Volume two | Wellington City Council's Long-term Plan 2018-28

Our 10-Year Plan
Tō mātou mahere ngahuru tau

Absolutely Positively Wellington City Council
Me Heke Ki Pōneke

Volume 2 (this document) includes:

- significant assumptions underpinning this plan
- financial policies and strategies that support this plan.

Volume 1 includes:

- an overview of the outcomes and priority areas we are working towards
- a description of our services and key projects
- how we will track performance against outcomes and performance targets for services
- supporting and financial information on what it costs to deliver those services.

Contents

Part G: Policies and Strategies **2**
Significant Forecasting Assumptions 3
Financial and Infrastructure strategy 2018-48 21
Wellington Waterfront Development Plan 68
Summary of Significant Accounting policies 70
Revenue and Financing Policy 82
Investment and Liabilities Management Policies 154
Rates Remission Policy 159
Rates Postponement Policy 166
Significance and Engagement Policy 167

Part G

Policies and Strategies

Significant Forecasting Assumptions

The following tables detail and summarise the significant forecasting assumptions used in developing financial estimates for Our 10-Year Plan 2018-28, including assumptions concerning sources of funding for the future replacement of significant assets. Also included are the risks underlying each assumption, as well as:

- an assessment of the level of uncertainty
- an estimate of the potential effects of that uncertainty on the financial estimates.

These assumptions cover a 10-year period to ensure there is a consistent and justifiable basis for the preparation of financial forecasts and strategies for the 10-year plan.

SUMMARY

ASSUMPTION	LEVEL OF UNCERTAINTY	RISK LEVEL (LIKELIHOOD THAT RISK WILL OCCUR)	CONSEQUENCE (OR EFFECTS OF THE UNCERTAINTY OR RISK)
General assumptions			
1. Strategic direction	Low	Low	Minor
2. Key challenges	Moderate	High	Moderate
3. 10-year plan priorities	Low	Low	Minor
4. Economic growth	Moderate	Moderate	Moderate
5. Population growth	Moderate	Low	Moderate
6. Growth in ratepayer base	Moderate	Moderate	Moderate
7. Levels of service	Moderate	Moderate	Moderate
8. Cost savings and efficiencies	Moderate	Moderate	Moderate
9. Cost of major projects	High	Moderate	Moderate
10. Resource consents	Low	Moderate	Low
11. Civil defence and emergency	Moderate	Low	High

ASSUMPTION	LEVEL OF UNCERTAINTY	RISK LEVEL (LIKELIHOOD THAT RISK WILL OCCUR)	CONSEQUENCE (OR EFFECTS OF THE UNCERTAINTY OR RISK)
12. Urban development	Moderate	Low	Low
13. Housing - Strategic Housing Investment Programme (SHIP)	Moderate	Moderate	Moderate
14. Water treatment (Havelock North drinking water inquiry)	Low	Low	Low (reassessed once standards detail is known)
Financial assumptions			
15. Inflation	Low	Low	Moderate
16. Expected interest rates on borrowings	Low	Low	Moderate
Expected return on investments			
17. Wellington International Airport Limited shareholding	Low	Low	Low
18. Wellington Cable Car Limited	Low	Low	Low
19. Wellington Regional Stadium Trust loan	Low	Low	Low
20. Targeted accommodation rate	Moderate	Moderate	Moderate
21. Convention Centre	Moderate	Low	Low
22. New Zealand Transport Agency (NZTA) funding	Low	Low	Low
23. Vested assets	High	Low	Moderate
24. Sale of assets	Moderate	Moderate	Moderate
25. Sources of funds for the future replacement of significant assets	Low	Low	Low
26. Useful lives of significant assets	Low	Low	Low
27. Depreciation and revaluation of property, plant and equipment (including water and transport assets)	Moderate	Low	Low
28. Revaluation of investment properties	Moderate	Low	Low
29. Insurance	Moderate	Moderate	Moderate
30. LGFA Guarantee	Low	Low	Low
31. Renewal of external funding	Low	Moderate	Moderate
32. Weathertight homes	Low	Moderate	Low
33. General rates differential	Low	Moderate	Low

DETAILED ASSUMPTIONS

ASSUMPTION	LEVEL OF UNCERTAINTY (HIGH, MODERATE, LOW)	RISK	RISK LEVEL (HOW LIKELY RISK WILL OCCUR - HIGH, MODERATE, LOW)	EFFECTS OF THE UNCERTAINTY/RISK	MITIGATION
General assumptions					
1. Strategic direction A key assumption guiding the development of Our 10-Year Plan is that the strategic direction set out in the strategy Wellington Towards 2040: Smart Capital will remain and continue to be supported by Wellington residents. The strategy focuses on ensuring Wellington prospers and is resilient against threats, both natural and economic. It has four long-term city outcomes: • A people-centred city • An eco city • A connected city • A dynamic central city These outcomes will continue to be the long-term goals for our city and influence the Council's funding and delivery of its services and infrastructure development. This strategy and its goals have also been integrated with the Council's 3-year work programme (Triennium Plan), and consulted on with residents as part of the Annual Plan 2016/17.	L	That the strategy Wellington Towards 2040: Smart Capital does not enable Wellington to sustain progress towards its goals.	L	An erosion of resident support for the strategic goals, supporting strategies and underlying strategic investment programmes.	The Council will continue to: • review performance data and local and global trends to ensure the foundations underpinning the strategy remain relevant for Wellington • provide ongoing reporting and engagement (for example, through its annual plans) with residents to communicate our progress towards the long-term outcomes.

ASSUMPTION	LEVEL OF UNCERTAINTY (HIGH, MODERATE, LOW)	RISK	RISK LEVEL (HOW LIKELY RISK WILL OCCUR - HIGH, MODERATE, LOW)	EFFECTS OF THE UNCERTAINTY/RISK	MITIGATION
2. Key challenges The key challenges in our operating environment that are the focus of this plan are: Our economy generally performs very well, but in terms of GDP growth still lags behind the New Zealand average. Our challenge is to maintain the current growth and support the diversification of the economy so that it is strong and sustainable. • *Managing the demands of growth.* More people want to live here and our population is growing steadily. Up to 280,000 people are expected to call Wellington home by 2043. This will put pressure on transport, infrastructure, and housing - particularly in the inner city. The city will need up to 30,000 more housing units, along with investment in transport infrastructure, and higher capacity in water and wastewater infrastructure. • *Making the city more resilient.* In November 2016, we experienced a significant earthquake. Wellington responded well, but there is more work to do. The climate is also changing and we need to find ways of living with a higher frequency of extreme weather events. We also need to factor in rising sea levels. In this plan, one of the main priorities is to improve the city's resilience, which is why we're proposing increased investment in Council buildings and core infrastructure. • *Developing areas where we have a competitive advantage.* We've invested extensively in the arts over many decades and our city has an enviable reputation as a centre of culture. That didn't happen by accident: we, along with central government and others, have been supporting and investing in the sector for years. But other cities are also investing in these areas, and we need to make sure investment levels are high enough to support a thriving arts and culture sector in the city. In this plan, we're proposing to invest in earthquake strengthening cultural facilities such as the Town Hall and the St James Theatre, and to increase funding support for the city's arts and cultural activities. • *Maintaining economic growth.* Wellington offers a high quality of life, provides a good range of services and facilities, and looks after its people and the environment. All of this requires a healthy and strong economy. Our economy generally performs very well, but in terms of GDP growth it still lags behind the New Zealand average and other major cities. Our challenge is to maintain the current growth and support the diversification of our economy so that growth is sustainable. As a result, this plan includes proposed investment in an indoor arena and a Movie Museum and Convention Centre.	M	The key challenges will increase beyond the Council's ability to fund and or deliver programmes that enhance the city's ability to cope with these challenges.	M	Quality of life in Wellington will not meet residents' expectations.	Implementing programmes that are well researched, integrated and effectively managed to mitigate the undesirable impacts of these challenges. The strategy Wellington Towards 2040: Smart Capital includes a focus on ensuring that the Council continues to develop its capacity to mitigate in advance.

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3. 10-year plan priorities With these challenges in mind, we identified five priority areas for this 10-year plan. They provide focus for the activities in the plan, guide the funding of our programmes and support progress towards our long-term outcomes. • *Resilience and environment* - We propose investing in core infrastructure and making our city more resilient against future shocks. In preparing for future risks, we assess the likelihood and its estimated impact on the community. We assume the likelihood of a tsunami occurring once every 2,500 years and there is a 10 percent chance of a major earthquake on the Wellington Fault in the next 100 years. Our planning for future events will continue to be informed by regional event forecasts by organisations such as GEONET (see https://www.geonet.org.nz/earthquake/forecast/kaikoura). • *Housing* - We propose to continue investing in social housing and increase our involvement in a range of housing options, including affordable housing and facilitating accommodation of our growing population. • *Transport* - We propose investing in transport initiatives to maintain easy access in, out and around our city, promoting alternatives to the private car, and reducing congestion. • *Sustainable growth* - We propose investing in economic catalyst projects to continue to stimulate economic growth and diversification, and undertaking comprehensive spatial planning for how and where the city will grow to accommodate a growing population. • *Arts and culture* - We propose investing in arts and culture in a context of increasing global competition to maintain our position as a vibrant, edgy capital.	**L**	That the 10-year plan priorities do not adequately address the current challenges.	**L**	If the priorities do not adequately address the identified challenges then: • risks inherent in the challenges are likely to increase and erode Wellington's liveability • progress towards the long-term outcomes and *Smart City* vision is likely to slow.	We have developed a 10-year plan around these priorities to address the challenges. The key projects included in this plan were backed by a business case that identified alignment with these priorities, our long-term outcomes and how the project will mitigate the effects of the challenges we face. We will monitor and report our progress on these priorities.

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4. Economic growth The development of Our 10-Year Plan 2018-28 reflects a local economy that is growing, with that expansion remaining broad-based across a range of economic indicators. Strong population growth from overseas migration continues to drive activity, growth and consumption. The population is currently growing at around 2.0 percent per annum, which is double the 10-year average. (See item five below for more details on population growth.) ***Tourism*** continues to rebound after the November 2016 earthquake, with guest nights in the city recovering due mainly to strong international tourism growth. The ***labour market*** is tightening, with unemployment continuing to trend downwards and demand for highly skilled labour continuing to increase. The majority of jobs are being created across the professional services, finance, health, construction and hospitality sectors. The tightening in the labour market has yet to be reflected in wage growth. We project that positive GDP growth will continue - within the range of the last 3 years at 1-3 percent.	M	Economic growth is lower than forecast due to: • external market factors • strategies are not developed to help diversify the economy and to improve productivity, making the city's economy more resilient • insufficient investment in infrastructure/services constrains city development • strategies not developed to attract and retain highly skilled workers in the information services sector • a reduction in the recent above average growth in overseas migration.	M	A strong economy supports a growing ratepayer base, which in turn provides the means for the Council to invest in the city. The economic outlook also affects local businesses, the level of employment and the rate of urban development, which is closely aligned to the level of growth in the ratepayer base. A significant decline in economic growth could impact on the level of unemployment, wage growth and business performance, which may require the Council to reduce its investment programme in some areas.	Ensure economic catalyst projects proceed and support the Wellington Regional Economic Development Agency (WREDA) in growing Wellington’s economy.

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5. Population growth City growth assumptions underpin the Council's Asset Management Plans, capital expenditure budgets, and level of services in the 10-year plan. 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. Forecast inputs are based on Statistics NZ data and detailed information from the Council about current and planned residential activity in the city. They were last updated in November 2016. See our website (wellington.govt.nz) for the population, household and dwelling forecasts for the city and each neighbourhood, together with a list of assumptions that have been incorporated into the forecast. The population forecasts for this plan are:	M	Population forecast growth assumptions are conservative, which may lead to an underestimation of population growth. A risk exists that total population growth continues to track higher than average.	L	If population growth is higher than forecast, added pressure will be put on Council infrastructure and service provision, leading to possible failure to meet expected levels of service or constraining growth.	Moderate growth can be accommodated within the present level of Council infrastructure. 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.

YEAR	WELLINGTON CITY (FORECAST.ID MEDIUM PROJECTION)	WELLINGTON CITY (SNZ HIGH PROJECTION)	CENTRAL WELLINGTON (FORECAST.ID MEDIUM PROJECTION)
2018	211,811	217,770	16,426
2019	213,846	221,270	17,107
2020	215,892	224,430	17,877
2021	218,084	227,360	18,680
2022	220,137	229,900	19,467
2023	222,341	232,400	20,336
2024	224,050	234,900	21,042
2025	225,689	237,610	21,571
2026	227,049	240,100	22,040
2027	228,108	242,740	22,411
2028	229,236	245,340	22,757
Annual average percentage growth	0.8%	1.2%	3.3%

The city's population is expected to grow to between 250,000 to 280,000 people by 2043.

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6. Growth in ratepayer base The Council plans to continue investing in a range of initiatives that will provide an economic catalyst for the city, which we forecast will provide ratepayer growth of: (see table below)	M	The growth in the ratepayer base is higher or lower than projected.	M	The Council uses a number of inputs to form assumptions about growth in the ratepayer base. These inputs include: • property information from its valuation service provider (Quotable Value Ltd.) • forward looking consenting • further expected negative revaluations as a result of the November 2016 earthquake • historic trends. 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 $3.5 million of rates.	We will measure and report on growth in the rating base and review the projections and underlying strategy on a regular basis.

YEAR	CAPITAL VALUE GROWTH	RATE UNITS*
2018/19	0.9%	78,354
2019/20	1.0%	79,138
2020/21	1.2%	80,088
2021/22	1.0%	80,889
2022/23	1.0%	81,698
2023/24	0.8%	82,352
2024/25	0.8%	83,011
2025/26	0.8%	83,675
2027/28	0.8%	84,344
2029/30	0.8%	85,019

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

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7. Levels of service Overall, 70 percent of residents consider that the Council provides value for money services. However, overall pressures on maintaining levels of service delivery (and value for money services to residents) are expected to increase. These pressures are expect to flow from: • accommodating a growing population - particularly in the central city (see also item 5) • an increasing volume of people accessing Council services (demand) • maintaining infrastructure upgrade and renewal cycles for significant assets • increasing regulatory demands - particularly for the built environment, for example building code changes. 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.	M	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.	M	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.	• 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.
8. Cost savings and efficiencies The Council has reviewed its services and explored a range of efficiencies in the preparation of this 10-year plan. Many cost savings from the Long-term Plan 2015-25 have also been carried through, such as increased asset utilisation, shared service models and organisational alignment. For this 10-year plan we have made additional assumptions around the Council's forecast position vacancies for the 10-year duration of the plan.	M	That forecast of position vacancies is too high.	M	Increased costs.	The Council will monitor budget settings on a quarterly basis and can adjust budget requirements through the annual plan process.

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9. Cost of major projects This 10-year plan identifies a number of projects that are likely to have substantial financial implications during the 10-year period of the plan. They are at different stages of development and the specific costs and timing are uncertain but will become clearer as we work through the planning phases. The financial and infrastructure strategy will detail the capacity of the Council to invest in these projects over the 10-year period of the plan. Major projects to be progressed within the 10-year period are as follows. • *Economic catalyst projects* – This series of projects includes the Movie Museum and Convention Centre, a new indoor arena, and an extension to the airport runway. The Council is working with partners and other stakeholders to fund and deliver these projects. Funding is already budgeted, however there is some uncertainty around the timing and total costs to complete these projects. Budget rephasing may be required to continue to accommodate these projects within budgets. There is also a requirement for central government to contribute funding to the Movie Museum and Convention Centre. • *Let's Get Wellington Moving* – This programme of work has a number of options out for consultation. A provisional figure is included in the 10-year plan budget. This funding provision may have to be scaled up or down depending on decisions made. • *Resilience projects* – A number of large infrastructure projects are programmed in the plan to make our 3 waters infrastructure more resilient. This includes $32 million for construction of the new Prince of Wales/Omāroro reservoir. • *Earthquake strengthening* – A number of Council buildings will be strengthened during the 10-year period of this plan. This includes the Town Hall, the Bond Store (Wellington Museum), the St James Theatre and Opera House.	H	The construction market is tight reflecting a strong economy, significant investment in transport infrastructure in the region, a housing shortage, and the recovery phase to the last earthquake still underway. There is a risk that that if our work is not appropriately phased the budget allocated will be insufficient to fund the projects identified. There is also a risk that partnership funding (such as regional contribution towards the indoor arena) does not eventuate or is less than assumed.	M	We expect to be able to manage increases in costs of these major projects within existing budgets - through rephasing of the project itself or of other projects to free up the required funding. This would lead to a delay to some projects. For specific service level impacts, refer to Part G - Financial and Infrastructure Strategy. Any changes to budget or increased costs will be communicated through annual reports and plans.	Continue to monitor the construction market and rephase work as necessary through future annual plans.
10. Resource consents 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.	L	Conditions of resource consents are altered significantly. The Council is unable to renew existing resource consents upon expiry.	M	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 and does not contemplate any material departure from these requirements over the next 10 years.

