan.	**Council to strengthen Central Library later** This option will repair the building's structural issues in the same manner as in Option 1, however this option does not exceed the Council's debt limit. As in Option 1 the full costs of this project will fall to Council, but in this option the project would be delayed until a period of the Long-term Plan when there is sufficient headroom, and therefore borrowing capacity, for the project to go ahead. This means Council would remain under its debt limit with this option. In this option the Central Library would reopen in 2028, instead of 2025. This is not our preferred option, as feedback tells us that the community wants to have the Central Library reopen sooner, rather than later.	**Strengthen now by increasing rates further** This option will repair the building's structural issues in the same manner as in Option 1, and allows for the remediation to happen as per the original timeframe (open 2025). However, this option does include an extra 3% rates increase above the 13.5% in year 1. The increase in rates will allow the Council to rapidly pay down more of the additional debt that it has taken on because of the temporary loss of the dividend from the Wellington International Airport Limited due to Covid-19 impacts. As our borrowing limit is a ratio of debt to income, the increase in rates also enables us to borrow more against the increased rates income. The additional borrowing headroom can then be used to fund the Central Library remediation and ensures the debt to income ratio of 225% is not breached.
Opex Cost: $2.7m average increase p.a.	**Opex Cost**: $4.2m average increase p.a.	**Opex Cost**: $2.7m average increase p.a.
Capex cost and debt impact: $187.4m	**Capex cost and debt impact:** $195m	**Capex cost and debt impact:** $187.4m capex cost and $177.1m debt impact
Rates impact: 0.79% 3 year average increase	**Rates impact:** 0.83% 3 year average increase	**Rates impact:** 1.79% 3 year average increase

Decision 7 – Sludge and waste minimisation

Background

At the Southern Landfill, Wellingtonians dispose of about 80,000 tonnes per year of waste. This does not include construction and demolition waste, or contaminated soil, or waste that goes to other landfills. New Zealanders generate at least twice as much waste per capita than developing countries according to OECD reporting.

One of the largest waste categories at the Southern Landfill is wastewater (sewage) sludge. This accounts for about a quarter of the waste that enters the landfill.

Wastewater sludge is the by-product of the treatment process and is currently pumped through eight kilometres of pipelines from the treatment plant at Moa Point to the landfill. This is the pipeline that failed under Mt Albert early in 2020, causing serious financial and environmental consequences for the city.

At the landfill, sludge has some of the water removed and the remaining sludge is mixed with other wastes in the landfill to provide structural stability, and then covered and buried. To achieve the stability and reduce issues such as odour a ratio of one part sludge to four parts other waste is required, this is a condition of the landfill resource consent.

This provides a challenge as we want to reduce the amount of waste going to landfill by a third, but still need sufficient waste to mix with the sludge. This challenge will increase as the population continues to grow. Even when mixed, sludge is unsafe to handle and must be disposed carefully to avoid transmission of diseases.

Further, as the mixed waste decomposes it generates methane, a greenhouse gas. While currently every effort is made to capture this methane and convert it to electricity, the system is imperfect and some is lost into the environment. The landfill generates over 80 percent of the Council's greenhouse gas emissions so improving gas capture is important.

Because of the stability ratio, we can't reduce the other waste types that produce methane until we remove or reduce the wastewater sludge.

We know that this system is not sustainable, is impacting our environment, and does not reflect how we see ourselves as Wellingtonians. We need to break the link between the Southern Landfill and wastewater sludge and stop pumping sludge across the city, as 2020 highlighted the serious resilience issues and the significant consequences of failure.

Our preferred option

Through Te Atakura (our Zero Carbon Plan) and our Regional Waste Minimisation and Management Plan we have formally committed to reducing carbon emissions and reducing waste by a third. Minimising wastewater sludge is a necessary first step to achieving these objectives.

The options to achieve this are below, with our preferred option, Option 4, being investing in a sludge minimisation programme through non-Council funding.

Option 1	Option 2
No change in current practice The cheapest course of action would be to keep pumping raw wastewater across the city and disposing of it in the landfill. This is a feasible and affordable choice.	**Invest in technology at Southern Landfill** We could invest in better infrastructure at the Southern Landfill. For example, we could install a thermal drier (estimated additional total expenditure around $86-134m) and this would go some way to reducing the volume of sludge to be disposed.

The key issues with current practice are that it: • does not meet the Council's environmental objectives. • large volumes of sludge would continue to be moved (pumped) across the City in a vulnerable 8km pipeline; and • the current practice would still need to be changed within about decade.	However, while this option reduces some of the sludge volume to landfill, there remains a significant residual (remaining) volume of sludge to be disposed of at the landfill. In addition, the pumping of sewage across the city would continue. Overall, this option would result in incremental improvement, but continue to expose the city to the vulnerability of the 8km pipeline.
Opex Cost: No change	**Opex Cost**: $1.3m average increase p.a.
Capex cost and debt impact: No change	**Capex cost and debt impact:** $86m to $134m
Rates impact: None	**Rates impact:** 0.39% 3 year average increase
Option 3	**Option 4 (preferred option)**
Sludge minimisation through Council funding Invest in the existing wastewater treatment plant site at Moa Point. For example, we could build a digester (large tank system that reduces sludge volume, produces energy and treats the sludge so it is safe to dispose) and a dryer at Moa Point to further reduce the volume of the sludge and produce a product that could potentially be diverted from the landfill for beneficial re-use. This would mean the sludge would not need to be pumped to the Southern Landfill and would help the city meet its environmental objectives. This would be a long-term, strategic investment that would leapfrog short-term options and better reflect our aspirations on carbon and waste reduction. Investing in sludge minimisation better aligns our infrastructure with our ambition and stated objectives, however this comes at a significant cost and it would mean a breach of our debt limit to fund the programme through the Council's balance sheet.	**Sludge minimisation through alternate funding** This option would deliver the same service and benefits as Option 3 – investment in the wastewater treatment plant at Moa Point. However, this option is our preferred option, because the significant cost of the project will be delivered and funded externally through use of the new Infrastructure Funding and Financing Act. This would mean that the project would not be funded by Council debt and we would not exceed our debt-to-income cap as in Option 3. The same asset will still be constructed as Option 3 (at a value of $147m-$208m) and the plant will be fully owned by the Council once construction is completed in year 3 of the LTP. While there is no impact on rates, there will be an additional charge to rate payers in the form of a levy to repay the borrowing required to fund the project. Risks: The use of external funding in this way is new, having only been recently enabled through the Infrastructure Funding and Financing Act 2020. We are currently working with the Crown on this alternative funding approach however should it not be possible then there would be no funding allowance for this work in the Long-term Plan budget. This means that either the project could not proceed, further prioritisation of Council spending would be necessary, or an alternative Public Private Partnership (PPP) would need to be considered. If still proceeded with, reprioritisation would be required to ensure our projected borrowings remain within the limit of 225% of operating income while completing the project. This would mean an additional $147m to $208m of borrowing would be required and an equivalent level of capital upgrades would need to be moved from the first four years of the plan to outyears. This would not impact current levels of service, but would delay the implementation of other planned improvements to levels of service in our plan by several years.