<table>
<tr><th>ASSUMPTION</th><th>LEVEL OF UNCERTAINTY (HIGH, MODERATE, LOW)</th><th>RISK</th><th>RISK LEVEL (HOW LIKELY RISK WILL OCCUR - HIGH, MODERATE, LOW)</th><th>EFFECTS OF THE UNCERTAINTY/RISK</th><th>MITIGATION</th></tr>
<tr><td>11. Civil defence and emergency
(a) The 10-year plan is prepared on the basis that the city is continually improving its emergency preparedness, and whilst the impact of a major natural disaster cannot be accurately predicted (and therefore the response required), increased community preparedness and regional consistency will continue to be cornerstones of our approach.
(b) In line with the rest of New Zealand, we will continue to follow the ‘4Rs’ to underpin our emergency preparedness and resilience strategy. The ‘4Rs’ refer to our Resilience Strategy see https://wellington.govt.nz/about-wellington/wellington-resilience-strategy.
• reduction of risk
• readiness for an event
• response when it occurs
• recovery, post-event.
(c) The focus areas for continuously improving our disaster preparedness within our plan are and will continue to be:
• improving our emergency response mechanisms
• earthquake-prone buildings
• water and wastewater
• transportation
• welfare
• community preparedness.
(d) In any major event where our capacity is exceeded, we assume that regional and national entities and international assistance can be called upon when required.
(e) The financial impact of a significant event is difficult to estimate before it happens; however, we can consider the direct and indirect financial impact of previous significant events when planning our long-term budget. Our work to improve the city’s resilience and emergency preparedness should also lessen the impact of such events in the future, although a large event will have a significant impact on the expenditure programme in this plan.</td><td>L</td><td>That a significant event occurs (such as a major earthquake) and:
• insufficient risk reduction measures are in place to prevent large numbers of casualties and/or
• inadequate response mechanisms are not suitably prepared to effectively manage an emergency to prevent large numbers of casualties.</td><td>M</td><td>The city is unable to recover sufficiently or quickly enough in order to prevent long-term adverse effects on the population or local economy.</td><td>Although the probability of a major earthquake or other natural disaster within the lifespan of this plan is low, we take emergency preparedness very seriously. We believe that preparedness activities are never finished and therefore aim for continuous improvement.
The Council is 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 plan 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.</td></tr>
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12. Urban development A staged review of our District Plan is assumed for this 10-year plan period to guide how and where the city will grow over time. The review will incorporate our response to the Government's National Policy Statement on Urban Development Capacity as well as setting a clear direction for growth in the city and ensuring capacity and feasibility for development. Making space for growth while also maintaining and protecting our natural environment will be crucial to a thriving Wellington. To complete both stages of work and implement District Plan changes we will be making provision in the budget for operational funding over the 10 years of the plan.	M	That there is a lack of community consensus on how and where the city will grow over time, that this delays District Plan changes, while population growth continues strongly.	L	The city lacks a comprehensive plan for how and where it will accommodate future growth. This could create uncertainty for developers, delay infrastructure investment and impact on housing supply.	A strong communication and engagement programme to articulate the issue and the options. This work has already started with the Our City Tomorrow programme.
13. Housing - Strategic Housing Investment Programme The Council is proposing to take a more active role to avoid an Auckland style housing crisis in Wellington. The programme involves: • identifying new land for development and existing Council housing sites for redevelopment and intensification • undertaking master planning work, geotechnical work, and site clearance for redevelopment • leveraging surplus land / sites to attract investment from other housing providers, developers and/or central government to deliver affordable housing. We have assumed that: • the development of social and affordable housing is likely to involve partnering with developers and other housing providers • construction of the Council's social housing units will be funded through the existing Housing Upgrade Programme (and any disposal / lease of surplus land) • the construction of affordable housing units will be funded and delivered by development partners.	M	The main area of uncertainty relates to the timing and quantity of any revenue from disposal or lease arrangements. This can only be determined as business cases for specific sites are looked at in detail, and after discussions with development partners.	M	Consequently, no specific funding has been included in our 10 year budgets at this time.	It is assumed any divestment revenue goes towards supporting the delivery of the Housing Upgrade Programme. Specific sites and proposals will be subject to further consultation through the annual plan process.

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14. Water treatment (Havelock North Drinking Water Inquiry) Increased treatment standards (particularly related to the treatment of water from previously 'secure' sources and chlorination) are going to gain strong support and are likely to be implemented as a result of the Havelock North Drinking Water Inquiry. The OAG's auditors, as part of their audit, will be specifically asking councils what the impact is and how it has been addressed in the LTP. The SOLGM Business Performance Working Party has recommended that it is likely stricter treatment standards will result from the enquiry. In particular, standards related to the treatment of water from previously considered 'secure' sources of drinking water. For this LTP we are assuming that more stringent Drinking Water Standards are "more likely".	L	Any increase in the standards relating to the treatment of water from previously 'secure' sources and chlorination that requires a material change to our current approach. All the water that Wellington Water supply to Wellington, Porirua, Lower Hutt and Upper Hutt is chlorinated.	L	Undetermined until standards known.	
Financial assumptions					
15. Inflation The Council has adjusted base financial projections to reflect the estimated impact of inflation.	L	That actual inflation will be significantly different from the assumed inflation.	L	Inflation is affected by external economic factors, most of which are outside of the Council's control and influence. 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.	Annual review through the annual plan process.
Inflation rates applied – Inflation rates have been estimated using the BERL Forecasts of Price level Change Adjustors to 2028. We also assume that the Reserve Bank will use monetary controls to keep CPI within the 1.5 percent to 3 percent range.	L	Inflation exceeds forecasts. The BERL personnel forecast is for New Zealand as a whole, and not specific to Wellington. The city currently enjoys low unemployment and with central government departments also a significant employer in the city, the labour market is tight.	L	The Council's costs increase faster than planned.	

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Planning and regulation	1.96%	2.12%	2.08%	2.13%	2.17%	2.30%	2.34%	2.37%	2.40%	2.50%
Roading	2.06%	2.21%	2.16%	2.30%	2.34%	2.46%	2.49%	2.60%	2.69%	2.78%
Transport	2.06%	2.02%	2.07%	2.22%	2.26%	2.30%	2.33%	2.53%	2.55%	2.65%
Community Activities	1.67%	2.03%	2.09%	2.14%	2.18%	2.22%	2.35%	2.38%	2.41%	2.60%
Water and Environmental Management	2.36%	2.50%	2.25%	2.38%	2.42%	2.53%	2.56%	2.66%	2.75%	2.83%
Personnel	1.60%	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%	2.10%

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The inflation rates above have been applied across all items included in the Long-term Plan budgets with the exception of: ***Personnel Costs*** - An additional provision of 1 percent increase in personnel costs has been included for each of the first five years to address the gap between Council average remuneration and the local government market median.		That the market median moves at a higher or lower rate than forecast.		Further adjustments to personnel cost budgets and/or staffing levels may be required in future plans.	

ASSUMPTION	LEVEL OF UNCERTAINTY (HIGH, MODERATE, LOW)	RISK	RISK LEVEL (HOW LIKELY RISK WILL OCCUR - HIGH, MODERATE, LOW)	EFFECTS OF THE UNCERTAINTY/RISK	MITIGATION
Revenue from investment properties - not inflated as most ground leases are subject to fixed rentals across the period.		The relevant revenue streams identified are influenced by changes in prices or the rate of inflation.			
Petrol tax - forecast to remain constant. Revenue from petrol tax is driven by tax rates and volumes - both of which are expected to remain constant over the 10-year period of this plan.		That the revenue streams identified fluctuate annually as a result of external factors outside the control of the Council.		Although the revenue streams may vary annually due to factors outside the control of the Council (for example, petrol consumption may vary and therefore affect the revenue received from Petrol Tax) it is not considered that annual variances will have a material effect on the financial forecasts in the plan.	
Interest revenue - forecast to remain constant. Interest rates do not increase annually in line with rates of inflation. Refer section below.		N/A			
Dividends - Although rates of inflation will affect the revenues and expenditures of those entities distributing dividends to the Council it is not anticipated that the level of dividend will be influenced by rates of inflation in the future.		N/A			
16. Expected interest rates on borrowings Interest is calculated using the following interest rates: (see table below)	L	That prevailing interest rates will differ significantly from those estimated.	L	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.	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.

YEAR	INTEREST RATE %
2018/19	4.30% per annum
2019/20	4.45% per annum
2020/21	4.65% per annum
2021/22	4.80% per annum
2022/23	5.00% per annum
2023/24	5.25% per annum
2024/25	5.35% per annum
2025/26	5.40% per annum
2026/27	5.45% per annum
2027/28	5.60% per annum

ASSUMPTION	LEVEL OF UNCERTAINTY (HIGH, MODERATE, LOW)	RISK	RISK LEVEL (HOW LIKELY RISK WILL OCCUR - HIGH, MODERATE, LOW)	EFFECTS OF THE UNCERTAINTY/RISK	MITIGATION
Expected return on investments – the Council has forecast the following returns for significant investments:					
17. Wellington International Airport Limited shareholding It is assumed that the Council will retain its existing investment in WIAL of 34 percent and that a regular flow of revenue will be received by way of dividend.	L	That the Council receives less than the forecast level of dividend.	L	The level of dividend is dependent on the financial performance of the company. If the actual returns are significantly less than forecast, the Council will need to look for alternative funding through rates or borrowings.	Regular monitoring of the financial performance of WIAL.
18. Wellington Cable Car Limited It is assumed that the Council will retain its existing investment at current levels. No dividends are assumed across the 10-year period of this plan.	L	That the financial performance of the company declines.	L	The level of dividend is dependent on the financial performance of the company. If the actual returns are significantly less than forecast, the Council will need to look for alternative funding through rates or borrowings.	Regular monitoring of the financial performance of the company.
19. Wellington Regional Stadium Trust loan In accordance with the terms of the loan, no interest has been forecast across the 10-year period of this plan. The loan is due to be repaid once the Trust has repaid all of its other liabilities and borrowings. The Trust may return part of its annual operating surplus to the Council to repay all or part of the outstanding loan. We assume no interest or loan repayment for this plan.	L	No interest or loan repayments are forecast in this plan.	L	None, as the assumption in this 10-year plan is for no interest or loan repayments.	Regular monitoring of the financial performance of the Trust.
20. Targeted accommodation rate This plan includes a broad range of investments that will support the visitor economy. In the coming year we will explore options around introducing a visitor based targeted rate from year 3 of this plan. We are including the rate in the out-years because we want to go through detailed analysis and talk to a wide range of stakeholders to make sure the new rate is fair and equitable.	M	The targeted rate is not approved or approved at a lower rate than planned.	M	In the event that the targeted rate does not eventuate or is set in place at a lower level than assumed, then there would be a consequential increased rates impost.	
21. Convention Centre We have assumed: • a $25 million government contribution for the Convention Centre.	M	That operating surpluses returned to the Council are lower than forecast.	L	In the event that operating surpluses do not eventuate or operating losses are incurred then there would be a consequential increased rates impost.	Operating forecasts assume a mid-case scenario based on a business case with robust and sound assumptions. A range of industry experts (including PricewaterhouseCoopers, BERL Economics, Howarth HTL Ltd, and Covec Ltd) were engaged in preparing and reviewing the business case. The business case has been prepared in full knowledge of the planned developments in other regions. Regular monitoring of the financial performance of the Convention Centre will enable the management of any operating risks.

ASSUMPTION	LEVEL OF UNCERTAINTY (HIGH, MODERATE, LOW)	RISK	RISK LEVEL (HOW LIKELY RISK WILL OCCUR - HIGH, MODERATE, LOW)	EFFECTS OF THE UNCERTAINTY/RISK	MITIGATION
22. New Zealand Transport Agency (NZTA) funding 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. The NZTA's funding assistance system was reviewed during 2012-14 resulting in a revised normal funding assistance rate (FAR). Since 2015 we have been on a transition toward the normal FAR. We have now reached the normal FAR so is expected to remain at 51 percent of eligible expenditure for the period of the plan.	L	That the NZTA makes further changes to the subsidy rate, the funding cap or the criteria for inclusion in the subsidised works programme.	L	Variations in the subsidy rates of approximately 1 percent would not impact the Council's funding income stream due to current eligible expenditure being in excess of the current funding cap.	
23. Vested assets No vesting of assets is forecast across the 10-year period of this plan.	H	That the Council will have assets vested thereby increasing the depreciation expense in subsequent years.	L	The level of vested assets fluctuates considerably from year to year and is unpredictable. Historical levels have not been material. The recognition of vested assets in the income statement is non-cash in nature and will have no effect on rates. The financial effect of the uncertainty is expected to be low.	
24. Sale of assets We have assumed asset sales of $35.2m will be realised to repay borrowings across the 10-year period of this plan.	M	That the sale of assets do not occur at forecasted levels.	M	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.	
25. Sources of funds for the future replacement of significant assets Sources of funds for operating and capital expenditure are obtained in accordance with the Revenue and Financing Policy.	L	That sources of funds are not achieved.	L	User charges have been set at previously achieved levels. Depreciation is funded through rates. The Council is able to access borrowings at levels forecast within the plan.	
26. Useful lives of significant assets The estimated useful lives of significant assets will be as shown in the Statement of Accounting Policies.	L	That assets wear out earlier or later than estimated.	L	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.	
The majority of the significant assets will continue to be revalued every 3 years.	L	That Council activities change, resulting in decisions not to replace existing assets.	L		These impacts could be mitigated as capital projects could be reprioritised in the event of early expiration of assets.
It is assumed that assets will be replaced at the end of their useful life.	L	That the Council replaces assets before the end of useful life.	L		The Council has a comprehensive asset management planning process. Where a decision is made not to replace an asset, this will be factored into capital projections.

ASSUMPTION	LEVEL OF UNCERTAINTY (HIGH, MODERATE, LOW)	RISK	RISK LEVEL (HOW LIKELY RISK WILL OCCUR - HIGH, MODERATE, LOW)	EFFECTS OF THE UNCERTAINTY/RISK	MITIGATION
Planned asset acquisitions (as per the capital expenditure programme) shall be depreciated on the same basis as existing assets.	L	That more detailed analysis of planned capital projects may alter the useful life and therefore the depreciation expense.	L		Asset capacity and condition is monitored, with replacement works being planned accordingly. Depreciation is calculated in accordance with accounting and asset management requirements.
27. Depreciation and revaluation of property, plant and equipment (including water and transport assets) These forecasts 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 • Revaluation movements shall equate the inflation rates applied for all depreciable property, plant and equipment (refer to the "Inflation" section) • The depreciation impact of inflation shall be in the year following revaluation • The value of non-depreciable assets (such as land) is forecast to remain constant	L	That actual revaluation movements are significantly different from those forecast.	L		The majority of the Council's depreciable property, plant and equipment assets are valued on a depreciated replacement cost basis. Therefore, using the projected inflation rate as a proxy for revaluation movements is appropriate and consistent with the treatment of price changes generally within the 10-year plan. For land assets valued at market value (based on sales evidence), values have been assumed to remain constant. This reflects the wide disparity in views on the sustainability of current residential market prices.
28. Revaluation of investment properties It is assumed that the value of investment properties accounted for at fair/ market value will change by the Local Government Cost Index (LGCI) across the 10 year plan.	M	That actual revaluation movements will be significantly different from those forecast	L		For assets valued at market value (based on sales evidence), values have been assumed to remain constant. This assumption has no impact on depreciation as these assets are not depreciated.
29. Insurance The Council will maintain asset insurance sufficient to indemnify itself against the expected damage caused in a one in one thousand year earthquake event. In November 2016 the Civic Administration building (CAB) suffered significant damage during the 14 November 2016 earthquake. The building was immediately closed and has remained closed since the event. This building is subject to an insurance claim, which covers both the repair costs and the relocation costs.	M	The CAB insurance claim is still in progress. The Council's preliminary assessment of earthquake repairs is in the region of $33.0 million. The indemnity value of CAB under Council's insurance value is $48.7 million. The insurance policy has a deductible of $5.0 million. While an estimate of the repair and relocation costs has been obtained by the Council and provided to the insurer there are still subject to discussion and agreement with the insurer.	M	This means that the amount that the Council will receive cannot be reliably measured.	The Council has maintains a sensitivity analysis of the estimated building impairment while Insurer discussions proceed.

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30. LGFA Guarantee 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.	L	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.	L	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.	
31. Renewal of external funding It is assumed that the Council will be able to renew existing borrowings on equivalent terms.	L	That new borrowings cannot be accessed to fund future capital requirements.	M	Future capital programmes may be delayed and the Council improvement programmes/infrastructure assets may not receive the required investment.	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.
32. Weathertight homes 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 10-year period of this plan.	L	That the level of the claims and settlements is higher than provided for within the 10-year plan.	M	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 $50 million, a 1 percent change in this figure would equate to $0.5 million.	
33. General rates differential The general rates differential will remain at 2.8:1 Commercial: Base/Residential over the 10-year period of this plan.	L	That the Council makes the decision to change the general rates differential from forecast.	M	Should the Council decide to change the general rate differential, the maximum it could be expected to move would be from 2.8:1 to 1:1 Commercial: Base/Residential. This could potentially transfer the rates impost from Commercial ratepayers back to Base/Residential ratepayers of approximately $35m-$57m per annum.	