	Information on our debt limit and the need to maintain headroom for the future is on page 13-14.
Opex Cost: $5.6m average increase p.a.	**Opex Cost**: None
Capex cost and debt impact: $147m to $208m in first 10 years	**Capex cost and debt impact:** Same as Option 3, but through alternate funding, so no cost to Council.
Rates impact: 1.65% 3 year average increase	**Rates impact:** None, but a levy of approx. $70 to $100 per residential ratepayer collected per year from year 4

Decisions coming up in the future

The following list of key issues are important to Wellington and have potentially big costs associated with them. For many of these we will need to leave headroom in our debt limit to fund them in the future or find alternate methods of funding. The key decisions on these issues are yet to be made and we will consult on them closer to the time.

If you have feedback on any of these upcoming decisions, please let us know in Question 10 of the submission form.

Three waters reform

Central Government is currently undertaking significant reforms to the way three waters is managed across New Zealand. As part of the reform programme, we have signed a Memorandum of Understanding with the Government and are participating in the investigation into future service delivery and funding options for the three waters network.

The Government is expecting to make substantive policy decisions relating to the reforms in May 2021, to enable legislation to be prepared for introduction later that year.

The reforms are voluntary, with a partnership-based approach. This means that we will be asked to decide to participate in the new service delivery system in late 2021. This decision would be in the form of an ‘opt out’ approach, whereby we would be included in one of the new water service delivery entities by default, but can decide not to continue to participate.

If we participate in the reforms, any transfer of responsibilities, assets, etc. is likely to occur from 2023/24. Therefore, depending on the outcomes of the reform programme, it could lead to significant changes to our Long-term Plan in future years and will require future consultation with you.

Because these reforms are still underway, for this plan we are continuing with the current arrangements of Wellington City Council owning three waters infrastructure. While this might change in the future, we will continue to need three waters services whether the council delivers them or not. Therefore, for the time being it is important that these activities are reflected in the Financial and Infrastructure strategy and other information that supports our plan.

For further information on the forecasting assumptions relating to three waters, refer to the significant forecasting assumptions and disclosures in the additional information on our website.

Let’s Get Wellington Moving

Another significant decision during the time of this Long-term Plan is in the investment choices that we face for the Let’s Get Wellington Moving (LGWM) programme, which is a joint initiative between Waka Kotahi NZ Transport Agency, Wellington City Council, Greater Wellington Regional Council.

Its vision for Wellington is a great harbour city, accessible to all, with attractive places, shared streets, and efficient local and regional journeys. The objectives of the programme are to enhance liveability, provide efficient and reliable access across the City to support growth, reduce reliance on private vehicles by improving access to public transport, walking and cycling transport options, promote environmental sustainability, and improve safety and resilience of the wider transport network.

The programme is made up of several projects which cover the area from Ngauranga Gorge to Miramar including the Wellington Urban Motorway, access to the port, and connections to the central city, Wellington Hospital, and the airport. It includes all the ways we get to, and around our city, and how the city develops alongside its transport system.

A recent review into the programme found that for the LGWM programme to be delivered successfully, some improvements are needed to the programme's governance structure as well as ensuring the programme is adequately resourced with effective systems implemented and an increased focus on people and culture. There will also be an enhanced focus on delivery of several of the projects over the next three years.

The funding included in the Long-term Plan covers our share of the cost of planned improvements on Thorndon Quay and Hutt Road, the Golden Mile as well as several pedestrian, cycling, public transport and amenity improvements across the city. These projects are in various stages of planning and investigation with delivery planned to commence in 2022.

There will also be a series of ongoing decisions over the early years of the Long-term Plan as business cases for projects such as mass rapid transport, state highway improvements and bus priority are completed and presented to Council. We have included budget of $270m for the City Streets programme, but council's contribution for the whole programme could be more than $1.4b. For more detail on the LGWM programme, please go to https://lgwm.nz/

Community infrastructure investments

Our city is growing and as it grows we'll need to continue to invest in community infrastructure to support our residents, including parks, community centres and halls. At the same time, we already have existing community assets spread across the city that we need to maintain.

With the development of our Spatial Plan, now is a good time to look across our current network of community infrastructure to see if we have the right facilities in the right places to best meet community needs now and for the future. Doing this will help us ensure that we're getting maximum benefit from the assets we own for our communities.

We'll do this work alongside development of our Spatial Plan over the coming year and may lead to changes to the mix of community assets that we have in different parts of Wellington.

We will consult on changes in this area later, once we have a greater understanding of what any changes to our investments might involve.

Affordable Housing

Affordable housing is important to the Council and we have an aim of ensuring all Wellingtonians are well housed. We are already working towards more affordable housing in Wellington through the following programmes:

- *Planning for Growth* – the development of a new Spatial Plan and changes to the District Plan that will support more development to accommodate population growth of 50,000 to 80,000 over the next 30 years.
- *Housing Strategy* – A 10-year strategy that looks at the whole housing continuum, and means we are working towards the aim of "all Wellingtonians are well housed". This includes increasing access to affordable housing.

- *One-stop shop* – a series of efficiency improvements to our consenting processes to support development of new housing
- *City housing provision* – Council is one of the largest social housing providers in New Zealand supporting Wellingtonians with affordable rental accommodation. We are part way through an upgrade programme of our social housing units.
- *Te Mahana (Homelessness strategy)* – this is a collaboration with other agencies to ensure instances of homelessness are rare, brief, and non-reoccurring.
- *Proactive development* – we are actively supporting additional supply by working with commercial providers on converting office space into affordable apartments.

In addition to the above, over the coming year we will investigate how we can best increase affordable housing outcomes for the city. Please provide any feedback on improving housing affordability in question 10 of the submission form.

City Housing financial sustainability

The Council has more than 1,900 social housing units across the city. In 2007, we signed a Deed of Grant with Central Government. It commits us to remaining a provider of social housing until at least 2037 and to upgrading our housing portfolio to modern standards.

We have completed phase 1 of the upgrades, for which we received a $220m grant from Central Government. Phase 2 is due to begin in 2022 and be completed by 2028. By 2024, we also need to complete further upgrades to meet the new Healthy Homes standards set out in legislation.

Under the current financial arrangement, City Housing operations are paid for through tenant rents, which are set at 70 percent of market rent. The rents no longer fully cover operating costs, resulting in inadequate funding for the upgrade programme and are increasingly unaffordable for tenants. There is no funding support though rates or from Central Government through Income Related Rent Subsidies (IRRS).

The annual operating deficit for City Housing is forecast to be $8.7m in year 1 of the plan and increase from there. The cost of the full capital upgrade and maintenance needs over the next 10 years is $446m. This includes meeting Healthy Homes requirements, Phase 2 of the housing upgrade programme, and regular asset maintenance.

City Housing has cash reserves of $50.6m, which means we can complete our Healthy Homes upgrade requirements and meet the operating deficit and basic asset renewals for two financial years. However, City Housing will then become insolvent from June 2023. The draft Long-term Plan provides Council debt funding for the operating deficit to enable operations to continue until a sustainable solution is agreed by Council.

Council is actively working on options to ensure we can continue to provide this important service for our tenants, while also meeting our costs and commitments under the Deed of Grant. As part of this, Council is discussing options with Central Government, including immediate access to the IRRS for all eligible, existing tenants, funding capital costs through the Crown's Infrastructure Funding and Financing tool and/or establishing a Community Housing Provider (CHP). If these options are not viable, further prioritisation of Council spending and/or rates funding of City Housing would be necessary.

This Long-term Plan includes budget for the operating costs and three years' worth of funding for capital costs, including costs for Healthy Homes, regular asset renewals and minor upgrades ($42.8m). This assumes that within the first years of the plan, the Council will make decisions to address the financial sustainability challenges and begin implementing solutions to fund operating and capital shortfalls.

Any decision on a preferred way forward will involve a separate consultation process with Wellingtonians to get feedback on potential solutions. If you have any feedback on this issue now, please let us know in Question 10 of the submission form.

Venues strengthening and upgrades

We have been strengthening the St James Theatre and the Town Hall, with those projects expected to be completed within the early years of this Long-term Plan. However, there is also significant investment required for many other Council venues.

We have provisioned $45m of funding in our proposed budget (partially redirected from the indoor arena funding) to begin to strengthen and upgrade other venues. A programme will be developed outlining the scope of work required and the timeline for the projects. Decisions will be required for each of these major projects when more details are finalised. Work on these venues would be phased to maximise the availability of venues over time, with work on one venue commencing as work on others is completed.

Further divestment opportunities

To manage our finances, we need to consider several factors such as the rates we charge, the level of service we provide and the amount of debt we hold. We can also consider whether our assets are delivering the best value for Wellingtonians.

Where we have assets that could realise more value, we can look at divesting (selling) these assets and use the proceeds to off-set our borrowings or reinvest in assets with a better financial return. This can help keep rates at an affordable level.

Assets that may represent an opportunity for Council include our shares in Wellington International Airport, our portfolio of ground leases, encroachments, road reserve, and some of our buildings.

These opportunities will be investigated and any decisions to sell strategic assets will need to be further consulted on with the community before any decision is made.

Wellington Regional Growth Framework

The Wellington Regional Growth Framework is a spatial plan that has been developed by local government, central government and iwi partners in the Wellington-Wairarapa-Horowhenua region to provide an agreed regional direction for growth and investment and to deliver on the Urban Growth Agenda objectives of the Government.

The Framework identifies how the region could accommodate an additional 200,000 people and an additional 100,000 jobs in the next 30 years.

Consultation on the Wellington Regional Growth Framework is being undertaken in a similar timeframe to the Long-term Plan but not as part of our council consultation. To participate in the consultation on the Framework, please go to https://wrgf.co.nz/.

What else are we planning in the next ten years?

Alongside the big projects already outlined in this document, we have a full programme of projects planned across all of our areas. Many of these projects are already underway, have already been consulted on, decided on by Council or were included as part of the previous Long-term Plan.

Our plans are organised into seven activity areas and more details on what we are also planning in each of the areas below is available on our website, https://wgtn.cc/ltp

Governance

This area includes our work on providing information, consultation and decision-making, and our engagement with Māori residents and our mana whenua partners.

Key projects in this plan include increasing our investment in our mana whenua partnerships, engagement on key projects across the Council and digitising the City Archive.

Environment

This area includes our Wellington Gardens, beaches, and green open spaces, water, wastewater, waste reduction and energy conservation, environmental conservation attractions and the quarry.

Work planned for our waste, climate change and three waters network areas is covered in our big decisions earlier in this document. We will also be continuing our support of Predator Free Wellington, completing the Frank Kitts Park playground upgrade, and delivering upgrades in our parks and reserves.

As we increase the investment in our infrastructure, we will ensure, where practicable, that investing in green infrastructure is our business as usual practice. Green infrastructure means incorporating natural green and open spaces that use vegetation, soils, and other elements and practices to help deal with environmental challenges such as stormwater runoff and climate adaptation. This would supplement our hard infrastructure, while providing increased biodiversity, flood protection, and more green and open spaces throughout the city.

Economic Development

This area includes our work on economic activities, city promotions, events and attractions, and business support.

Key projects included the delivery of Tākina – the conference and exhibition centre – and providing for upgrades to our existing venues. The development of a new Economic Development Strategy will provide for key focus areas of the Council's economic activities, including but not limited to, the Regional Economic Development Strategy, Māori Economic Development plan, Night-time economy plan, circular economy and identifying the city's competitive economic advantage areas.

Cultural Wellbeing

Our work in this area includes galleries and museums, community arts and cultural support, and arts partnerships.

We will continue to provide a variety of free public and community events, such as Matariki, Gardens Magic and Diwali. Key projects also include earthquake strengthening of the Wellington Museum and developing a new Arts and Culture Strategy.

Social and Recreation

In this area we have our libraries, pools, recreation facilities and programmes, playgrounds, public health and safety, public toilets, cemeteries, social housing, and community support.

There are several key projects in this area including earthquake strengthening Freyberg Pool; on-going renewals of recreation assets, including re-surfacing Hataitai netball and tennis courts; creating the Grenada North Sports Hub; complete upgrades of Strathmore, Newtown, Aro Valley, Tawa/Linden and Karori community facilities; Makara Cemetery expansion; safety improvements around Te Aro Park; and the divestment of Wadestown Community Centre.

Urban Development

Our Urban development area covers our work in urban planning and policy, heritage, and character protection, building control and facilitation, development control and facilitation, earthquake risk mitigation and public spaces development

Key projects in this area include our Spatial Plan and District Plan review, development of Site 9 on the Waterfront and upgrades to Shed 1 and 5, and completion of the Town Hall and St James Theatre earthquake strengthening.

Transport

This area covers our entire transport network, and our parking operations. This includes transport planning and policy, maintenance, renewal and upgrades of our transport networks and parking enforcement.

Key projects in this area for this plan are part of Let's Get Wellington Moving and our cycleways decision highlighted earlier in this paper. It also includes key resilience work, eg retaining walls on key transport routes.

Fees and User Charges

Our Revenue and Financing Policy guides our decisions on how to fund Council services. We consider who benefits from a service (e.g. individuals, parts of the community or the community as a whole) to help determine how the service should be funded.

The policy also sets the targets for each Council activity indicating the proportion that should be funded from user charges, general rates, targets rates and other sources of income. As part of proposed plan, we have reviewed our fees and charges and are proposing to change some fees and charges for the following Council services:

- Parking
- Botanical gardens
- Waterfront public spaces
- Sewerage collection and disposal
- Arts partnerships
- Sportsfields
- Golf
- Community centres
- Recreation centres
- Swimming
- Marinas
- Public health regulations
- Burials and cremations
- Waste minimisation
- Building control and facilitation
- Development control and facilitation
- Network-wide control and management

Due to COVID-19, some fees were not increased for the 2020-21 year. This means that some fees have experienced higher increases in the current proposal, including significant increases for Parking, Building Control and Facilitation, and Waterfront Public Spaces. For example, there is a substantial increase in weekend and coupon parking rates to support Council's journey to becoming a low-carbon capital.

Detailed information on the fees and charges for specific services can be found on our website – https://wgtn.cc/ltp

Investing in infrastructure

Scale of Council infrastructure

Council's core infrastructure assets are critical to the city's economy and quality of life. Our total assets are valued at over $7.6 billion, approximately two thirds are the core infrastructure assets for our three waters services and transport networks.

Our transport activity has an asset replacement value of $1.6 billion and includes 700km of city roads, including accessways, 900km of footpaths, 38km of cycleways, 119 traffic signals, more than 20,000 streetlights, 135km safety fences, handrails, and guardrails as well as other transport network assets.

The Council owns the three waters networks worth over $3.8 billion which includes 67 reservoirs, 105 pumping stations, more than 2,727km of underground pipes, 165,000 fittings valves and hydrants, 18km tunnels and stormwater network run-off infrastructure.

Finally, we have a significant portfolio of built property assets worth over $1.1 billion which includes Venue buildings, Community buildings and libraries, Commercial buildings, and operational buildings such as Municipal Office Building and Civic Administration Building.