Financial and Infrastructure strategy 2018–48

SECTION 1: OVERVIEW – OUR INTEGRATED INFRASTRUCTURE AND FINANCIAL STRATEGY

This strategy has been directly guided by the city's vision *Wellington towards 2040: smart capital*, Revenue and Financing policy, and asset management plans. It aligns with the 10-year priorities that are the foundation for Our 10-Year Plan 2018-28, and underpins progress towards our city's vision and long-term city outcomes.

The integrated infrastructure and financial strategy describes how the Council intends to manage its infrastructure assets over 30 years and how our financial settings will allow for the required investment on our infrastructure and service levels. We have significant investment planned over the next 30 years, integration with our financial strategy is crucial to maintaining a healthy financial position while delivering on our long-term city outcomes.

The purpose of the integrated strategy is to:

- identify significant infrastructure challenges for the city and any options for managing those challenges
- enable prudent and sustainable financial management by forecasting future costs (30 years), showing how it is intended to fund these, and setting limits to the funding
- provide a context for consulting with the community on the Council's proposals for expenditure, and how this will be funded.

The following table summarises the five key elements of our integrated infrastructure and financial strategy.

1. 2040 Vision community outcomes

2. Operating environment key challenges /opportunities

- Population growth
- Stronger economy
- Looking after our strengths
- Rates and borrowing levels
- Managing demand
- Increased investment in resilient infrastructure

3. Five strategic priority areas / Triennium work programme

4. Financial strategy

Key aims:

- Balanced budget
- Prudent financial management
- Affordable rates
- Net debt within borrowing limits
- Fund depreciation where borrowings are incurred to build or replace assets
- Timely funding of new infrastructure assets to support city development
- Sufficient insurance cover for natural disaster risks
- Maintain financial capacity to fund priority programmes and natural disaster recovery

Key strategies:

- Maintain a sustainable financial position for the Council and future generations
- Balance today's funding requirements with the ability to fund future opportunities and ensure it is equitable for future generations
- Time the renewal, upgrade or growth of our infrastructure assets to meet demand and maximise asset utilisation and value for money
- Mitigate any financial risks to the Council's financial position
- Development contributions to meet a portion of the costs of new or upgraded investment
- Maintain a prudent level of insurance to cover the risk of loss (material damage and business interruption)

5. 30-year infrastructure strategy

Likely asset management scenario: Focus investment in priority areas for years 1-10 and Asset Management Plans programmes years 11-30.

Key aims

- Prioritise infrastructure investments to respond to planned increases in levels of service
- Ensure an optimal balance between maintenance and asset renewal programmes
- Increase utilisation where assets have surplus capacity
- Increase our understanding of seismic risks and the impact of climate change on our infrastructure
- Increase network asset resilience and level of service increases for natural disaster recovery
- Ensure essential services are delivered to agreed standards

Key strategies:

- Manage asset renewals to address the deterioration of assets in line with asset management plan (AMPs) risks
- Continuously improve our assets data and systems
- Our AMPs detail the levels of service changes from the $931 million capital upgrades
- Coordinate infrastructure decisions across the Council, subsidiaries, other agencies and local councils within the region
- Continuously improve our AMPs to reflect increased knowledge of seismic risks
- Prioritise funding to the areas where there are specific renewal challenges to overcome

Revenue and funding policies

Asset management plans

Asset management systems, data, standards

Key assumptions: Population, economic, rate payer base growth, urban development

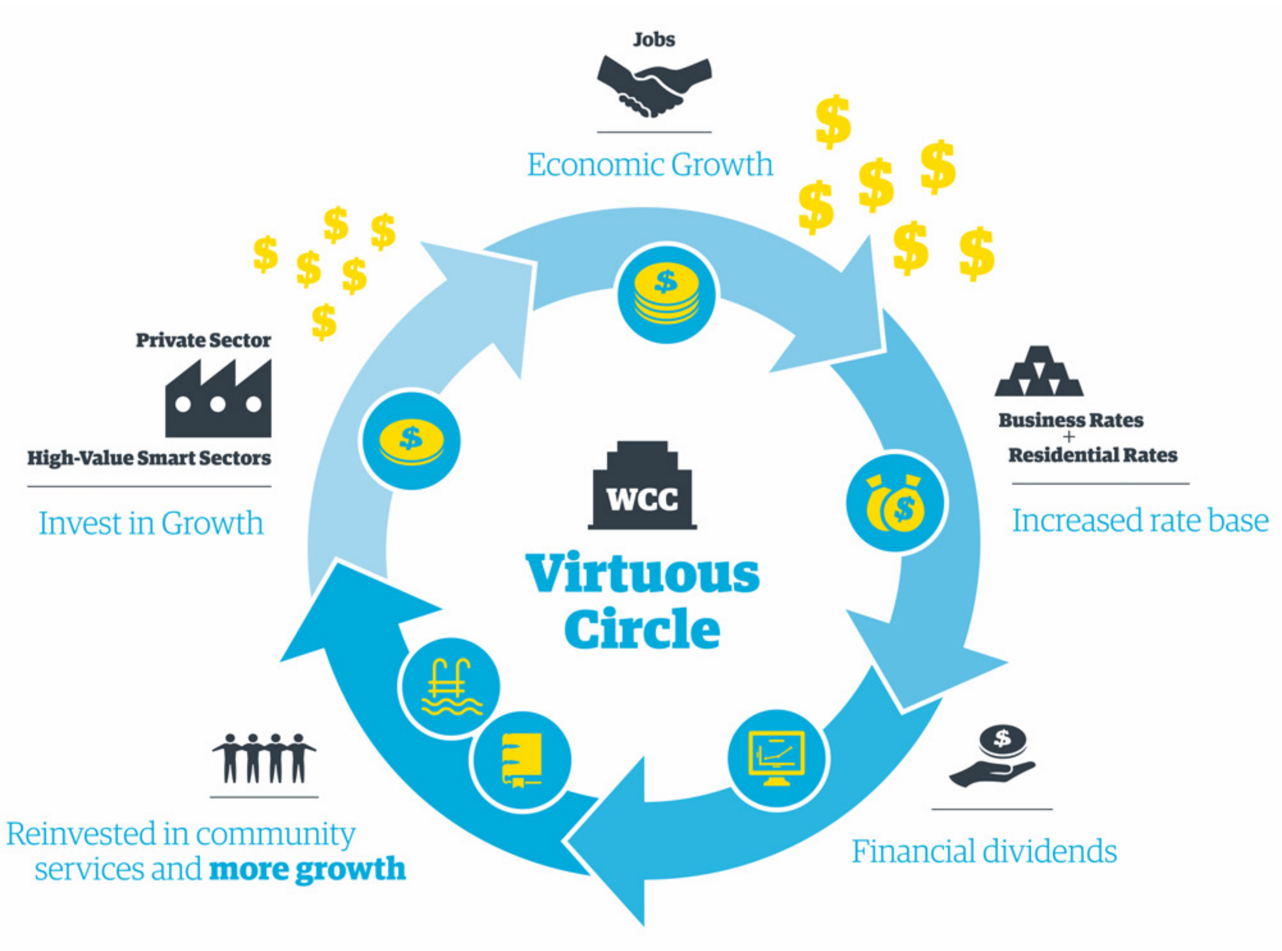
Our 10-Year Plan

SECTION 2: COMPONENT A - STRATEGIC DIRECTION, CHALLENGES AND PRIORITIES

What's changing?

Our current context

The challenges the Council faces are evolving. Three years ago, when we last reviewed our infrastructure and financial strategies and produced a 10-year plan, our strategies and plan focused around stimulating growth. We focused on projects that would have a 'catalyst' effect on improving the economy while ensuring we continued to maintain our assets and existing service levels. Some of our major projects like the Movie Museum and Convention Centre and airport runway extension are yet to be realised, but both the economy and population are growing, and delivering on what we term the 'virtuous circle'.



Our 2018 Financial and Infrastructure Strategy continues to focus on investment in priority areas that will help us grow while also ensuring we have the resources and financial capacity to consider, and where prudent address, the challenges we face.

Our 10-Year Plan, underpinned by this strategy, incorporates an ambitious capital expenditure programme. A programme that focuses on resilience of buildings and our water network provides a transport system that allows for easy access in, out and around our city, and manages and maintains its growth. It also ensures we continue to do the basics well; we maintain and renew our assets across the existing transport and water networks as well as our networks of community facilities like libraries, parks and playgrounds.

In response to a range of challenges (which we discuss in section 3 of this document), we are planning to deliver improvements to our levels of services both in operational areas and in provision of supporting infrastructure (see section 8). In areas not specifically referenced in this document, we plan to maintain levels of service at current levels.

Increasing our asset investment puts extra pressure on the Council's finances and results in an increase in debt. This is because we fund investment in assets to improve our infrastructure by borrowing - we then spread the cost via rates across the years the asset is utilised – ensuring that those who use the asset pay for the asset. We have the balance sheet capacity to undertake this investment while remaining within prudent debt parameters. From an affordability perspective, we are in a strong position because we already fund depreciation over the life of the assets we have built (and initially funded through debt).

This means the increased rates impact of the planned investment is included in the 4 percent average rates increase (after growth and excluding the tourism targeted rate) forecast across the 10 years of our long-term plan. It also means that by funding depreciation, we will have the capacity to fund the asset renewals that are forecast in the later years of our 30-year infrastructure strategy.

Our 10-Year Plan 2018-28 is not without risk, both in our ability to deliver the prodigious capital programme planned and to meet growing service level expectations, but it is backed by a sound financial and infrastructure strategy – we think we have the balance right.

SECTION 3: COMPONENT B - OPERATING ENVIRONMENT CHALLENGES AND OPPORTUNITIES

The following outlines the challenges and opportunities that we face as a city and organisation and how we plan to respond.

Managing the demand for increasing levels of service

The challenge

Wellington has made significant investment in its facilities over many years. There has been a new indoor community centre, investment in our sports fields, the rollout of artificial playing surfaces and investment in pools. Funding has also gone to other areas of Council activity including core infrastructure, the arts, and the environment.

And, as with many other Councils in New Zealand, and indeed abroad, community expectations for improving services is constant and the willingness to pay for ever increasing / improving services is low.

Overall 70 percent of Wellington residents consider that the Council provides value for money services. However, pressures on maintaining levels of service delivery (and value for money services to residents) are expected to increase. These pressures are expected to come from:

- the need to accommodate an increasing population - and more people in the central city
- awareness of risk from natural disasters
- changing lifestyles and transport modes
- more people accessing Council services
- maintaining infrastructure upgrade and renewal cycles for significant assets; and
- increasing regulatory demands – particularly for the built environment.

Our response

Our approach is to ensure essential services are delivered to agreed standards (do the basics well) and prioritise funding to the areas where there are specific renewal challenges to overcome.

We have also reviewed our performance measures and targets to ensure we are able to tell a cohesive story about our performance, being clear about how well we are delivering our services and whether we are meeting community expectations. We have allocated more funding, in our Plan to those areas where we think we are not currently meeting expected levels of service, including playgrounds, housing, arts and culture, waste management, cycling and our transport network. This also includes an extra $0.8 billion extra capital funding for new asset based responses to increase levels of service.

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; and
- beyond that specifically planned and identified later in this strategy, there will be no significant additional impact from above pressures on asset requirements or operating expenditure.

Cost pressures

The challenge

Costs are currently increasing at a faster rate than both CPI (the general consumer inflation index) and LGCI (local government inflation index) due to a combination of resource constraints for specific services and level of service increases.

We have identified a number of cost pressures and initiatives, reflecting increased asset ownership (construction and purchase), community demand for increased / improved services, the need to invest in Council infrastructure and facilities to earthquake strengthen them, new health and safety standards, and increasing unplanned costs that arise from more severe and frequent storm events as a consequence of climate change.

Our response

Cost pressures- apart from those that relate to levels of service -are largely unavoidable. We have made provision for inflation and will revisit these assumptions on an annual basis, to test whether the budgets we have indicated remain achievable. We will continue to manage the city's assets prudently, fund their replacement (through depreciation) and meet the other associated operating costs relating to responsible asset stewardship so that future generations inherit city assets in a good condition.

Managing the demands of population and ratepayer base growth

The challenge

As the city's population increases, the commercial sector will also expand. We expect an additional 28,000 people to work in the city by 2047. With much of the population growth predicted to be in the inner city, and the city centre being the economic hub of the region, good planning that accommodates for both, while also taking into account the effects of climate change will be crucial.

Our response

We're planning the following response:

- *Asset management planning* – City growth assumptions and district plan settings underpin the Council's asset management plans, and direct capital expenditure on network infrastructure and facilities toward growth areas. Infrastructure and facility investment related to growth will continue to be provided for through development contributions.
- *Council investment in housing* – We plan to invest to deliver 750 new social and affordable homes in the city over the next 10 years and will take an active role in improving residents' housing choices, by working with central government and other partners on a range of projects to improve housing standards and supply in the city.
- *Further detailed planning for growth* – New housing is limited by topography, knowledge of likely sea level rise impacts, ground quality and space to put pipes and roads in. Consequently, to accommodate a growing population we are focusing growth towards existing urban areas and the inner city. An initial 3-year focus on a city planning review will respond to forecast levels of population growth and intensification. This will be through the review of the district plan settings, and spatial planning which will model needs and include impact assessments. This will better inform the decisions on requirements in the future.

- *Investment in new infrastructure in the 'Northern Growth' greenfields development areas.* This includes new water reservoirs for Horokiwi and Stebbings, and $24 million of new roads. It also includes public space development to provide extra capacity in Newlands.
- *Ratepayer base growth* – A growing population also results in a growing ratepayer base, which provides the ability to spread increased costs in future years across a bigger rating base. We have conservatively forecast average growth in the ratepayer base (increase in capital value of the city as a result of development) of 0.9 percent per year.

Making the city more resilient

The challenge

In November 2016, we experienced a significant earthquake that tested our city. It responded well, but there is more work to do to improve the city's resilience. With the climate also changing, we need to find ways of living with more severe and frequent extreme weather events. We also need to factor in rising sea levels.

Our response

We're planning the following response:

- Regulate and facilitate strengthening work in the city – In addition to the Resilience Strategy, in July 2017 timelines for strengthening priority earthquake-prone buildings were shortened from 15 to 7 ½ years. Earthquake-prone buildings on strategic routes must also be strengthened within 7 ½ years. Other earthquake-prone buildings must be strengthened within 15 years. The Council monitors the strengthening programme of earthquake-prone buildings in the city and provides funding support.
- Congruent with the regionally set Wellington Resilience Strategy, we plan to strengthen Council infrastructure through the renewal programme – Wellington has been strengthening buildings for over 20 years and each year a proportion of our underground pipes for water, stormwater and sewage pipes are renewed using ductile (earthquake resilient) materials. We have provided the financial capacity within Our 10-Year Plan to continue this work.
- Focusing on critical lifeline areas – We are also planning to fund increased water storage in the city and secure water supply to the central city following a natural disaster event. Two key reservoirs are the new Prince of Wales/Omāroro Reservoir and the upgraded replacement of the existing reservoir in Bell Rd at a cost of $58.5 million. Both situated in the Prince of Wales Park in Mt Cook, these reservoirs will significantly increase the resilience and capacity of stored water volumes for the central city, the Wellington Regional Hospital and the areas of Mt Cook, Aro Valley and Kelburn.
- Most of the Council's buildings are not earthquake prone, but some are, and require strengthening. We have provided $91.2 million in the 10-year plan to strengthen the Town Hall and $11.8 million for St James Theatre in the next few years. We have also sourced alternative office accommodation for the next 5 years to allow time for a permanent solution to be found for the Council's Civic Administration Building, which was damaged in the 2016 earthquake and for the adjacent Municipal Office Building which the Council will be exiting in late 2018 to allow for the Town Hall strengthening work to commence.

Additional funding to respond to climate change impacts – We have provided a new $2 million dollar capital fund in our plan to respond to the impacts of more severe weather events on our land and assets and included additional funding for coastal resilience work.

Maximising our cultural advantage and tourism attractions

The challenge

We have invested extensively in the arts over many decades and our city has an enviable reputation as the capital of culture – it is one of the areas that sets us apart from other cities and provides us with a competitive advantage in terms of visitor attraction.

Other cities are also investing in these areas, and we need to make sure investment levels are high enough to support a thriving arts and culture sector in the city. At the same time, much of our cultural sector relies on facilities that we own as a Council – and some of these are earthquake prone.

Our response

We're planning the following response:

Investment in tourism facilities – We are planning to invest in facilities to increase Wellington's visitor offering and this includes construction of a Movie Museum and Convention Centre, and an indoor arena. We are also planning to help part-fund investment in other infrastructure like the airport runway extension. This would help facilitate the growth and diversification of Wellington's economy.