Replacement value of assets

Group	Amount ($m)
Three waters	$3,897
Transport	$1,685
Property	$489
City Housing	$370
Parks Sport and Recreation	$614
Waterfront	$334
Other	$275
Total (excluding land)	$7,664

*some of the built portfolio is also within other groups

Our assets are generally well maintained and in reasonable condition. However, we have some challenges across our three waters assets and around obtaining more data on our assets to better inform the rate and timing of renewals. This improved data is expected to show a requirement to increase the amount of renewals we do, the need for increased capacity to accommodate forecast growth, and the need to ensure our assets are resilient to earthquakes, storms and the impacts of climate change.

In particular, the three waters network has a significant number of assets that have exceeded their expected useful life. As the 2019/20 Mayoral Taskforce: Three Waters noted, *"as assets age, their condition deteriorates, and they become increasingly prone to failures such as leaks and overflows that require a reactive operational response".*

Significant issues facing our infrastructure

Several issues in the city are driving the need for investment in our infrastructure:

- The Mayoral Taskforce highlighted the challenges with our three waters infrastructure and the need to increase our investment in renewing and upgrading our pipes
- Our Planning for Growth programme is building a plan for the future shape of the city as it grows. Managing growth in a sustainable way to enable an affordable and

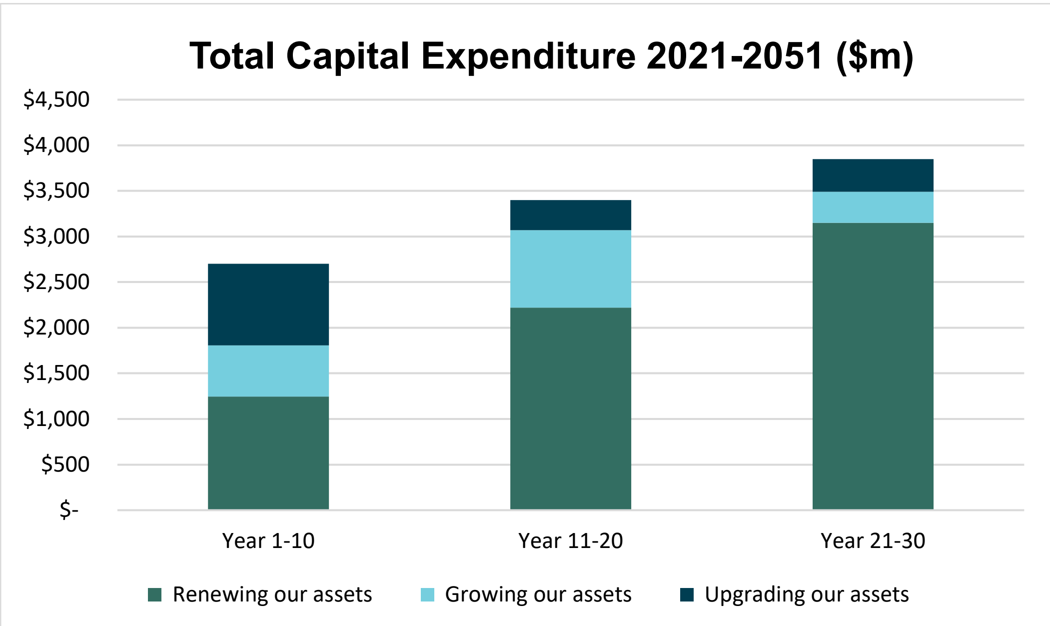
liveable city will drive investment in building the capacity of all of our infrastructure networks.
- The resilience of our infrastructure is a key concern – both in responding to issues created by the 2016 Kaikoura earthquake (such as the remediation of buildings in Te Ngākau Civic Square) and improving the resilience of our infrastructure for future events (such as increasing the resilience of water storage in the city).
- The declaration of a climate and ecological emergency in 2019, and adoption of Te Atakura our first to zero carbon emissions strategy
- Continued progress of Let's Get Wellington Moving (LGWM) will drive significant infrastructure investment in the city
- An ambitious waste minimisation plan that aims to reduce waste to landfill by one third within ten years.

Our investment plans

The Council is committed to making some of the largest capital investments it has ever made over the next ten years (a $2.7b capital investment programme, $400m more than our previous plan in 2018). This level of investment is needed to ensure that the city's core infrastructure (three waters, transport) is maintained and optimised, to accommodate an expected population growth of between 50,000 to 80,000 people, and to respond to key challenges such as climate change and earthquake strengthening.

We are projecting that these investments will increase the value of the Council's (non-land) assets by around 15% over the next ten years (from $7.8 billion to $9.0 billion). Looking further out, we are expecting the value of our assets to more than double over the following 20 years (to between $20 billion and $30 billion by 2050).

The graph below shows total planned capital expenditure over the 30 years of the Long-Term Plan. More detail on our total budget over 30 years, including depreciation, is in our Financial and Infrastructure Strategy.



The Key Investments table below summarises the main drivers of our planned capital expenditure that will be invested over the next thirty years, this includes a significant level of investment in renewing our existing assets.

The timing of the renewal of assets is guided by our asset management plans. Over the 30 years covered by this infrastructure strategy we plan to spend a total of $6.9 billion renewing this infrastructure.

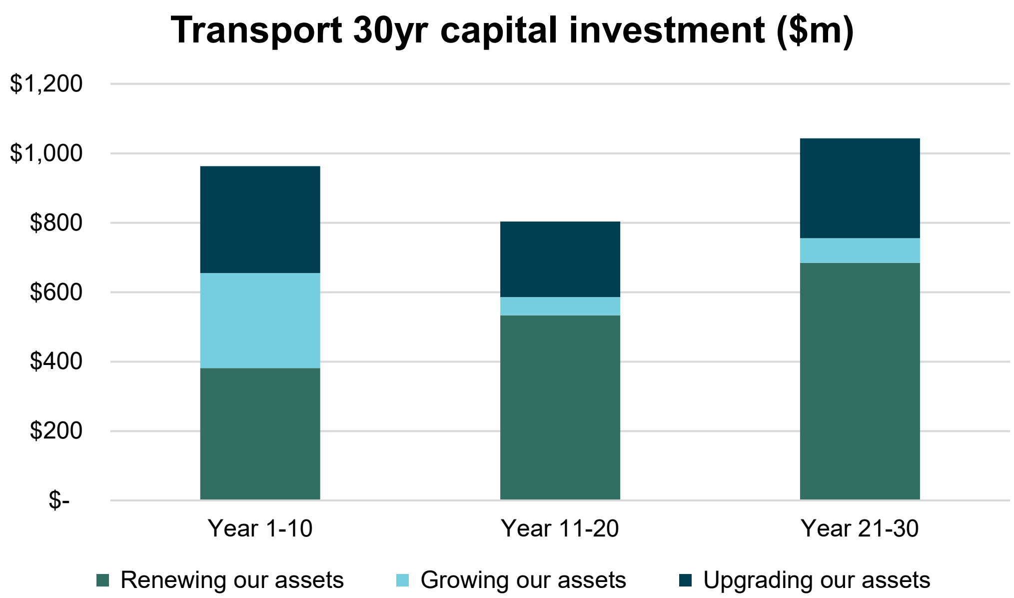
There is always an inherent level of risk in delivering a capital programme, particularly one that is substantially increased, however we are taking steps to mitigate risks such as building our in house project management, strategic asset management and commercial partnership capability, along with re-phasing the programme to a more realistic delivery timetable.