Investment in the arts – To maintain and strengthen the reputation of Wellington as the cultural capital of New Zealand, we are promoting a 'decade of culture'. Capital funding related to the cultural outcomes is designed to support the sector with high quality venues. The strengthening and refurbishment to allow for future use of the Town Hall and St James Theatre, and $85.7 million of funding towards construction of an indoor arena will provide a significant boost for this sector.

Funding of economic and tourism initiatives – The 10-year plan includes a broad range of investments that will support economic growth. A number of these investments, as mentioned above are strongly focused on the tourist economy. In the coming year, we will explore options around how Wellington's visitor industry might assist or contribute financially from year 3 of the plan to fund activities that support the visitor economy.

Transport – Getting Wellington Moving

The challenge

Wellington's current transport network is already significantly congested at peak times. And as our population grows over time and more people start living in the inner city, the pressure on our network and inner city neighborhoods' will increase. Commuters and inner city residents are already experiencing this, and public satisfaction with peak-hour traffic congestion is declining.

Our response

We're planning the following response:

- *Let's Get Wellington Moving (LGWM*) - We are working with Greater Wellington Regional Council and the NZ Transport Agency on the Let's Get Wellington Moving programme of work. This work is taking a holistic look at how to improve traffic along the Ngauranga to airport corridor. Four separate scenarios were consulted on with the community in late 2017 and these included a range of active travel mode solutions coupled with better public transport and roading improvements along the network. Decisions on a preferred scenario will not occur until later in 2018 and consequently we have provided provisional funding of $123 million in the later years of this plan only at this time. Depending on the final scenario that is adopted, funding levels and the timing for when it will be required may have to change. Should this be the case, further consultation may be required.
- *Cycling Master Plan* – As cycling improvements in the city centre are being considered a part of LGWM, this project relates to cycling improvements outside of the city centre only. We are proposing a budget of $74.6 million of capital funding over the next 10 years, which is expected to continue and see the full city cycling programme completed in 20 years.

- *A more resilient network* – We support a more resilient transport network in the region that provides more resilient critical and alternative routes in, out and around the city. We support both Transmission Gully and the proposed Petone to Grenada link road, which are being delivered by the NZ Transport Agency. Additionally, we are proposing to increase funding for our transport network in the coming year to strengthen retaining walls below and above roads throughout the network, as well as tunnel and bridge strengthening work.

Managing the rates and borrowing impact of improving the city's infrastructure

The challenge

Our 10-Year Plan 2018-28 outlines some significant investments that we believe are necessary to make. They include, at a high level:

- Strengthening civic and city venues such as the Town Hall and St James Theatre
- Improving the resilience of the three waters network
- Investment in cycling and transport infrastructure as part of Let's Get Wellington Moving
- Economic development and visitor attraction projects such as the Movie Museum and Convention Centre, and an indoor arena
- A new library and community centre in Johnsonville

The Council is also committed to ensuring we continue to maintain and renew the assets we already have.

As a result, the most significant driver of rates increases across the 10 years of the plan is the funding of the Council's capital investment programme of $2.3 billion.

Our response

We're planning the following response:

- The Council has one of the strongest balance sheets of any Council in New Zealand, reflected in its AA credit rating. This means we have the ability to borrow to fund this capital expenditure programme and remain within the key limits the Council set in its last long-term plan. Our debt to income ratio is expected to peak at 167 percent, within our existing financial strategy threshold of 175 percent and significantly below that of other metropolitan councils, some of whose ratios exceed 200 percent. By borrowing for the upfront cost, we can then spread the impact across those who use the asset over its life. We do this by including funding of depreciation and interest costs through rates. This funding is included in the average 4 percent rates increase (after growth and excluding the tourism targeted rate) forecast across the 10 years of the plan. This funding repays the borrowings incurred to build new assets. This means we are funding the true cost of the investment and not delaying costs for future ratepayers.
- We are also putting greater focus on ensuring we can deliver the capital investment programme we set in our plan and have reforecast the deliverability of our existing capex programme. This has seen some projects being phased over later years of the plan, reflecting realistic deliverability and as a result, we have lowered our starting borrowing position and therefore our interest budgets for Our 10-Year Plan 2018-28. We will only start to fund capital projects through rates once construction is completed and the facility is in use.
- We are also reviewing the make-up of our budget for bulk water supply from Greater Wellington Regional Council and exploring options around how the Wellington visitor industry might be able to contribute to the costs of some of our investments in projects that will benefit the tourism economy, as a means of reducing the impact on rates increases across the term of the plan.

Our strategic priorities have planned investment in projects that target these challenges. Some of these investments – particularly in the resilience priority, have renewals or upgrades to infrastructure assets.

Table 1: Summary – our response to challenges

	CHALLENGES						
STRATEGIC PRIORITIES	LEVELS OF SERVICE – INCREASED DEMANDS	COST PRESSURES	MANAGING FOR A GROWING POPULATION	MAKING THE CITY MORE RESILIENT	MAXIMISING OUR ECONOMIC AND CULTURAL ADVANTAGE	GETTING TO, FROM, AND AROUND THE CITY	FUNDING IMPROVED INFRASTRUCTURE
Housing	Strategic Housing investment Plan (SHIP) Rental warrant of fitness Te Whare Okioki - supported living options for the most vulnerable Housing upgrades		Development Partnerships New Housing Accord Inner-city building Conversions Urban Development Agency (UDA)				
Transport	Bus planning - bus shelters, priority planning	Storm clean-up		Road corridor improvements - strengthening road walls, tunnel, bridges		Let's Get Wellington Moving Cycling improvements -Northern, southern eastern corridors; Island Bay	
Resilience and environment	Waste management and minimisation Sludge reduction	Water reservoir renewals Wastewater Network renewals		Water reservoir upgrades Wastewater network upgrades Earthquake and road risk Mitigation Predator control support and community-led trapping			Strengthen the Town Hall and St James Theatre, Wellington Gallery and Museum upgrade
Sustainable growth	Kiwi Point Quarry Upgrades Zoo habitat sustainability upgrades	City centre weekend parking fees			Movie Museum and Convention Centre Indoor arena		Airport runway
Arts and Culture	Expanding the reach of major festival events Invest in community arts projects						Strengthened facilities (theatre, Town Hall, Museum) - see also resilience

SECTION 4: COMPONENT C – HOW WE WILL GET THERE

Our 10-year plan priorities

We have set five priorities to make sure our decisions continue to contribute to a city that is dynamic, sustainable and connected, with people at its heart. For more information on these priorities and the key projects that will deliver on these priorities, see the consultation document for Our 10-year Plan 2018-28. The five priority areas are:

- **Housing** – investing in quality and affordable housing to accommodate our growing population.
- **Transport** – investing in good transport options to maintain easy access in and out and around our city, promoting alternatives to private car usage, and reducing congestion.
- **Resilience and environment** – investing in core infrastructure, looking after the environment and making our city more resilient against future shocks and stresses.
- **Sustainable growth** – investing in economic projects that stimulate growth and diversification, and plan for population growth in ways that recognises the special character of the city.

- **Decade of Culture** – investing in arts and culture to maintain our position internationally as a vibrant, edgy capital.

These priorities guide our core activities and drive our new activities.

SECTION 5: COMPONENT D – FINANCIAL STRATEGY SETTINGS

Overview – our financial strategy

Our financial strategy provides a guide against which consideration of proposals for funding and expenditure can occur.

Financial health

Wellington is in a strong financial position

Our financial position can be measured in a number of ways but will include an assessment of income and borrowing levels. Our level of borrowings compares favourably with other metropolitan councils whose equivalent ratios range from over 175 percent to around 200 percent. Our debt-to-income ratio is currently 103 percent and is expected to peak at 167 percent over the course of the long-term plan, this is within our limit of 175 percent. The Council also holds investments in Wellington Airport and a substantial ground lease portfolio that are valued at nearly our $425 million level of borrowings. So the Council could theoretically sell these assets and have minimal debt.

Highest possible credit rating

In its 2017 review of the Council's credit rating, the independent credit rating agency Standard & Poor's judged Wellington's long-term issuer credit rating at AA, meaning we have a very strong capacity to meet our financial obligations and commitments. Our stand-alone credit profile is the highest of local government in New Zealand, and even higher than the government, but has been capped by the government level. The assessment states that the Council has 'very strong financial management and budgetary flexibility, strong budgetary performance and liquidity and low contingent liabilities.' This supports our view that our credit strength and institutional framework will allow higher debt burdens as we progress our strategy to invest in projects to grow the capital's economy.

Financial policies and assumptions

To ensure the continuation of robust and prudent financial management, the policies that underpin our financial strategy are based on being:

Affordable

The Council experiences significant and unrelenting demand from the community (and through legislative requirements) to increase the service offering and to increase the levels of service. It would be imprudent to attempt to do everything to meet this level of demand, as the cost of all the additional initiatives would be unaffordable when rate funding is used to pay for the majority of the expense. The strategy attempts to narrow the focus to areas of greatest effect after reviewing the current level of investment, outcomes and value for money. Expenditure levels are moderated and projects are prioritised to the most beneficial areas. Limits are set on the key funding tools (rates and debt) to ensure expenditure and funding controls are in place.

Fair – achieving intergenerational equity

Debt is initially used to fund asset construction or purchase. This debt is repaid over the life of the asset through depreciation funding. This ensures that ratepayers only pay the cost of a service when they benefit from a service. This is an equitable approach that effectively pays for the assets as they are being used, by those who are using them.

Sustainable

Economic sustainability is based on investment priorities being included in areas that grow the economy and rating base. This enables growth of the Council's rating revenue base. This growth of the capital value of rateable properties (adding new developments and rating units) reduces the cost allocation over each rating unit.

Maintaining a balanced budget

The Council will maintain a balanced budget by raising sufficient income each year to fund the costs of providing services for Wellington that year. No profit is budgeted or rated for. Note that our financial statements will show a surplus because revenue received for capital expenditure is required to be shown as income.

We will continue to fund depreciation to repay borrowings on assets that the Council will be responsible for renewing when they reach the end of their useful life. This is an important pillar of our financial strategy as it helps ensure we have sufficient financial capacity to pay for asset renewal in the future.

Managing our investments and equity securities

The Council currently maintains equity interests valued at $407 million.

The primary objective of holding and managing investments and equity securities is to optimise the return on the overall investment portfolio. Investments are also held for achieving the Council's strategic objectives and to provide diversity in its revenue sources. For non-strategic investments, the target return for investment is to achieve an average return over time greater than the Council's long-term cost of funds, currently forecast at 4.9 percent per year. The Council's investment policy sets out the mix of investments, strategies and other policy considerations in detail.

The Council operates on a "net debt" basis, and does not separately maintain significant long-term cash investments. The general policy with respect to surplus short-term cash is to invest any short-term surplus cash or to temporarily reduce borrowings.

Equity and financial investments are divided into five categories:

Cash and cash equivalents

- Cash is held for liquidity purposes like the pre-funding of debt maturing within 12 months, or short-term cash surplus investments.
- Income-generating commercial debt instruments

These are principally loans to other organisations (on commercial terms) to deliver a cash-flow return to the Council.

- Income-generating commercial equity investments

The Council currently maintains a 34 percent shareholding in Wellington International Airport Limited (WIAL).

- Income-generating commercial property investments

The Council's ground leases and land and buildings are held primarily for investment purposes. The Council periodically reviews its continued ownership of investment properties by assessing the benefits of continued ownership in reference to strategic benefit, financial return, risk and opportunity cost.

The Council does not target a financial return from its strategic investments. These are divided into two categories:

- Non-income generating investments

This includes loans to other organisations, and equity investments in Council-Controlled Organisations. The Council's non-income generating investments are held for strategic or ownership reasons.

- New Zealand Local Government Funding Agency Limited

The Council invests in shares and other financial instruments (including borrower notes) of the New Zealand Local Government Funding Agency Limited (LGFA) and may borrow to fund that investment. The Council's objective is to ensure that the LGFA has sufficient capital to remain viable, enabling it to continue as a source of debt funding for the Council. The Council may also subscribe for uncalled capital in the LGFA and be a Guarantor.

The Council's investment policy sets out the mix of investments, strategies and other policy considerations in greater detail.

Operate a policy on securities

To be able to borrow money we need to offer security to the lenders. Security is a guarantee that can be redeemed in case of default, in the sense that a house is a mortgage security. Our borrowings are secured by creating a charge over our rates revenue. This security relates to any borrowing and to the performance of any associated obligations to borrowing. As a shareholder and borrower from the New Zealand Local Government Funding Agency we also use rates revenue as security over all borrowing from the agency.

Manage risk

Our insurance policy aims to achieve an adequate level of insurance with a balance of insurers from New Zealand and international markets. Our insurance is mainly for material damage and business interruption. Material damage covers catastrophe losses only, with an internal $10 million insurance reserve fund (being increased over time) to cover excesses and day-to-day working losses. The insurance coverage includes natural disasters to a limit of liability of $563 million material damage (buildings, infrastructural assets and contents) and Business Interruption combined over an asset portfolio of $5.8 billion. Our earthquake cover and other natural disasters are informed by Geological and Nuclear Sciences (GNS) on potential losses caused by these events.

Maintain transparency

A key outcome of the 10-year plan and integrated financial and infrastructure strategy is that they make the Council's plans simple to understand. The plans are costed, and the methods and tools for funding the plans are made clear. This enables an informed process of engagement with the community on these proposals, and their implications.

We have been able to limit the impact of depreciation and interest on rates increases by reviewing the timing and delivery of our capex programme. In some cases, we have brought capex forward, such as the new Prince of Wales/Omāroro Reservoir, which will improve the city's water resilience. In others, like the Movie Museum and Convention Centre, and the indoor arena, we have pushed budgets out to indicate a more realistic delivery timeline.

How we fund capital expenditure

Capital expenditure represents expenditure on property, plant and equipment. Property, plant and equipment are tangible assets that are held by the Council for use in the provision of its goods and services (for example: bridges, libraries, swimming pools), for rental to others or for administrative purposes, and may include items held for the maintenance or repair of such assets.

Capital expenditure is funded from rating for depreciation, development contributions, capital funding, and restricted funds or through new or extended borrowings as outlined below:

- If the capital expenditure relates to the replacement (renewal) of an existing asset, that expenditure will be temporarily funded by borrowings. These borrowings will be repaid by rating for depreciation over the life of the asset. Any surplus rate funded depreciation, after paying for the replacement of Council assets, will be used to repay borrowings.
- If the capital expenditure relates to the construction or purchase of a new asset or to the upgrade or increase in service potential of an existing asset, that expenditure will usually be funded from new or extended borrowings. Borrowing is the most cost-effective and equitable way to do this as it spreads the cost of the asset over all the generations who will benefit from it, making it affordable to ratepayers today.
- On projects where based on financial prudence, the Council may impose a targeted rate to repay borrowings on an asset at a faster rate than over the full life of the asset based on financial prudence considerations.
- The Council will use capital funding from third parties to fund investment in new or upgraded assets (such as funding received from the NZ Transport Agency).
- The funding of capital expenditure from the sale of surplus assets is decided on a case-by-case basis. Funds received from the sale of surplus assets that are not applied to the funding of capital expenditure shall be used to repay borrowings.
- The funding of capital expenditure from restricted or special funds is decided on a case-by-case basis and is subject to the specified purposes and conditions governing the use of those restricted funds.

- If an approved capital expenditure project is not completed by the end of the financial period, the unspent funds may be carried forward to the next financial period to enable the project to be completed.
- The Council has agreed that Development Contributions are to be used as the primary funding tool for capital expenditure for population and employment growth for water, wastewater, stormwater, roads, and reserves. The Council will continue to collect residual RMA based Financial Contributions on developments consented prior to 2005/06. In some circumstances, funds collected under either the Development Contributions Policy or the Financial Contributions Policy in the District Plan will result in a corresponding decrease in the amount to be funded from new borrowings.

How we fund operating expenditure

Establishing the level of operating revenue required to fund operating expenditure

Operating expenditure pays for the Council's day-to-day operations and services, from collecting rubbish and providing street lighting to maintaining gardens and issuing building consents. The Council will set its projected operating revenue at a level sufficient to meet the current year's projected operating expenditure, except where the Council resolves that it is financially prudent not to do so. When setting projected operating revenue at a level that is different from the level of projected operating expenditure the Council will have regard to:

- the estimated expenses of achieving and maintaining the predicted levels of service provision set out in the 10-year plan, including the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life
- the projected revenue available to fund the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life
- the equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life
- the funding and financial policies adopted under section 102 of the Local Government Act 2002.

In accordance with these principles, the Council has determined that the following items will not be funded:

** Accounting for fair value changes. Under New Zealand International Financial Reporting Standards (NZIFRS), changes in the fair value of certain assets must be accounted for within the Statement of Financial Performance. In accordance with Section 100 of the Local Government Act 2002, the Council does not consider it financially prudent to fund changes in the fair value of assets or liabilities as these are essentially unrealised accounting adjustments.*

- *Non-funding of depreciation on Council assets.* The Council may elect not to fund all or part of the depreciation expenditure on specific assets in those circumstances where it is not financially prudent to do so. In accordance with section 100 of the Local Government Act 2002, the Council considers that it is not financially prudent to fund depreciation in the following circumstances:
  - where the original asset purchase was not funded by borrowings, or the original borrowings have been repaid, and
  - where, on an ongoing basis, the replacement of the asset at the end of its useful life will be funded by a third party, or
  - where the Council has elected not to replace the asset at the end of its useful life.
  - where a third party has a contractual obligation to either maintain the service potential of the asset throughout all or part of its useful life (or to replace the asset at the end of its useful life) and the Council already effectively funds this through operating grants/tariffs payable to the third party.
- *Non-funding of depreciation on waterfront assets*. The Council has transitioned the waterfront project 'in-house' during 2014/2015. This acquisition has necessitated a transition toward funding the depreciation of all waterfront assets by 2024/25. This transition funding will link the cost of funding to the benefits received over time.

Options available for funding Council services

- The Council uses the following mechanisms to fund operational expenditure requirements: **General rates**. General rates are used to fund public goods where it is not possible and/or practical to clearly identify customers or users. The general rate is also used to fund activities where, for reasons of fairness, equity and consideration of the wider community good it is considered that this is the most appropriate way in which to fund an activity.
- **Targeted rates**. This form of rate is used where an activity benefits an easily identifiable group of ratepayers (such as the commercial or residential sectors) and where it is appropriate that only this group be targeted to pay for some or all of a particular service. For example, sewage disposal, water supply and the downtown targeted rate.
- **Fees and charges.** User charges are direct charges to people and/or groups who use certain Council services such as swimming pools. In these instances, an identifiable benefit exists to clearly identifiable people and/or groups and they are required to pay for all or part of the cost of using that service. It is noted that, since 2006, councils have been required to inflation adjust all income and expenditure within their 10-year plans. Where appropriate and with consideration to 'ability to pay' principles, user charges will be increased by the rate of inflation to achieve continued alignment with the funding policy targets. Grants and subsidies apply to some activities when income from external agencies is received to support that particular activity.
- **Borrowings**. In general, the Council does not fund operating expenditure by borrowing. The exception is to fund the impacts on ratepayer's intergenerational equity or to fund expenditure over the period which benefits are received, such as weathertightness payments. Any borrowings associated with these expenses will be repaid over time.
- **Other sources of funding**. The Council also funds operating expenditure from other sources, including income from interest and dividends from investments held by the Council, lease income and proceeds from asset sales.

Other sources of funding include the use of surpluses from previous financial periods. Where the Council has recorded an actual surplus in one financial period, it may pass this benefit on to ratepayers in a subsequent financial period. A surplus arises from the recognition of additional income or through savings in expenditure. The Council considers that passing this benefit on to ratepayers in future financial periods improves the principle of intergenerational equity, in that any financial benefit is passed on to those ratepayers who shared the rates-funding burden in the financial period that the surplus was generated.

The amount of any surplus carried forward from previous financial periods will be accounted for as an operating deficit in the year the benefit is passed on to ratepayers. A surplus will be available for use in future financial periods if the actual surplus/(deficit) is improved when compared to the budgeted surplus/ (deficit). In calculating the level of surplus to be carried forward, consideration will be given to the nature of the factors giving rise to the surplus (for example, whether they are cash or non-cash in nature). Generally, only those factors that are cash in nature will be available for use in determining the level of surplus to be carried forward.

The Council will not carry forward surpluses in relation to:

- the sale of assets. Such surpluses shall be used for repayment of borrowings.
- trust and bequest revenue. Such surpluses shall be applied in accordance with the terms on which they are provided.
- revenue received for capital purposes. Such surpluses shall be retained to fund the associated capital expenditure.
- unrealised gains arising from fair value adjustments to assets and liabilities. These gains are unrealised accounting adjustments in the period in which they are recognised.

Uncertainty and risk

Every 3 years, we are required to revalue our assets. Because revaluation is based on what it would cost to replace the asset in its current state, a buoyant construction market with high inflationary pressures pushes up asset values. This in turn increases depreciation, which is funded through rates. There is a risk that higher inflation might push up amount of depreciation required to be funded by rates in the later years of the plan. Our 10-year plan carefully balances the provision of funding to renew existing assets with funding to pay for new or improved assets that increase service levels. Overall, our asset management plans show that our existing city infrastructure is in reasonable shape which means over the next 10 years we have the financial capacity to fund some crucial service level increases that improve the city's resilience. Beyond the 10 years of the plan, we will likely have to review our 175 percent debt to income policy limit as asset renewal requirements increase. The most significant impact is out beyond 30 years, when our ageing underground infrastructure will need to be renewed.

SECTION 6: COMPONENT E – MAINTAINING AND IMPROVING INFRASTRUCTURE

This section forms part of the 30-year infrastructure strategy however, the significant expenditure on capital upgrades to respond to growth and level of service demand that are planned occur in the first ten years. Years 11-30 are mainly concerned with capital expenditure on asset replacements (renewals) and their profile, which is reflected in detail in section 8 across the key infrastructure network assets.

Summary of key strategies and likely asset management scenario

The following table summarises the most likely scenario that the Council expects to adopt in managing it asset portfolio over the next 30 years. The table also summarises the key aims of our asset management programme and the main supporting strategies. The key inputs to infrastructure decisions come from our asset management plans (AMPs).

30-YEAR INFRASTRUCTURE STRATEGY

Likely asset management scenario: *Focus investment in priority areas for years 1-10 and asset management plans programmes years 11-30*

Key aims	Key strategies
• Priority infrastructure investments achieve approved increased levels of service	Manage asset renewals to address the deterioration of assets in line with asset management plans (AMPs) risks
• Maintenance and renewal programmes are optimally set	Continuously improve our assets data and systems
• maximise benefits from any under-utilised assets	Unless otherwise stated in our AMPs all levels of service remain unchanged
• increase our understanding of seismic risks climate change on our infrastructure	coordinate infrastructure decisions are across the Council, subsidiaries, other agencies and local councils within the region
• Improve resilience in network infrastructure	Continuously improve our AMPs to reflect increased knowledge of seismic risks
• core essential services are delivered to agreed standards	Prioritise funding to the areas where there are specific renewal challenges to overcome
	Plan for changes in population and demand

Context

Collectively, the Council has over $6.9 billion invested in physical assets ($3.72 billion excluding land)- everything from waste, roads and footpaths (network infrastructure) through to libraries, pools and social housing (social infrastructure). Our infrastructure strategy consists of two key strands:

- investment to maintain and renew our existing infrastructure
- investment in new and upgraded infrastructure in response to growth and meet demand for increased service levels.

Our infrastructure programme is linked to our strategic priority areas where we have a number of projects (particularly resilience-related projects) where we plan to invest in core infrastructure to make our city more resilient against future shocks. Other infrastructure-related projects in strategic priority areas include Housing and Transport (see Table 1: Summary - our response to challenges page 29 for further details).

In areas we have not raised a specific service level improvement or growth response, we plan to maintain current network infrastructure at existing levels of service. This involves replacing assets in the network as the old ones become redundant (unfit for their purpose).

The replacement of assets (components within the network) depends on a number of factors. Things like condition, utilisation, capacity and criticality help determine when to replace individual assets. Therefore, the replacement rate is not a constant amount each year but fluctuates based on the need to replace at the end of their useful lives, which is the most cost effective approach.

We have been improving the quality of our asset data to help us make better decisions on when to replace assets, to become more cost effective.

We are also in the process of implementing a new system to better convert the improved data into information for decision-making. This is referred to as Strategic Asset Management. This enables us to have better confidence in our asset replacement programme (renewal profile). Greater confidence in the renewal profile, in turn, enables us to better forecast the timing and cost of asset replacements. We currently have in place 30-year asset management plans for our Three waters and transport assets. Once established, this will provide us with similar clarity across our social infrastructure providing a greater level of accuracy in determining and managing our replacement cycles and ensuring sustainable asset management across generations.

How we manage our assets

Our approach to managing our infrastructure asset portfolio is guided by the following principles:

PRINCIPLE	DESCRIPTIONS
Fit for purpose	*What:* Provide quality infrastructure that can deliver services in a manner that meets the community expectations now and into the future *How:* we will maintain and renew infrastructure and facilities against best practice.
Asset utilisation	Improve our understanding of the capacity and utilisation of our assets. Where assets are under-utilised, we will develop strategies to increase utilisation to maximise benefits derived from our investment. This will be done by utilising technology like hydraulic modelling of the waters networks.
Long-term view	*What:* We will consider the long-term implications of investment in infrastructure and make sure the level of contribution from each generation is set at a fair and reasonable level. *How:* Continually scrutinise our asset performance with an eye on service outcomes and investment value, with a distinct focus on whole-of-life costs and long-term affordability.
Improved knowledge and data	*What:* Continually increase the level of understanding of our assets to ensure maintenance and renewal programmes are optimally set. *How:* Quality information and data will enable us to accurately link the relationships between costs, benefits and risks.
Coordinated approach	*How:* Ensure infrastructure decisions are coordinated across the Council, its subsidiaries, other agencies and local councils within the region.
Resilient	*What:* Ensure our infrastructure can deal with significant disruption of natural hazards. We have a good understanding of seismic risk to Council assets from earthquakes. We will continue to utilise technological advances like accelerometers, to both measure the impact of events on our infrastructure and to increase the resilience of assets, using more ductile materials, as we renew and add. We will increase our understanding of climate change on our infrastructure networks to improve management of our assets and guide future infrastructure investment.
Managed risk	*What:* Maintain an insurable risk management strategy to appropriately manage the physical and financial impacts of potential damage to our infrastructure. Improve resilience across the network infrastructure. *How:* Comply with all national standards that apply to infrastructure and service provision.

We structure our operations into eight strategy areas. In these areas, there is responsibility for managing particular assets. (Each year in our annual report, we report our overall performance in these strategy areas).

STRATEGY AREA	ASSET MANAGEMENT PLANS
1. Governance	Corporate property
2. Environment	Water supply, wastewater, stormwater (incl. flood protection), southern landfill, and parks and open spaces
3. Economic development	Venues
4. Cultural wellbeing	Corporate property
5. Social & recreation	City housing, libraries, community services, pools and recreation, cemeteries and crematorium, public toilets and pavilions, and outdoor sports facilities
6. Urban development	Corporate property and waterfront
7. Transport	Transport (including roads, footpaths and cycling)
8. Corporate	Corporate property

We have continued our substantial data collection programme across all core infrastructure assets (Transport, Three waters). This information has been used to determine asset value, asset life and the forecast renewal programmes which are captured in the expenditure graphs on the following pages. Our forecasting assumptions are based on deterministic modelling on available information on asset quantity, condition, life and value to inform our depreciation and renewal programme *(based on the previous strategy).*

We have maintained a prudent approach in continuing to fund depreciation where it is anticipated that Council will be responsible for renewing the asset in future. We have also mitigated the risk that if there is a need for renewal expenditure above that determined by our models, to respond to urgent or emergency situations. We have achieved this by maintaining 8 percent capacity within our debt to income ratio threshold, whereby our forecast maximum ratio through the duration of Our 10-Year Plan 2018-28 is 167 percent and our limit is 175 percent. This equates to approximately $157 million of borrowing capacity in 2028. This is in addition to the insurance cover we have on our assets and available government assistance. We also maintain bank standby facilities in excess of this amount to ensure the Council as sufficient liquidity if this situation were to arise.

Lifecycle Management

The life cycle management approach, guided by our asset management plans, covers the full life of our assets. It defines the monitoring, operations and maintenance of our assets, as well as renewal and upgrade of assets at the end of their useful lives. The objective is to strike the right balance between maintaining ageing assets and renewing or replacing those assets, to achieve the lowest long-term cost.

Asset data

Good quality asset management relies on good quality asset knowledge. It is important that asset managers can analyse how particular assets perform, understand the lifecycle costs and the risks associated with failure. Uncertainty about data for an asset can impact on financial sustainability.

Data confidence gives us the ability to quantify the relationship between any given levels of service (benefit), its associated funding requirements (cost).

Renewals cycle

Renewals address deterioration of assets, toward the end of their useful life. Prioritisation for renewals is established using a risk-based approach. In general terms, assets are maintained and rehabilitated until they reach the end of their useful life. Assumptions about an asset's useful life are made upon construction and consequently updated periodically based on:

- age and condition profile
- performance and customer service issues
- growth and changing demands
- criticality and risk
- ongoing maintenance requirements
- the differing economic lives of individual assets.

The Council uses updated condition and performance assessment data with relevant asset life expectancy rates to forecast an asset's likely end of life.

Asset criticality

Asset criticality is a fundamental driver of the renewal cycle of an asset. It determines whether an asset can continue being used until signs of failure are present or if the asset must be renewed before failure can occur. Put simply, the criticality of an asset is a measure of the consequence of the assets failure to deliver its expected level of service.

For non-critical assets, where failure has a minimal impact on the level of service, the asset can be allowed to fail before renewal is required. Whereas, for critical assets, renewal of the asset will be carried out prior to the end of its useful life, in order to avoid its failure. As a result critical assets must be assessed regularly and their useful lives updated based on current state, in order to reduce the risk of failure.

Detail on the criticality of each of our assets can be found within individual asset management plans. Criticality is assessed based on the risk and impact of asset failure. It takes into account issues like health and safety, the number of customers impacted and the environment. This is important to enable targeting investment and renewal timing of highly critical assets.

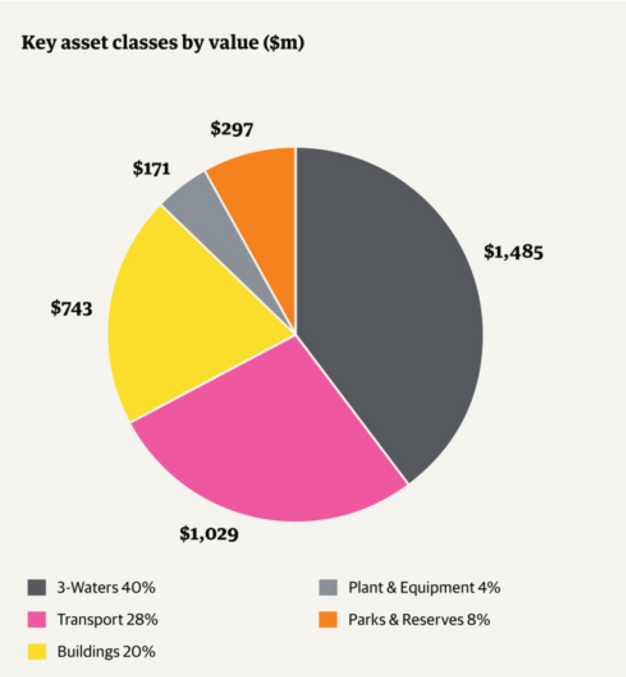
Lifecycle management risks

There are risks associated with our lifecycle management approach. The asset management plans assess the risks, management and mitigation measures associated with specific assets.

The condition of assets must be managed effectively for the assets to continue delivering services. Long-term deferring of asset maintenance and renewals can lead to more breakdowns and service disruption, substandard services, and, in the end, failure of services.

The state of assets

The following graphs detail our main assets classes by proportion and value



According to the best information we have, our assets are well maintained and in reasonable condition. However, as noted in section 3, we have some challenges around accommodating the forecast growth and ensuring our assets are resilient to earthquakes and storms. Further details of these are discussed in section 8.

	VALUE $M ODRC*	CONDITION	PERFORMANCE	DATA CONFIDENCE	AM MATURITY
Transport	$1,029m	3 -Maintenance required	2 -Good minor shortcomings	B-Reliable	Intermediate
Water	$377m	2- Minor defects only	2- Good	B-Reliable	Intermediate
Stormwater	$419m	3- maintenance required	3 Moderate	B-Reliable	Intermediate
Wastewater	$689m	4- Assets require renewal/ upgrade	3 Moderate	B-Reliable	Intermediate
Parks, sport and recreation	$187m	2- Minor defects only	2- Good	B-Reliable/ C -uncertain	Core
Waste operations	$84m	3 -Maintenance required	2 - Good minor shortcomings	B-Reliable / C -uncertain	Basic
City Housing**	$369m	3 -Maintenance required	3 Moderate	B-Reliable	Basic
Corporate property ***	$553m	3 -Maintenance required	2- Good	B-Reliable / C -uncertain	Core
Community centres, halls and childcare facilities	$1m	3 -Maintenance required	3 Moderate	B-Reliable / C -uncertain	Basic
Libraries	$17m	2 - Minor defects Only	2 -Good minor shortcomings	B-Reliable	Basic

*Optimised Depreciated Replacement Cost
**This reflects average condition score for the social housing portfolio. Some housing units will require upgrading /renewing.
***Corporate property excludes the Civic Administration Building, which was damaged in the November 2016 earthquake and is subject to a claim with insurers.