Key investments

Transport	Three waters	Buildings/community facilities
• Let's Get Wellington Moving • Investing in growing our network of cycleways across the city • Investment in retaining wall, building their resilience especially along our key 'lifeline' routes into and out of the city • Increasing the investment in the key roading asset to address the deferred renewals.	• Significant increase in renewal of all our three waters infrastructure • Investment in sludge minimisation – significantly reducing our carbon profile • Increasing the wastewater capacity of our network in the CBD to accommodate projected growth • Building improved data confidence - significantly increasing the frequency and volume of condition assessments completed each year	• Remediation of significant seismic issues across our properties, including Te Ngākau Civic Square • Reviewing our networks of community assets in light of the changing needs of the city as it grows • Completion of Phase 2 of our upgrade of our social housing portfolio

Where and when we will invest in our key areas

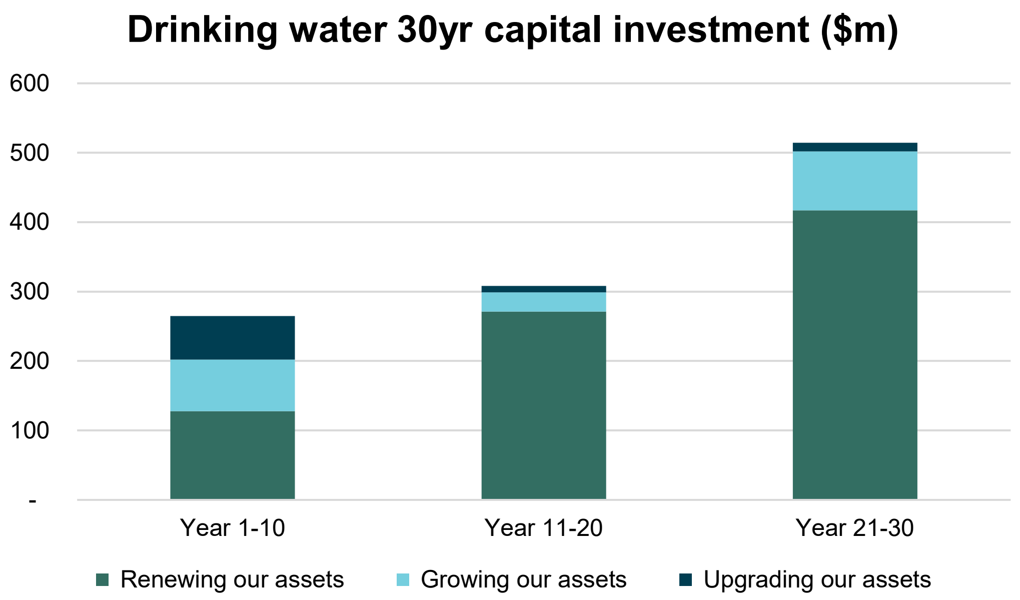
The graphs below show the growth, renewal, and upgrade capital investment we are proposing for the next 30 years in our transport and three waters network.



In Transport the upgrades for growth in the next 10 years include facilitating transport modal shift such as $192m for bus prioritisation and new roading to facilitate greenfields sites e.g. $128m for Ohariu to Westchester Drive.

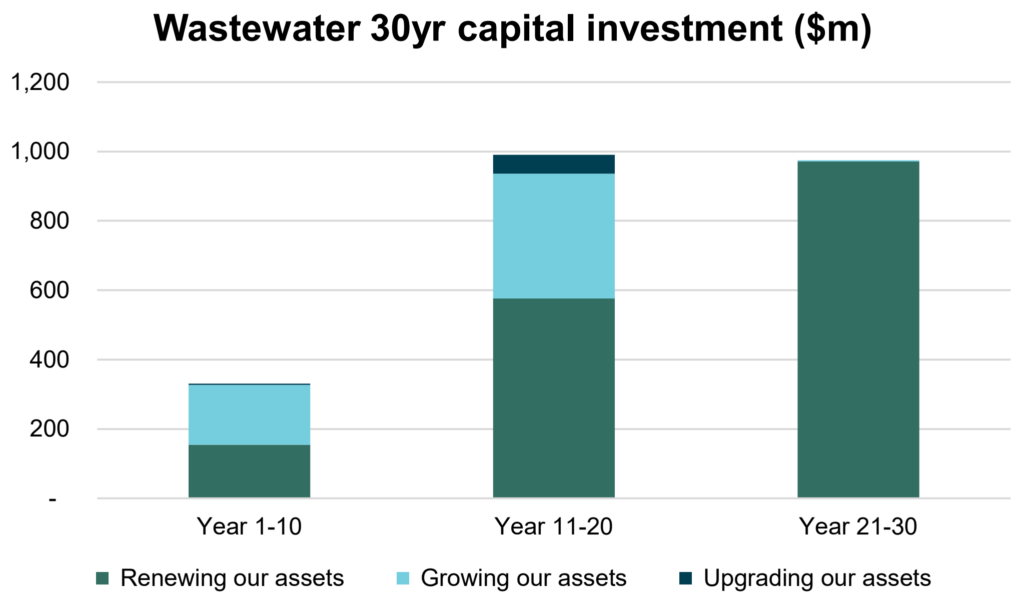
Level of service improvements are planned across the 30 years mainly to install new retaining walls to protect roading assets, especially prioritising routes.

The capital investment will facilitate improvements in accessibility as the programme works through its lifecycle.



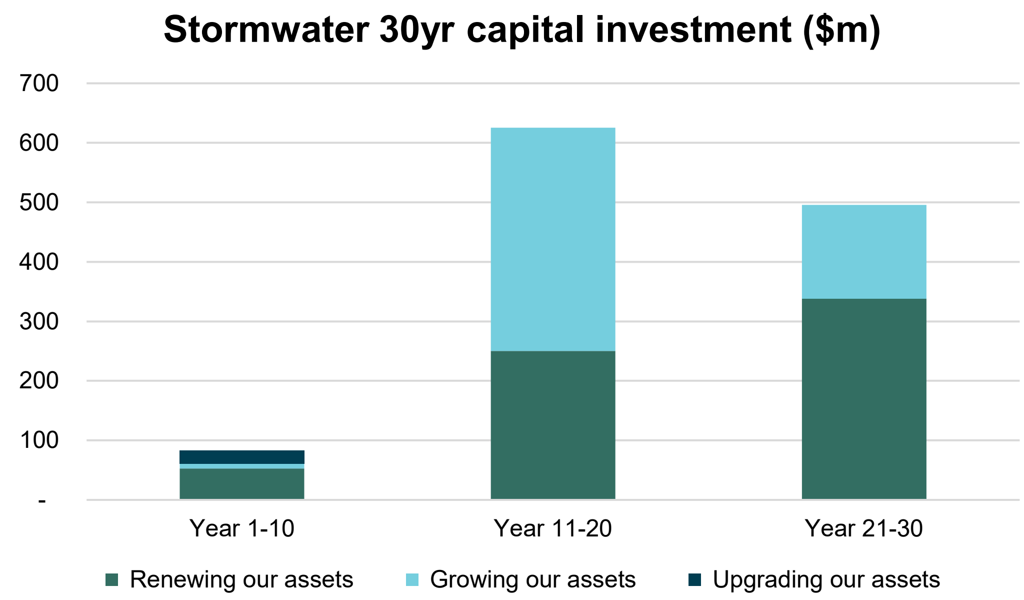
The level of renewals in Drinking water for the first ten years has increased by more than 80 percent compared to the first ten years of the 2018 Long-term Plan.