The scale and measures in the above table have been taken from the international infrastructure asset management manual (2015):

SCALE	CONDITION	PERFORMANCE	DATA CONFIDENCE	A.M MATURITY
High	1 Very Good	1 Very Good	A-Highly reliable	Advanced
	2 Good	2 Good	B -Reliable	Intermediate
	3 Fair	3 Moderate		Core
	4 Poor	4 Poor	C-Uncertain	Basic
Low	5 Very Poor	5 Very poor	D-Very uncertain	Aware

Levels of service

Service levels for the Council's assets are agreed through the development of the 10-year plan, as informed by asset management plans for each group of assets. Asset management plans set the maintenance, renewal and upgrade programmes for our assets. These plans detail the levels of service from a technical and operational perspective. They link levels of service to performance measures that will inform how well we are delivering against these stated levels of service.

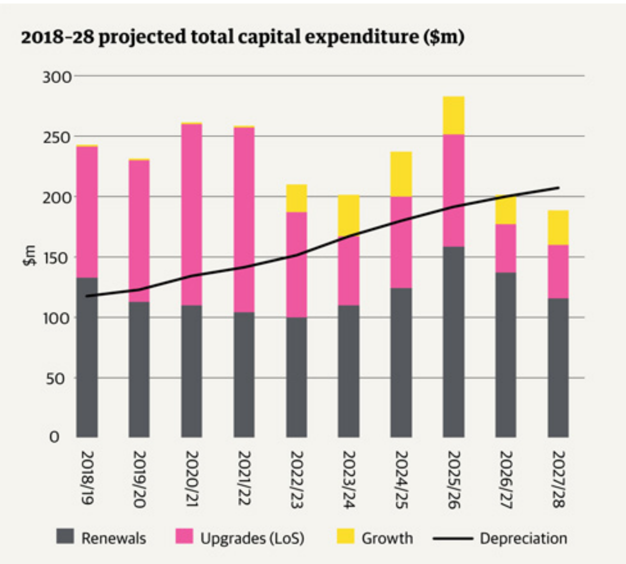
Planned programmes of improvements have been identified as part of our plan. The improvements align to the five priority areas of housing, transport, resilience and environment, sustainable growth, and arts and culture. Some of the projects require service level increases in some areas. Unless otherwise stated in our asset management plans, all other levels of service remain unchanged.

In reviewing levels of service, through development of the asset management plans, the Council has considered changes in demand based on predicted growth, within the context of expected economic and urban growth. Through the first 10 years of the strategy (2018-28), we expect to meet required levels of service, community expectations, and regulation requirements, as well as provide well-maintained, fit-for-purpose assets.

Investment snapshot -balancing renewals, service level improvements and response to growth

Projected capital expenditure

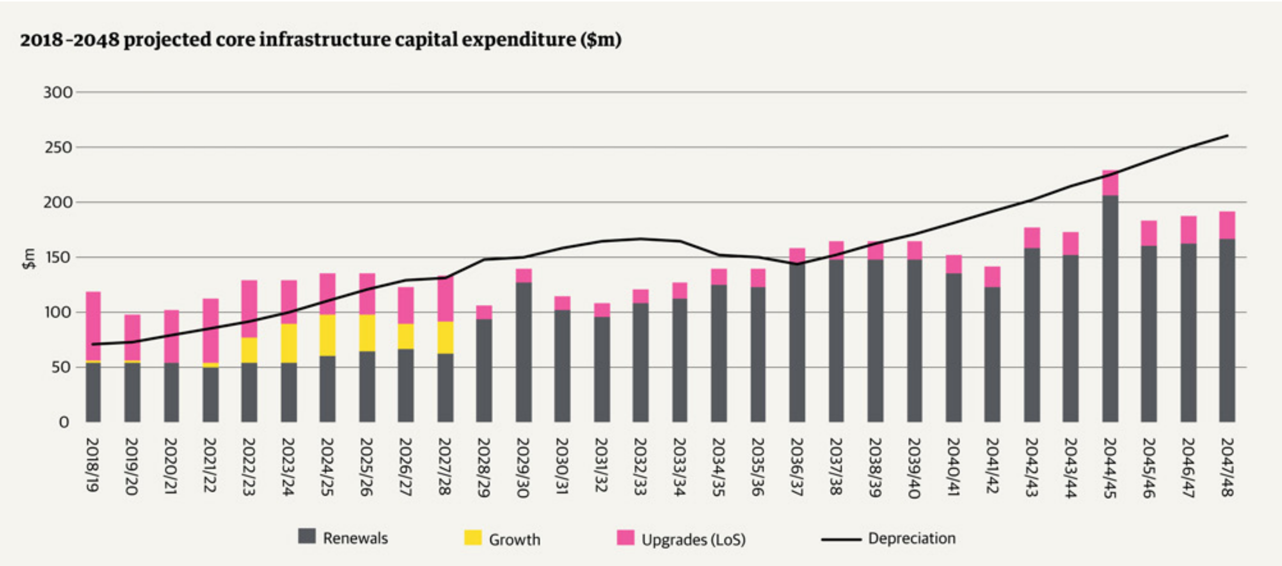
Over the period of Our 10-Year Plan 2018-28, the Council plans to invest a total of $2.31 billion of capital expenditure, including $1.2 billion for core transport and three waters infrastructure. Approximately $1.2 billion of the total investment will go towards renewing existing assets, $931 million towards improving service levels and $187 million towards responding to the city's growth needs.



Over the period of the plan, the amount we provide for depreciation is expected to grow significantly. This is mainly because we are planning significant investment in new assets. We have budgeted for ratepayers and users of our assets to continue to fund depreciation on assets that the Council has initially funded through borrowings. We see this as the fairest way to spread the cost of the asset across those who use an asset over its life. Exactly who pays for each asset/ service is set out in our Revenue and Financing Policy.

2018-2048 Projected Core Infrastructure Capital Expenditure

The capital expenditure on core infrastructure (three waters and Transport) is focused on the renewal programme to maintain the level of service from the network of assets. The investment programme in new assets is more certain in the first 10 years of the plan in response to current challenges as detailed below. Over the 30 years covered by this strategy we plan to spend $4.3 billion on core transport and three waters infrastructure, incorporating $3.3 billion for renewing assets and $981 million upgrading and improving and service levels.



The graph illustrates the relationship between anticipated renewal and upgrade requirements and depreciation over the 30 years of our infrastructure strategy.

In years 11-30, there is increased expenditure on renewing three waters and transport infrastructure assets. This is because there is a higher proportion of the existing infrastructure is forecast to be getting to the end of its useful life.

There are some annual spikes in capital expenditure renewals for three waters infrastructure across years 11 to 30 as specific network components are renewed, but overall capital expenditure is relatively in line with the cost of depreciation over those years for three waters assets, with both increasing gradually as the cost of replacement increases.

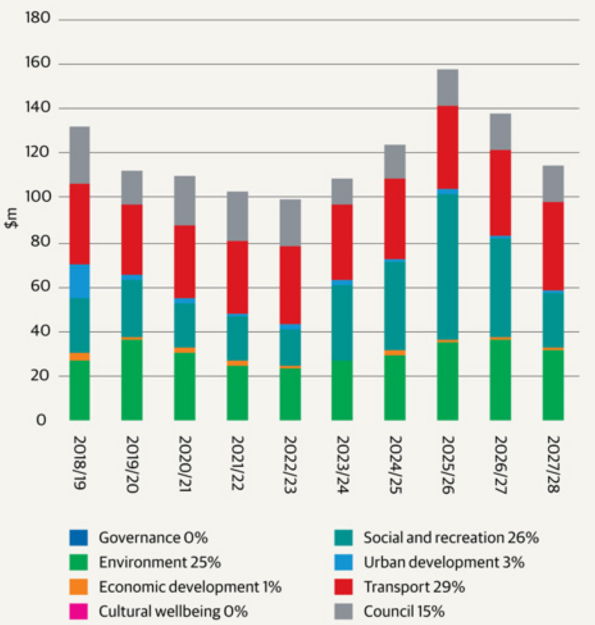
Depreciation costs for transport assets are increasing in years 11-15 because of increased capital investment in Let's Get Wellington Moving (LGWM) and cycleways. At this stage, we do not know what specific type of assets (such as road surfaces or earthworks) the Council will be investing in as part of the LGWM programme, but we have initially assumed a depreciation funding with an average life of 10 years. As yet we do not know what the subsequent asset renewal requirements will be, so have assumed we will replace 50 percent of these assets after 10 years and a further 25 percent after 20 years, with 25 percent not renewed within the 30 years of our current strategy. Accordingly, depreciation expense may be lower than shown in the graph above after 2030. This will be modified in future Infrastructure strategies once the capital expenditure requirements of LGWM programme are confirmed.

In most years, depreciation is above the level of renewals, because our long-life assets are expected to continue to meet service level requirements with modest renewal expenditure over the term covered by this strategy. We are not forecasting any major renewals expenditure on any individually significant asset. This provides some financial flexibility to invest in upgrades to level of service particularly in the first 10 years covered by this strategy. In years 11 to 20, depreciation funding exceeds renewals due to extra depreciation from new assets built in the first 10 years, including indicative investment in the Let's Get Wellington Moving project. Assumptions made on both asset life and renewal requirements for this project will be reviewed once we have more certainty over the physical works the Council will be funding.

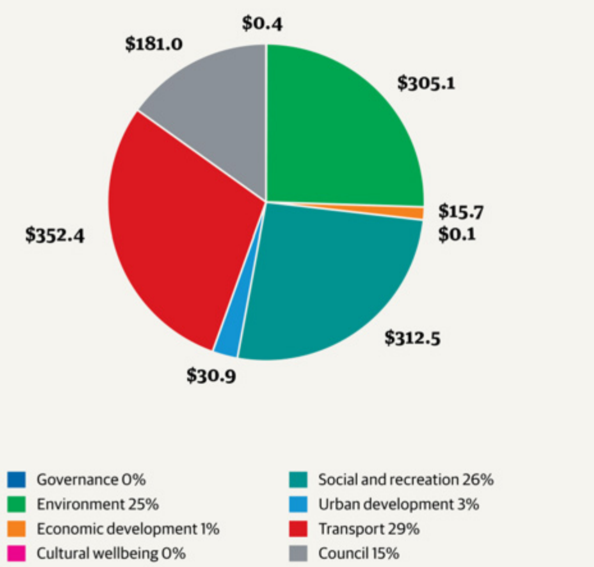
Our response to asset renewal requirements

The renewal of assets is heavily guided by our asset management plans. Over the period of Our 10-Year Plan 2018-28, we plan to invest $1.2 billion in renewing our assets, of which $576 million is for core three waters and transport infrastructure. These account for 25 percent and 29 percent respectively of total renewals. Over the 30 years covered by this infrastructure strategy we plan to spend a total of $3.3 billion renewing this core infrastructure. This renewal expenditure is spread across the various assets in similar proportions to their overall value. The main exception to this is the housing upgrade programme, which is forecast to increase in the 2nd five years of our plan with stage two of our social housing renewal programme and peaks in year 8 with $55 million.

Proposed renewal capital expenditure 2018-28 ($m)



Proposed renewal capital expenditure 2018-28 ($m)



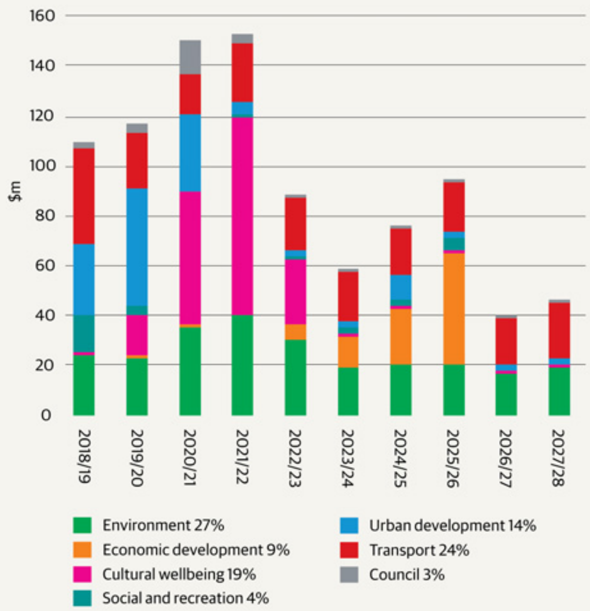
Our response to demands for improved service levels

The challenges identified earlier in this document and highlighted in the Council's 10-year plan consultation document signal demand for investment to improve the level of service in a number of strategy areas. We plan to spend $931 million over the next 10 years on improving levels of service in the city. Of this, $453 million is planned to be invested in improving core transport and three waters infrastructure. We plan to invest a total of $797 million of capital expenditure in core infrastructure over the 30 years of this strategy.

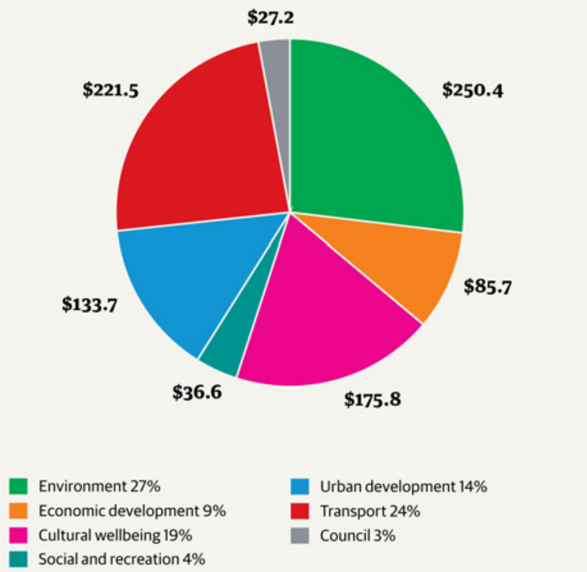
Significant investment in Our 10-Year Plan 2018-28 is planned in:

ACTIVITY AREA	INVESTMENT	LEVEL OF SERVICE IMPACTS
Environment	$119 million for upgrading water reservoirs over 10 years	Improved level of service - once new and upgraded reservoirs are built, it is expected that the volume of water storage will increase, including providing emergency water supply for 50 days.
	$52.5 million for stormwater improvements	Improved level of service - stormwater infrastructure improvements in Miramar (years 4-7) Kilbirnie (year 1) and Tawa (in years 4-6) and a range of upgrades when we renew pipes across the city will reduce the frequency and severity of flood damage.
	$30 million in years 3-5 for an initiative to deal with sewage sludge	Maintain level of service - with the predicted increase in population and the limitations of our current consent, our landfill will not be able to deal with the level of sewage sludge in 10 years. Alternative means of dealing with this sludge is required to maintain the level of service.
	$343 million for upgrades to three waters infrastructure in years 11-30. This will be carried out in conjunction with asset renewals.	Increase level of service to improve resilience of the water, stormwater and wastewater pipe network, and increased capacity to respond to infill housing in the city.
Economic Development / Culture	$165 million for the Movie Museum and Convention Centre in years 2-5 (of the $165 million, $25 million of funding support has been requested from central government), and $85 million for an indoor arena in years 5-8. In addition, a $10 million Wellington Museum building upgrade in years 3 and 4.	Improved service level to attract visitors to the city, boost economic growth and raise Wellington's profile as an arts and culture capital.
Social and recreation	$17m to complete the new Johnsonville library and community hub (Years 1 and 2)	Improved level of service - the new library and community hub will provide an enhanced community facility in Johnsonville. It will provide greater capacity and enhanced opportunities for education, community events, and knowledge sharing.
Urban Development	Wellington Town Hall ($91.2 million in years 1-3), St James Theatre ($11.8 million in year 1)	Improved level of service - allowing public access to be reinstated, a music hub to be established in the Town Hall and continued use of the St. James Theatre.
Transport	Lets Get Wellington Moving programme (years 5 - 10). Note $123 million is incorporated under the "Our response to population growth" section below. It is recognised that this initiative has both growth and improved service level outcomes.	Improved level of service - the new level of service will depend on which package of options is progressed; this will be confirmed later in 2018. The programme is seeking to provide a transport system that: • enhances liveability of the central city • provides more efficient and reliable access • reduces reliance on private vehicle travel • improves safety for everyone • is adaptable to disruptions and future uncertainty.
	$74.6 million to improve the cycleway network ($33.5 million in year 1 and 2, and $5 million per year across years 3-10)	Improved level of service - the Council has developed a plan for active transport infrastructure which, at the level of funding, will be completed in 20 years. The level of service for those using the active transport infrastructure will improve, as the programme is progressed. The improved level of service will see: • safe connections between suburbs and the central city • safe spaces for people on bikes, that are separated if the traffic speeds and volumes are high - in line with NZTA guidelines • good signage to facilitate wayfinding for people on bikes • good lighting to facilitate cycling at night • safe clean and comfortable riding surfaces.
	$38.4 million for bus priority improvements (across years 1- 10)	Improved level of service - bus priority routes will facilitate the stated outcomes of the Let's Get Wellington Moving programme of work and the routes for bus priority improvements will be confirmed later in 2018.
	$36 million for retaining walls and structures to strengthen our roadways (across years 1- 10)	Maintain level of service - with the increase in frequency and severity of severe storms, additional funding is required to ensure we maintain the level of service provided by our retaining structures and roads.
	$13 million allocated to improve the resilience of the Ngaio Gorge roadway (years 1 - 3)	Maintain level of service - with the increase in frequency and severity of severe storms, additional funding is required to ensure we maintain the level of service provided by our retaining structures and roads.