There is $74m of upgrades for growth budgeted in the first 10 years, however this is forecast to increase as the Planning for Growth project is completed in the next two years.



In Wastewater there is significant investment planned for sludge minimisation, central city wastewater network improvements and increased investment in renewals prioritising critical assets

There is $142m of upgrades for growth budgeted in the first 10 years compared to $4m in the prior decade.



The level of renewals for Stormwater for the first ten years has increased by more than 25 percent compared to the first ten years of the 2018 Long-term Plan.

There is a significant increase in the volume of assets that are coming to the end of their expected useful life from about 2031/32. The forecast budget more than doubles to match the planned uplift in the renewal programme in the second two decades.

What does it mean for me?

What are my rates?

The tables in this section show indicative rates for residential, suburban commercial and downtown commercial ratepayers.

They are for indicative purposes only and may vary from actual rates.

Indicative residential property rates inclusive of GST (for properties without a water meter)

Capital Values $	2021/22 Total Rates (inc GST) $	Increase over 2020/21
400,000	1,930	12.13%
500,000	2,324	12.62%
600,000	2,718	12.96%
700,000	3,112	13.22%
800,000	3,506	13.43%
900,000	3,900	13.59%
1,000,000	4,294	13.72%
1,100,000	4,688	13.83%
1,200,000	5,082	13.93%
1,300,000	5,476	14.01%
1,400,000	5,870	14.08%
1,500,000	6,264	14.14%
1,600,000	6,657	14.19%
1,700,000	7,051	14.24%
1,800,000	7,445	14.28%
1,900,000	7,839	14.32%
2,000,000	8,233	14.35%

Indicative suburban commercial property rates inclusive of GST (for properties with a water meter)

Capital Values $	2021/22 Total Rates (inc GST) $	Increase over 2020/21
1,000,000	11,114	16.01%
1,250,000	13,848	16.07%
1,500,000	16,582	16.10%
1,750,000	19,315	16.13%
2,000,000	22,049	16.15%
2,250,000	24,783	16.17%
2,500,000	27,516	16.18%
2,750,000	30,250	16.19%
3,000,000	32,984	16.20%
3,250,000	35,718	16.20%
3,500,000	38,451	16.21%
3,750,000	41,185	16.22%
4,000,000	43,919	16.22%

Capital Values $	2021/22 Total Rates (inc GST) $	Increase over 2020/21
4,250,000	46,653	16.22%
4,500,000	49,386	16.23%
4,750,000	52,120	16.23%
5,000,000	54,854	16.23%

Indicative downtown commercial property rates inclusive of GST (for properties with a water meter)

Capital Values	2021/22 Total Rates (inc GST) $	Increase over 2020/21
1,000,000	12,820	16.53%
1,250,000	15,980	16.58%
1,500,000	19,140	16.62%
1,750,000	22,300	16.64%
2,000,000	25,460	16.66%
2,250,000	28,620	16.67%
2,500,000	31,780	16.68%
2,750,000	34,940	16.69%
3,000,000	38,101	16.70%
3,250,000	41,261	16.71%
3,500,000	44,421	16.71%
3,750,000	47,581	16.72%
4,000,000	50,741	16.72%
4,250,000	53,901	16.72%
4,500,000	57,061	16.73%
4,750,000	60,221	16.73%
5,000,000	63,382	16.73%

Where do my rates go?

Explaining your rates

We set our rates based on the needs of the community, their demand for services and affordability in rates. Our rates revenue is split between targeted rates and general rates. The Council collected $322.0m (GST exclusive) of rates during 2019/20.

General rates are paid by all ratepayers and applied to services which benefit the whole community, for example, maintaining parks and walkways, operating our libraries, and renewing our roads and footpaths.

Targeted rates are paid by a specific group of ratepayers who receive a specific service – for example water, stormwater and wastewater services in rural areas, and business improvement districts (BIDs).

Whether you rent, own a home or a business in Wellington you'll be contributing to Council rates either directly or indirectly.

Your money helps us deliver more than 400 day-to-day services and pay for the borrowings used to fund big capital projects across Wellington.

What are rates for, and why are they important?

In the same way our taxes contribute to the running of the country, rates are important to ensure Wellington continues to function.

Some of the services and facilities that Wellingtonians receive through their rates include[1]:

- 81 million litres of drinkable water piped per day
- 671 km of stormwater pipes maintained and upgraded
- 1,048km of wastewater pipes maintained and upgraded
- 700km of footpaths maintained and upgraded
- 105 playgrounds maintained and upgraded
- 242,065 calls answered by our Contact Centre staff
- 800,000 resources in City Archives
- 101,234 native plants planted with the community
- 802,000 items can be borrowed from our 14 libraries
- 350km of walking and biking tracks maintained
- 202sqm of open space per Wellingtonian
- 14,500 LED streetlights operated

[1] Figures from Wellington City Council 2020/21 Annual Report

Your Councillors

Wellington City Council is made up of 14 Councillors and a Mayor. Along with all other local authorities in New Zealand, the Council is elected every three years. The Mayor is elected “at large”, meaning by all the city’s residents. The Councillors are elected by voters from their respective geographical areas (wards). The latest election was on October 12, 2019.

Mayor Andy Foster
Citywide

Elected: 1992 to Wharangi Onslow-Western Ward and Mayor in October 2019

Portfolio Leader: Spatial Plan and District Plan, Let’s Get Wellington Moving, New funding tools (including central government funding)

Contact: 04 499 4444, mayor@wcc.govt.nz

Deputy Mayor Sarah Free
Motukairangi Eastern Ward

Elected: 2013 and appointed Deputy Mayor in October 2019

Portfolio Leader: Governance, Associate Transport (Walking, Cycling, and Public Transport Infrastructure)

Contact: sarah.free@wcc.govt.nz

Councillor Diane Calvert
Wharangi Onslow-Western Ward

Elected: 2016

Portfolio Leader: Economic Development

Contact:
diane.calvert@wcc.govt.nz

Councillor Jenny Condie
Takapū Northern Ward

Elected: 2019

Portfolio Leader: Associate Transport (Parking, Roading, Safety, Traffic Resolutions)

Contact:
jenny.condie@wcc.govt.nz

Councillor Jill Day
Takapū Northern Ward

Elected: 2016

Portfolio Leader: Māori Partnerships, Associate Community Well-being (Children, Play spaces and programmes)

Contact:
jill.day@wcc.govt.nz

Councillor Fleur Fitzsimons
Paekawakawa Southern Ward

Elected: 2017 by-election

Portfolio Leader: Community Well-being (social housing and housing partnerships, libraries, public health)

Contact:
fleur.fitzsimons@wcc.govt.nz

Councillor Laurie Foon
Paekawakawa Southern Ward

Elected: 2019

Portfolio Leader: Waste Free Wellington, Associate Economic Development (sustainable small business)

Contact:
laurie.foon@wcc.govt.nz

Councillor Rebecca Matthews
Wharangi Onslow-Western Ward

Elected: 2019

Portfolio Leader: Community Engagement (consultation, information, and engagement), Associate Community Well-being (living wage, disability, community services and centres)

Contact: rebecca.matthews@wcc.govt.nz

Councillor Teri O'Neill
Motukairangi Eastern Ward

Elected: 2019

Portfolio Leader: Natural Environment (parks, beaches and open spaces and conservation attractions), Associate Community Well-being (Homelessness)

Contact:
teri.oneill@wcc.govt.nz

Councillor Iona Pannett
Pukehīnau Lambton Ward

Elected: 2007

Portfolio Leader: Associate Urban Development (District Plan shared with Mayor, Te Ngākau Civic Square, CBD apartments resilience, insurance, weathertight buildings, building resilient heritage, consenting – one stop shop, place-making and community-led planning shared with Councillor Rush)

Contact
iona.pannett@wcc.govt.nz

Councillor Tamatha Paul
Pukehīnau Lambton Ward

Elected: 2019

Portfolio Leader: Climate Change, Associate Community Well-being (City Safety and Youth)

Contact:
tamatha.paul@wcc.govt.nz

Councillor Sean Rush
Motukairangi Eastern Ward

Elected: 2019

Portfolio Leader: Infrastructure (three waters), Associate Urban Development (place-making and community-led planning shared with Councillor Pannett, urban development agency, property, low carbon energy)

Contact:
sean.rush@wcc.govt.nz

Councillor Malcolm Sparrow
Takapū Northern Ward

Elected: 2013

Portfolio Leader: Associate Resilience (community resilience and emergency preparedness)

Contact:
malcolm.sparrow@wcc.govt.nz

Councillor Simon Woolf
Wharangi Onslow-Western Ward

Elected: 2013

Portfolio Leader: Sport and Recreation

Contact:
simon.woolf@wcc.govt.nz

Councillor Nicola Young
Pukehīnau Lambton Ward

Elected: 2013

Portfolio Leader: Arts, Culture and Events, Associate Urban Development (central city projects), Associate Economic Development (civic and global partnerships)

Contact:
nicola.young@wcc.govt.nz

Independent Auditor’s Opinion

Submission form

Kōrero mai mō te mahere 10-tau
Have your say on Our 10-Year Plan

All submissions must be received by midnight Monday 10 May 2021

You don't have to give feedback on every decision – just choose the ones you're interested in. You can only submit once. You can include supporting information along with your submission.

Before you start, read about our big decisions and the other supporting information in this consultation document.

Why we're collecting this information

Your feedback matters. This plan is about the future of Wellington and it affects everyone who lives and works here. That's why we want to hear from as many people as possible. Your views will inform the next steps we take.

Privacy statement

All submissions (including names and contact details) are provided in their entirety to elected members. Submissions (including names but not contact details) will be made available to the public at our office and on our website.

Your personal information will also be used for the administration of the consultation process, including informing you of the outcome of the consultation.

All information collected will be held by Wellington City Council, 113 The Terrace, Wellington, with submitters having the right to access and correct personal information.

Full Name: ____

Contact details:

Address: ____

____

Phone number: ____

Are you making this submission as an individual or on behalf of an organisation?
☐ **Individual** ☐ **Organisation:** ______________________________

What is your connection to Wellington? Tick all that apply					
I am a Wellington City Council ratepayer	☐	**I live in Wellington**	☐	**I work in Wellington**	☐
I own a business in Wellington	☐	**I study in Wellington**	☐	**I am a visitor to Wellington**	☐

<table>
<tr><th colspan="4">Do you wish to speak to Councillors about your submission at an Oral Hearing or Forum?</th></tr>
<tr><td>Yes</td><td>☐</td><td>No</td><td>☐</td></tr>
<tr><th colspan="4">If yes - We are offering two ways of speaking to Councillors about your submission. Please tick which option(s) you would prefer?</th></tr>
<tr><td colspan="2" rowspan="3">Oral forum (informal, 60min facilitated table discussion with 2 to 3 Councillors and other submitters)</td><td colspan="2">☐ Morning</td></tr>
<tr><td colspan="2">☐ Afternoon</td></tr>
<tr><td colspan="2">☐ Evening</td></tr>
<tr><td colspan="2" rowspan="3">Oral Hearing (formal hearing with set times to speak to full Council, 5mins per individual, 10mins per organisation)</td><td colspan="2">☐ Morning</td></tr>
<tr><td colspan="2">☐ Afternoon</td></tr>
<tr><td colspan="2">☐ Evening</td></tr>
</table>

Our seven big decisions

The next seven questions relate to the big decisions for the 10-year plan.

- **Decision 1:** Increasing spending on the three waters network to fix the pipes
- **Decision 2**: Taking responsibility for the ownership of wastewater laterals
- **Decision 3:** Increased investment in cycleways
- **Decision 4:** Implementing our Te Atakura: First to Zero action plan
- **Decision 5:** Choosing a plan for earthquake-prone Council Office buildings
- **Decision 6:** Funding the Central Library strengthening and upgrade
- **Decision 7:** Choosing a plan for sludge minimisation

Detailed information on these decisions are on pages 21 to 46 of the Consultation Document.

Question 9 in this submission form is a place for you to comment or provide any other feedback on the decisions.

You are also able to attach further information to your submission at the end of this form.

Question 1 – Investment in three waters infrastructure

There are three different levels of investment in the three waters network to consider. Our preferred level of investment is the **Enhanced** option, which focuses on improving the condition and reliability of the network in an affordable and sustainable way.

Problems with pipes have been a long time in the making, and we cannot fix everything at once. The Enhanced option represents a $2.4bn investment in our three waters network and is the middle-ground option that we are confident of being able to deliver in this plan. We will be able to review the level of investment in our next Long-term Plan review in 2024, when we will have more information on the network.

A summary of the proposed investment in in the three waters network ison pages xx-yy of the Consultation Document.

Which of these options do you prefer?

	Enhanced ($2.4b investment – the Council's preferred option)
	Maintain ($2.0b investment - lower rates and debt)
	Accelerated ($3.3b investment – higher rates and debt)
	None of these options
	Don't know

Question 2 – Wastewater laterals

Currently residents are responsible for the maintenance of the pipes connecting their property to the wastewater (sewerage) main underneath the road corridor. These are called wastewater laterals.

We propose that the Council takes ownership of the laterals between the property boundary and the sewerage main underneath the road corridor.

A summary of the proposal to take responsibility for wastewater laterals is on pages xx -yy of the Consultation Document.**Which of these options do you prefer?**

	Take ownership (Council's preferred option, $32m investment)
	No change (no change in investment, rates or debt)
	None of these options
	Don't know

Question 3 – Cycleways

Cycleways is an area where we have ambition to seriously lift our game – we'd like to build a network of connected and safe cycleways that allow Wellingtonians to be able to choose cycling as a mode of transport. Our full programme for the network can be viewed at transportprojects.org.nz and if all of the routes were progressed, would be a $226m investment across the 10 years of this plan.

Our preferred option is a $45m or 60 percent increase in funding for cycleways than what was planned in the previous Long-Term Plan. It will progress $120m of the full $226m programme

We believe the High investment programme option balances the need for increased investment in this area with what is affordable for Council and what we will be able to deliver. It allows time in the programme for robust community engagement and to build capacity in the Council and the sector for the full programme to be eventually delivered.

A summary of the proposed investment to build more cycleways is on pages xx -yy of the Consultation Document.**Which of these options do you prefer?**

	High investment programme (Council's preferred option, $120m capital investment)
	Finish started projects ($29m capital investment, lower debt and rates)
	Medium investment programme ($39m capital investment, lower debt and rates)
	Full investment programme ($226m capital investment, higher debt and rates)
	None of these options
	Don't know

Question 4 – Te Atakura First to Zero (Climate Change)

Te Atakura – First to Zero is our response to the climate and ecological emergency we declared in 2019 but it is not yet funded.