Proposed 'increase level of service' capital expenditure 2018-28 ($m)



Proposed 'increase level of service' capital expenditure 2018-28 ($m)



Our response to population growth

Wellington's population is currently growing at around 2.0 percent per annum, which is double the 10 year average. We expect growth to continue over the next 10 years but to scale back towards historical rates. It is expected that Wellington will have a population of 250,000 to 280,000 by 2043. Demographically, Wellington has a relatively young population compared to other New Zealand cities, with only 6.2 percent over the age of 70. We are expecting a slow increase of around 0.3 percent per year over the 30 years covered by this strategy and do not think we need specific strategies to address this change.

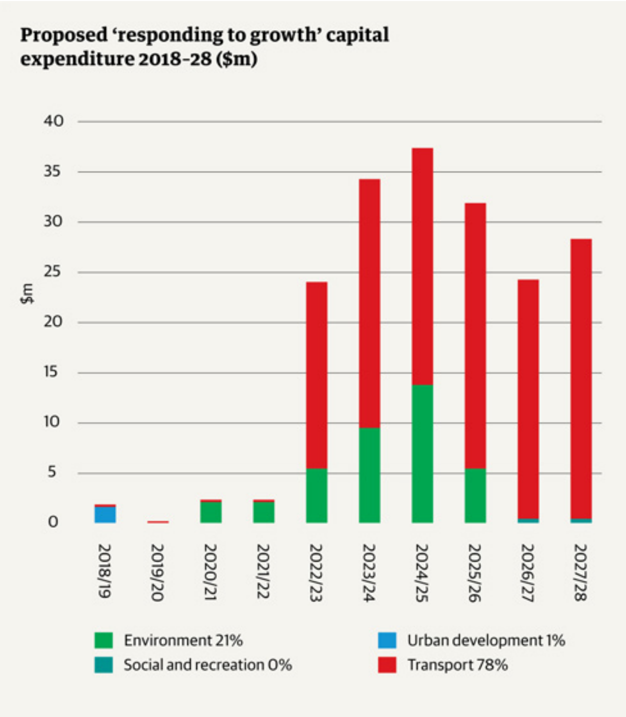
Over 40 percent of the city's growth is expected to be accommodated in the central city. As the city's population increases, the commercial sector will also expand. We expect an additional 28,000 people to work in the city by 2047.

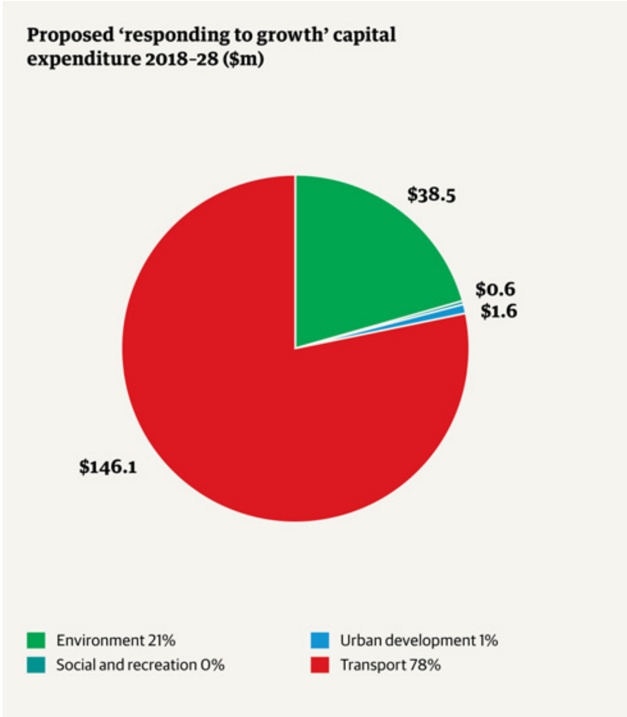
We will cater for much of our inner city growth in conjunction with renewal and level of service upgrades and operationally through the review of our District Plan. As a result the expenditure categorised as 'responding to growth' primarily relates to the Let's Get Wellington Moving programme (which responds to growth and demand for improved level of service and other growth areas - such as the 'greenfields' area, which is bare land to the north of the city being developed and requiring all services to the new subdivided properties. It includes:

- $25 million for new water reservoirs in Howokiwi and Stebbings
- $11.2 million for water infrastructure in Miramar
- $1.5 million for public space development in Newlands
- $123 million for Let's Get Wellington Moving
- $24.6 million for new roads in the northern suburbs

As current planning assumes that the majority of growth will occur within existing urban areas, we plan to cater for growth in the later years (11-30) covered by this infrastructure strategy as we renew our assets.

The capital expenditure on asset growth for the plan is $187 million over 10 years, of which $184 million is for core water and transport infrastructure. In the latter years (11-30) covered by this infrastructure strategy, current planning assumes growth will occur within existing urban areas. We propose to cater for growth as we renew our assets.

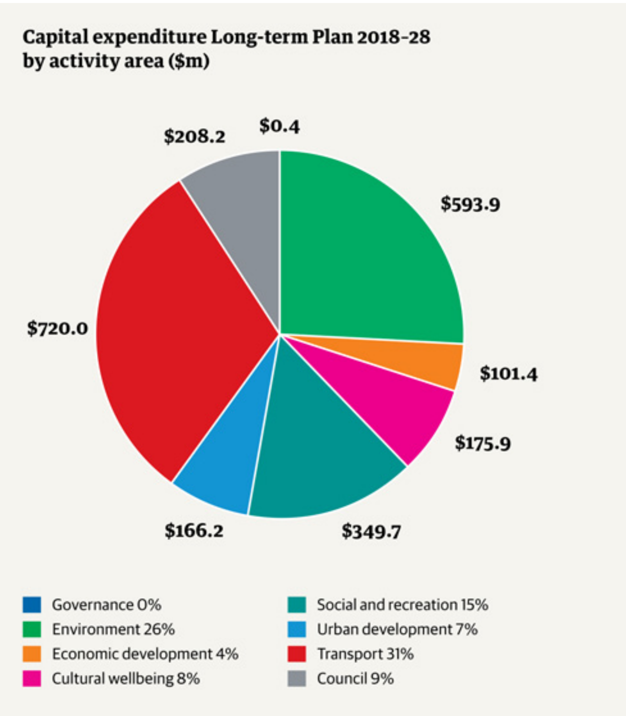




Investment in our key strategic areas

The previous section illustrated our planned balance of investment between renewal and responding to demand for increased level of service and population. Below, we consider that investment by key strategic area.

We plan to invest over half of our capital expenditure in Environment (which incorporates, water, wastewater and stormwater) and in strategic Transport areas.



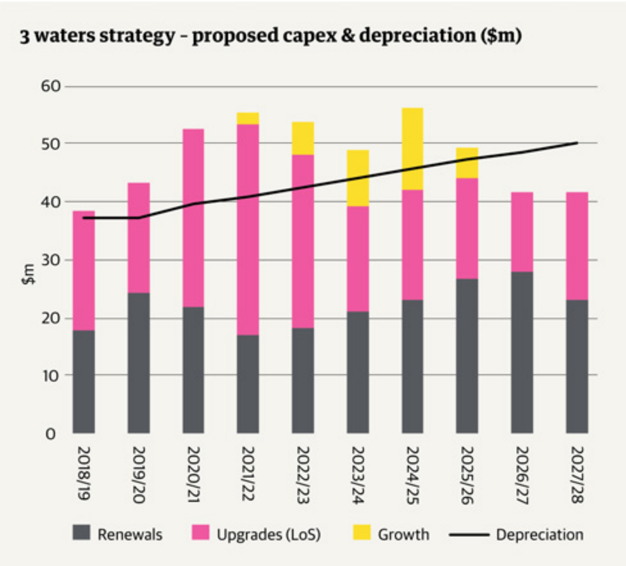
Investment in three waters

Community demand for safe, reliable infrastructure has increased because of the November 2016 earthquake, and remains high, with Wellington's current earthquake risk, recent storms, commuter transport congestion, and experience of failures in the railway network.

Resilience to natural disasters is a top priority for the Council due to community demand and heightened awareness since the November 2016 earthquake. Better resilience means the network infrastructure is more reliable and the city can bounce back faster following significant natural events. Investment is planned to strengthen Council-owned buildings like the Town Hall ($91.2 million) and St James Theatre ($11.8 million). Also, we plan to invest in new infrastructure to:

- increase water storage and therefore water supply to the central city following a natural disaster event. Two key reservoirs are the new Prince of Wales/Omāroro Reservoir and the upgraded replacement reservoir in Bell Rd at a cost of $55.3 million – both in the Prince of Wales Park in Mt Cook, which will significantly increase stored water volumes for the central city and Wellington Regional Hospital.
- invest $53 million in increasing the capacity and management of the stormwater network, particularly in areas that are currently incurring more frequent flooding events due to increased storm frequency and severity. This includes targeted projects on the Miramar Peninsula and Tawa, as well as general upgrades to improve drainage across the city.

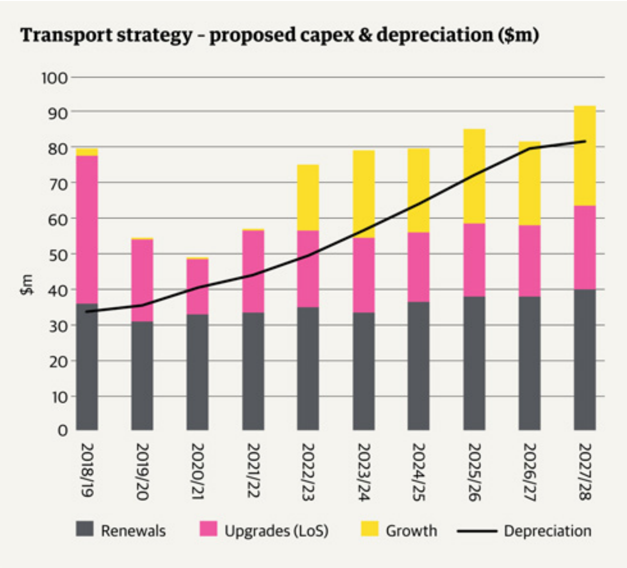
These increases in levels of service have a significant impact on debt levels and therefore flow on impacts on operational costs and rates funding.



A significant number of new assets will be added to the waters networks for resilience and to cater for population growth. This will impact on the level of depreciation required to be funded. This operating cost will increase from $37 million to $50 million over the 10 years of the plan.

Investment in transport

There is $231 million of investment planned to increase the utilisation and the capacity of transport across and throughout the city. This investment focuses on changing transport modes, with mechanisms to assist greater utilisation of more effective public transport (provided by Greater Wellington Regional Council) and a $75 million investment in the provision of new cycleways. In the latter half of the 10-year plan, $123 million will be provided for Let's Get Wellington Moving, the project alliance between Greater Wellington Regional Council, the NZ Transport Agency and Wellington City Council.



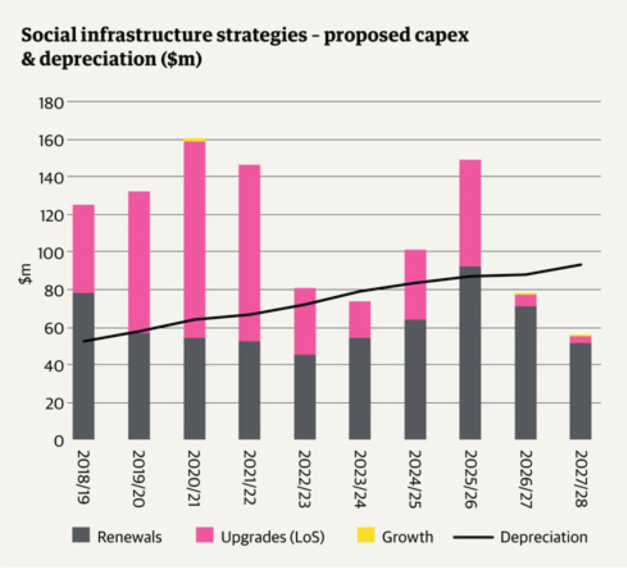
The impact of this significant investment programme is that the level of depreciation significantly increases to over $82 million from $34 million due to the extra value of the assets added to increase service levels. This will provide for the replacement of the new assets when they come to the end of their useful lives.

Investment in social infrastructure (all other assets not in three waters and transport)

Wellington is currently experiencing a reasonable level of population growth of 2 percent per annum, which is well above the long-term average of 0.7 percent per annum. As a result, up to 280,000 people are expected to call Wellington home by 2043. This requires new and greater capacity infrastructure to enable new developments to house and support this level of population.

There is a big push in this plan to build community infrastructure assets to support this growth and meet demands for increased levels of service with planned spending of $478 million. There is also a focus on city planning in the next 3 years focusing on how to facilitate this level of population growth and intensification. This will be through mechanisms of a review of the district plan settings, and spatial planning including modelling of needs and impact assessments. This will better inform the decisions of requirements in the future.

We also plan to spend $620 million renewing social infrastructure assets over the next 10 years.



Note: For the purposes of the above graph, refer to all non-water and transport capital expenditure.

SECTION 7: IMPACT ON BORROWINGS AND RATES

Borrowing

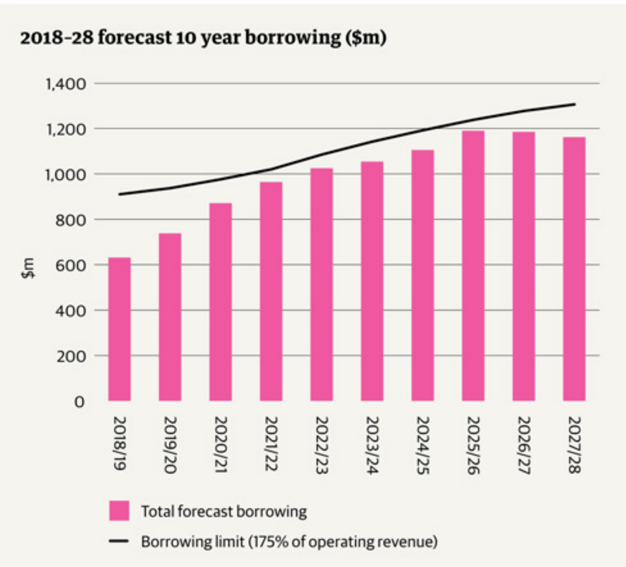
Our debt position is conservative. We have far less debt (measured as debt to income) than most metropolitan local authorities. Our debt levels range from 121 percent to 167 percent of our annual income, which is below our limit of 175 percent. Our starting borrowing position of $507 million equates to $2,394 per person in Wellington. This borrowing position will move to $1.16 billion by year 10 and will equate to $5,477 per person in Wellington.

This plan includes increases in rates and a significant increase in borrowing over the first 10 years of our 30-year infrastructure strategy. The key cost drivers for our increased borrowing is the significant upgrade programme for transport, resilience and economic growth programmes.

Our strong financial position means we can afford the projects outlined in this plan. Our approach is to keep borrowing levels within the 175 percent debt-to-income limit set out in our financial strategy.

We have achieved this by maintaining 8 percent capacity within our debt to income ratio threshold, whereby our forecast maximum ratio through the duration of Our 10-Year Plan 2018-28 is 167 percent and our limit is 175 percent. This equates to approximately $157 million of borrowing capacity in 2028. This provides further capacity to borrow in the event of a natural disaster. This is in addition to the insurance cover we have on our assets and available government assistance. We also maintain bank standby facilities in excess of this amount to ensure the Council has sufficient liquidity if this situation were to arise.

Based on current asset upgrade, renewal and depreciation funding assumptions for our core infrastructure, we will reduce borrowing by approximately $340 million over the 30 years of this strategy. This will occur as the forecast revenue received from funding of depreciation is in excess of the capital expenditure (renewals and upgrades).We will therefore maintain sufficient capacity to remain within our 175 percent debt to income ratio limit. Should demand for additional asset investment occur in subsequent plans, we expect the Council will have capacity to accommodate these within the limit. There is also sufficient balance sheet strength to amend the debt: income ratio limit to at least 200 percent without affecting the credit rating. This level is still well below the allowance of up to 250 percent specified in our covenant with the Local Government Funding Agency (LGFA).