Te Atakura is intended to ensure sufficient activity is undertaken in this decade to reduce our emissions. Council can do this by supporting the transport mode-shift projects, as well as encouraging the uptake of electric cars, providing seed funding to leverage businesses and community impact and supporting residents to be motivated to take action.

Our preferred option is to fully fund Te Atakura, which is included in our 5.3% average increase across 10 years.

A summary of the proposed investment in Te Atakura – First to Zero Action Plan is on pages xx -yy of the Consultation Document**Which of these options do you prefer?**

	Fully fund the programme (Council's preferred option, $29.9m investment)
	Low level of funding ($18.1m investment, lower rates and debt)
	Medium investment with savings ($25.4m investment, lower rates and debt)
	None of these options
	Don't know

Question 5 – Te Ngākau Civic Precinct – Council office buildings

Te Ngākau Civic Square is the musical, creative and democratic heart of Wellington but it has significant resilience challenges.

While we are still working through finalising the Framework for the Square, a specific decision is required in this Long-term Plan with respect to the future of the Council office buildings - the Municipal Office Building (MOB) and the Civic Administration Building (CAB).

As the two buildings are connected, and have similar resilience issues, it is important that the future of them is considered together.

Our preferred option is to demolish and rebuild the MOB and CAB buildings in partnership with private investment through a long-term ground lease for the site.

Combining a MOB and CAB development would enhance this opportunity and significantly decrease the need for additional Council borrowing and ratepayer funding to address these impaired buildings.

A summary of the proposed approach to developing of Te Ngākau Civic Square on pages xx -yy of the Consultation Document**Which of these options do you prefer?**

	Demolish and site developed through long-term lease (Council's preferred option)
	Proceed with base build proposal for public purposes (higher debt and rates)
	Retain and seek to repurpose (higher debt and rates)
	Sell to support development (no debt or rates impact)
	None of these options
	Don't know

Question 6 –Fixing the Central Library

Wellington's much-loved Central Library was closed in March 2019 following an engineering assessment saying that the way the floor was designed presented a high level of potential failure in a significant earthquake.

After hearing from Wellingtonians in the 2020 consultation, Council agreed to recommend the high-level remediation option to be part of this plan. This option makes the building resilient to future shocks and supports our ability to deliver an adaptable modern library service, while preserving the buildings heritage. It also allows us to mitigate some climate change impacts in the future.

Now there are choices about how to fund the $187.4m library remediation project, and when the project should take place.

The preferred option, includes the Council agreeing to temporarily breach its debt limit of 225% to ensure the library can be refurbished in the original timeframe and remain in public ownership. Our debt level will remain at 225%, and Council has agreed to accept the breach in the first three years of this plan. This breach will be mitigated by any capital underspend being used for the library project rather than on new projects. Our debt level will be back below our limit by year 4 – 2024/25.

A summary of the proposed investment to fund the fixing of the Te Ngākau Civic Square Central Library is on pages xx -yy of the Consultation Document

Which of these options do you prefer?

	Strengthen now by temporarily exceeding debt limit (Council's preferred option additional 0.79% rates increase)
	Council to strengthen Central Library later (complete in 2028 instead of 2025, additional 0.83% rates increase)
	Strengthen now by increasing rates further (additional 1.79% rates increase)
	None of these options
	Don't know

Question 7 – Reducing sewage sludge and waste

One of the largest waste categories at the Southern Landfill is wastewater (sewage) sludge. This accounts for about a quarter of the waste that enters the landfill.

Through Te Atakura (our Zero Carbon Plan) and our Regional Waste Minimisation and Management Plan we have formally committed to reducing carbon emissions and reducing waste by a third. Minimising wastewater sludge is a necessary first step to achieving these objectives.

We need to break the link between the Southern Landfill and wastewater sludge and stop pumping sludge across the city, as 2020 highlighted the serious resilience issues and the significant consequences of failure.

Our preferred option is to invest in a sludge minimisation programme through another funding source. This means the project would not be funded by Council, but if it is funded through a Special Purpose Vehicle, a levy of about $70-$100 per year will be charged to each ratepayer.

A summary of the proposed investment in sludge and waste minimisation is on pages xx - yy of the Consultation Document**Which of these options do you prefer?**

	Sludge minimisation through alternate funding (Council's preferred option, $147m-$208m capital investment funded through a levy, no additional rates increase)
	No change in current practice (no change to investment, rates or debt)
	Invest in technology at Southern Landfill ($86m-$134m capital investment and additional 0.39% rates increase)
	Sludge minimisation – through Council funding ($147m-$208m capital investment, above debt limit, and additional 1.65% rates increase)
	None of these options
	Don't know

Question 8 – Feedback on these decisions

Do you have any comments you would like to provide around why you selected your preferred option to any of these decisions, or why you don't support any of the options we proposed? If yes please indicate what decision/s you wish to provide comment on.

	Investment in three waters infrastructure

	Wastewater laterals
	Cycleways
	Te Atakura (Climate change)
	Central Library
	Sludge and waste minimisation
	Te Ngākau funding for future work
	None of these

If this space is not adequate for your comments, please feel free to attach supporting information to the submission. Please be clear what decision you are commenting on.

Question 9 – Proposed 10-year budget (See pg 9 for details)

Our draft budget, has an average rates increase for the average ratepayer of 5.3 percent after growth across the 10 years of the plan. We also propose setting a limit on how much we can raise from general rates - $465m for each year across the first 3 years of the plan and, $630m each year across years four to ten.

The first year of the plan has a rates increase of 13.5 percent (after growth) and there is an average of 9.9 percent (after growth) over the first three years. This is higher than previous plans because of the **key challenges** faced by the city including infrastructure, housing, earthquake strengthening and and COVID-19 impacts.. Therefore, we now require a step up in the level of rates we charge. Details of the key challenges are on page xx of the **Consultation Document**.

Our proposed budget also represents our highest ever level of capital investment in Wellington. It addresses the need for increased investment in our three waters infrastructure and transport network and seismic strengthening of key buildings, along with making progress against all our other priority community objectives.

Our debt levels for this plan, including the value of uninsured assets, range from 134 percent to 239 percent of our annual income. Our proposed limit is 225 percent.

We think this is a sensible limit on our borrowing to ensure that the impact on affordability of rates is maintained and leaves enough ‘headroom’ to ensure we can repay our debt, and respond to expected but unfunded and unexpected future events and opportunities.

Do you support the proposed 10-year budget?

	I strongly support the proposed budget
	I somewhat support the proposed budget
	Neutral
	I somewhat oppose the proposed budget
	I strongly oppose the proposed budget
	Don’t know

Question 9.a) – If you stated in Question 1 that you are neutral or do not support the proposed budget. Do you support increasing or decreasing spend?

	I support increasing spend in the current budget
	I support decreasing spend in the current budget
	I support keeping the budget the same but with some changes
	Don’t know

Question 10 – Any other feedback on what is proposed for the 10-year Plan

Future decisions

The Consultation Document also signals other decisions that are coming up in the time of this plan, but that we do not have enough information on at this stage for a detailed consultation.

Other projects

We also have many other services and projects detailed in our Statements of Service Provision.

Council Fees and charges

We have also made changes to some of our fees and user charges. More information on these are available on our website: https://wgtn.cc/ltp and available at our libraries and service centre.

Do you have any comments you would like to provide about the big decisions, fees and user charges changes, other future issues or any other general feedback on our 10-year plan and budget?

Thank you very much for your submission!