This strategy ensures we retain financial capacity throughout the 10-year period. The first three years of the plan is detailed and reflects a work programme that is deliverable within the timeframe. A rolling 3-year forecast provides flexibility for the Council to respond to unanticipated changes, new opportunities and to accommodate projects we know will require funding, such as the Let's Get Welly Moving project, but the level is not yet decided.

Investments

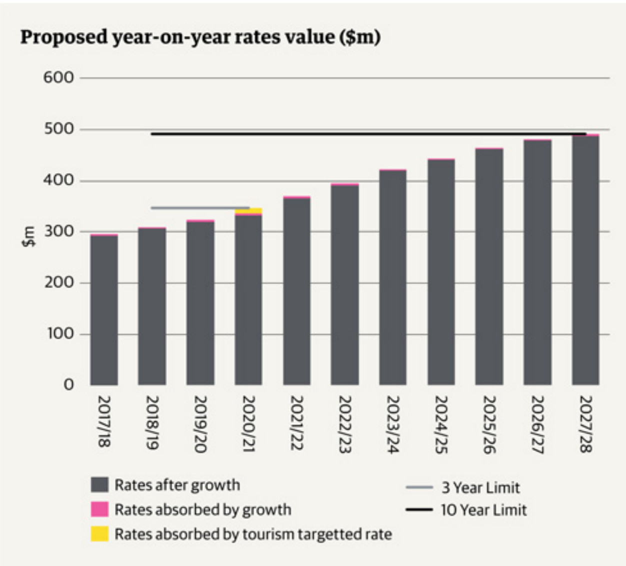
The Council holds equity investments to the value of $407 million. The two most significant holdings are a 34 percent shareholding in Wellington International Airport Limited and a wholly owned portfolio of ground lease properties. These investments are held to diversify the Council's income and reduce its reliance on rates, with the aim of providing a return on investment greater than the Council's cost of funds. A secondary benefit of this investment portfolio is that its semi-liquid nature provides a notional offset to the Council's borrowing.

Rates limits

Our financial and infrastructure strategy provides limits to rates increases. These limits are:

- An annual limit of $350 million of rates funding for each of the first 3 years of our 10-Year Plan 2018-28.
- An annual limit of $495 million of rates funding for each of the 10 years of our 10-Year Plan 2018-28.
- The increase limit is to stay within the cap of $350 million for years 1-3 and $495 million for each of the 10 years of the plan. This can be calculated by taking the rates limit less rates funding requirement from the previous financial year. Our forecast rates and rates increases are within these limits for each year of the 10-year plan.

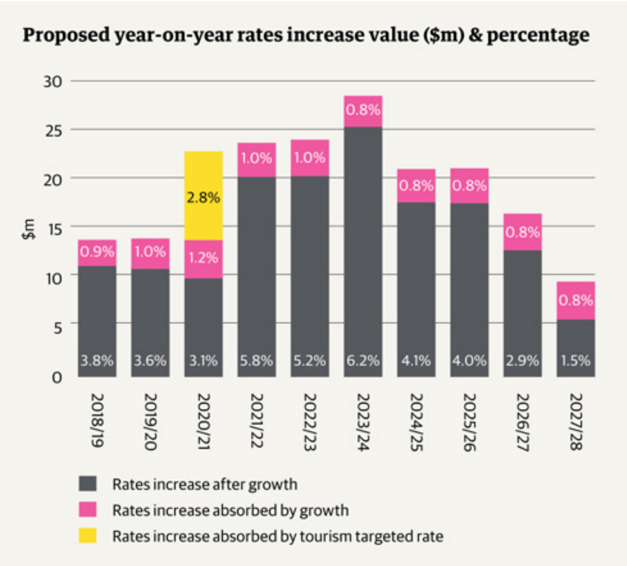
This annual rates limit and rates increase limit are the equivalent of an average rates increase of 3.5 percent over the first 3 years and 4.0 percent over the first 10 years. The average rates increase assumes average growth in the ratepayer base of 0.9 percent per year across the 10 years of the plan. If there was no growth in the ratepayer base the average rates increase would be 5.4 percent for the first 3 years and an average of 5.2 percent over 10 years.



We have planned for the introduction of a targeted rate for the tourism sector from 2020/21. The details of the targeted rate for the tourism sector are yet to be worked through, however further consultation will occur on any specific proposal in the relevant annual plan year before implementation. If introduced, while the total amount of rates will be unchanged, the share of the rates paid by other (non-tourism sector) ratepayers will be lower by the equivalent of 2.8 percent of total rates.

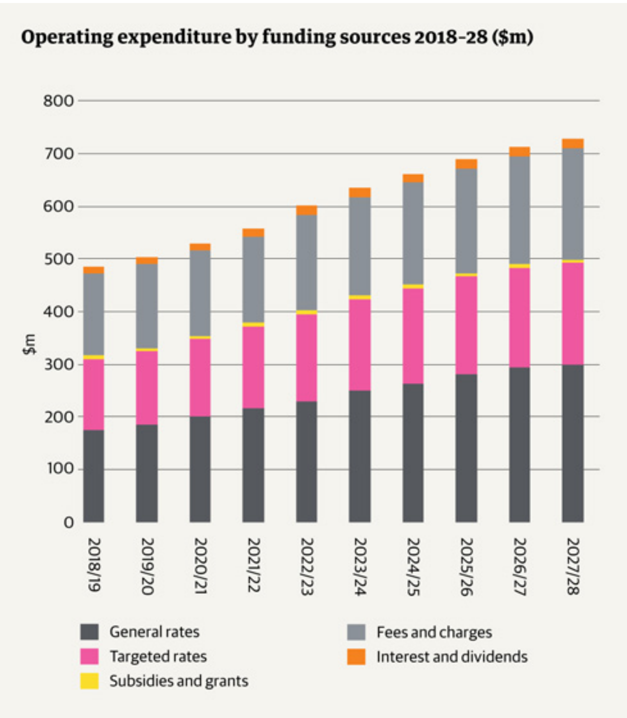
Growth in the rating base reduces the impact of the overall rates increase on existing ratepayers. We have assumed an average growth in the ratepayer base or 0.9 percent per year over the 10 years of the plan. After accounting for growth and excluding the impact of the tourism targeted rate (which, if introduced, will be rated on the tourism sector), the annual rates increase limit is the equivalent of an average rates increase of 3.5 percent over the first 3 years of this plan and an average of 4.0 percent over 10 years.

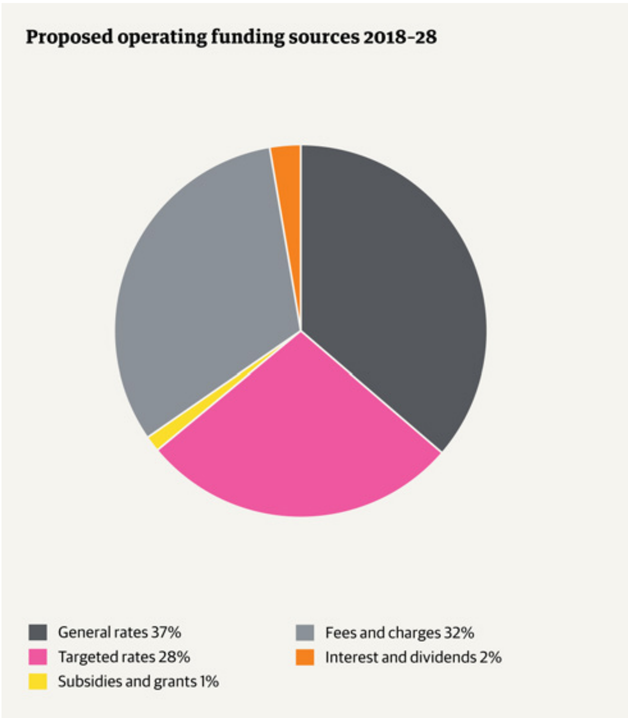
The rates increases presented in $ millions and percentage terms are summarised in the graph below. The specific impact of rates on properties is relative to their capital value and their differential rating category.



Note: The graph above shows the increase in the total year-on-year rates requirement in dollar terms. The percentage impact of the average rates increase (after growth) and the planned tourism sector targeted rate in year 3 are included for information purposes.

The Council uses debt to spread the cost of buying assets and services across those who will benefit from the use of the asset over its life. This means we also need to consider the impact of servicing debt on the affordability of rates. In developing the financial strategy, we have ensured that the cost of servicing and repaying borrowing for each asset is catered for within the rating limits.





SECTION 8: KEY STRATEGIES FOR SIGNIFICANT ASSETS – THREE WATERS

Introduction

Clean, reliable water is essential for the city's quality of life, wellbeing and prosperity. This service is delivered by Wellington Water Ltd (WWL), a Council-Controlled Organisation (CCO). WWL supplies about 140 million litres of safe and reliable drinking water per day (on average) for Upper Hutt, Lower Hutt, Porirua and Wellington.

The Council provides services that help manage and control stormwater flows, while minimising the risk of flooding and the impact of runoff on the environment.

The stormwater network helps keep people and property safe from flooding and weather events. Stormwater catchment planning and water sensitive urban design aims to maintain and improve fresh and coastal water quality and ecology.

Collection, treatment and disposal of the city's sewage minimises the public health risks and environmental harm that would arise without collection and treatment. The Council provides efficient wastewater services, while protecting our waterways from these harmful effects.

As with all our core infrastructure services, we have a large inventory of physical assets and therefore a large funding requirement for operation, renewal and development.

Asset condition and data confidence

The current condition of our three waters assets is reasonable and the quality of our data of these assets is graded as reliable. Our existing assets are being managed and renewed in line with our asset management plans. Accordingly, we have no backlog of renewal works. We have sufficient operating budgets in place to ensure assets are maintained at least to current service levels.

The table reflects the quantities and costs of the assets by sub-group. These contribute to the confidence in the longer range forecasting that informs this strategy.

ASSET GROUP	ASSET SUB-GROUP	ASSET CLASS	COST RATE	QUANTITY	TOTAL LIFE	REMAINING LIFE	CURRENT VALUE (ODRC)
3 Waters	Water	Pipework	A	A	A	B	A
		Fittings & fixtures	A-B	A	A	B	A-B
		Pump stations	A-B	A	A	A-B	A-B
		Reservoirs	A-B	A	A	B	A-B
	Wastewater	Pipework	A	A	A	B	A-B
		Fittings & fixtures	A	A	A	B	A-B
		Pump stations	A-B	A	A	A-B	A-B
	Stormwater	Pipework	A	A	A	B	A-B
		Fittings & fixtures	A-B	A	A	B	A-B
		Pump stations	A-B	A	A	A-B	A-B
	Treatment plants, and other assets	WW Treatment plants, and drainage tunnels and outfall	B	B	A-B	A-B	B

Confidence Ratings

GRADE	LABEL	DESCRIPTION	ACCURACY
A	Accurate	Data based on reliable documents	±5%
B	Minor inaccuracies	Data based on some supporting documentation	±15%
C	Significant data estimated	Data based on local knowledge	±30%
D	All data estimated	Data based on best guess of experienced person	±40%

Issues, options and responses

Where specific challenges and risks to the provision of three waters infrastructure do exist, these are largely being managed through the high prioritisation given to resilience within Our 10-Year Plan 2018-28. These are specifically identified in the Council's asset management plans and in section 3 of this document.

Summary of issues and options for three waters assets:

ASSET GROUP	LEVEL OF SERVICE	ISSUES	OPTIONS	MOST LIKELY SCENARIO	IMPACT ON LEVELS OF SERVICE
Water	Security of supply of potable water and firefighting supply for public safety	Our assets are in reasonable condition and are performing to agreed levels of service, but their age will mean an increased investment in renewals from 2030 through to 2050.	We have the option of advancing the renewals programme, but risking not getting full value from our past investment or maintaining our water supply at current service levels and renewing assets once they near the end of their useful life	We plan to renew our water assets based on age, condition and performance	Maintain
		We rely on water sourced and piped from outside the city's boundary. Areas of the city could be without water for 100+ days following a severe earthquake. Few houses are self-sufficient in terms of rainwater collection.	We can respond by investing in new reservoirs and water supply network infrastructure, accept the risk of major water outages or ask private property owners to invest in their own resilience solutions.	We plan increased investment in the new Prince of Wales/Omāroro Reservoir and a replacement and upgrade of the Bell Road reservoir. Increased investment in water supply infrastructure by Greater Wellington Regional Council, reflected through Wellington City Council's bulk water supply project.	Improve
		Maintaining public health and environmental outcomes	Our water supply is currently treated using chlorination and ultraviolet treatment to provide a safe and healthy water supply.	We will maintain current service levels	Maintain
	Responding to increased water network requirement as a result of population growth	We are forecasting increasing population growth in the northern and eastern suburbs of city.	We can either respond to these growth requirements by increasing the provision of water infrastructure or risk limiting growth by delaying investment.	We plan to invest in new growth related infrastructure including in Shelly Bay, and through reservoirs in Upper Stebbings and Horokiwi. We will also continue to assess future requirements in Karori & Kilbirnie.	Improve
Wastewater	Collection, treatment and disposal of the city's wastewater to minimise the public and environmental health risks that would arise without it.	Greater intensification of population in the central city and new developments increasing the demand on the wastewater networks.	We can upgrade our CBD network which is nearing capacity and reduce overflows and we can continue to develop our flow modelling to ensure we prioritise our asset upgrade programme. Alternatively, we could allow service levels to decline.	We plan to: • Ensure urban development planning is cognisant of current and future infrastructure limitations and compliance with legislation. • Complete hydraulic modelling to prioritise upgrade projects. • Maintain our infrastructural renewal programme and target CBD improvement • We will continue to ensure the quantity and quality of the discharge effluent is monitored, along with beach water and stream water quality and overflows volume occurrences.	Maintain/ Improve
		The sludge that remains following our wastewater treatment and dewatering process is currently landfilled. The impending end of the current resource consent means we need to seek an alternative means of disposal.	We can either work towards an alternative to landfill disposal for wastewater bio solids or risk not complying with our consent in from 2026.	We plan to develop and invest in an alternative to landfill disposal of wastewater sludge.	Maintain/ improve
Stormwater	Keep people and property safe from flooding, while maintaining fresh and coastal water quality.	Urban growth will create more run off and place pressure on aquatic receiving environments. Our growth agenda and a healthy environment (natural capital) are not mutually exclusive, but do pose urban planning challenges.	We can minimise impacts to exist stormwater infrastructure through planning controls in moving towards a more water sensitive city and continue with our hydraulic modelling programme to assess risk and prioritise projects. We can also address specific flooding issues in Kilbirnie and Tawa. Alternatively, we could defer upgrade work and accept a lower level of service.	We plan to limit the impact of flooding over time through our planning controls. We will reduce flooding risk by constructing a new stormwater pump station in Kilbirnie and upgrading the stormwater network in Tawa. We will also maintain our asset renewal programme to ensure we maintain current levels of service in other areas	Improve

Further details including costings and timing of these options can be seen on page 41 in the 'Our response to demands for improved service levels' section.

Contribution to city priorities

We have comprehensive asset management plans for our water, wastewater and stormwater networks. These drive our maintenance and asset renewal plans for our existing assets. In addition, we plan to respond to a number of issues and challenges that contribute to the Housing and Resilience priorities highlighted in the Council's consultation document for Our 10-Year Plan 2018-28.

Resilience

Water

Areas of Wellington are at risk of being without water for 100+ days after a major earthquake so we are increasing water storage and availability to increase our level of service should this be called upon. We have several projects planned to reduce risk.

- *The anticipated Prince of Wales/Omāroro Reservoir* is one significant project to provide a more resilient water supply for the central city and Newtown; it also caters for increased population in the central city. Construction of the 35ML capacity reservoir is planned for 2018/19 - 2012/22.
- *The Bell Road Reservoir* project involves the replacement and slight upsizing of an existing reservoir in poor condition (100 years old). This reservoir will provide a more resilient water supply to lower Karori and the central city.
- *The Community Infrastructure Resilience (CIR)* project will create 12 community water stations in city by July 2018. This will supply 20 litres per person from day 8 onwards within a maximum 1 km walking distance. The project is funded in partnership with central government.
- *Alternative water sources.* Over the last two years, Greater Wellington Regional Council (GWRC) has been investigating alternative water source options to provide water to the Eastern Suburbs of Wellington after a seismic event. The final decision between drilling of harbour bores as an alternative water source or constructing a pipeline across the harbour will be made mid-2018. Although this is a GWRC project, there are significant benefits to Wellington. Wellington City Council pays for this project through the payment of the bulk water levy, which is an operational cost, based on actual water use.
- *Renewals programme* - Improving the overall network resilience by using advanced technology and materials, for example by replacing brittle pipes with ductile pipes

Reduction of wastewater overflows

Wastewater overflows generally occur when stormwater or ground water enters the wastewater system as well as wastewater. This results in the pipe reaching capacity and needing to overflow into the environment. There are constructed overflows to reduce the direct impact on people from this diluted wastewater. As our city's population grows, more wastewater needs to enter the pipes, resulting in more overflows. We have a work programme included in the 10-year plan and infrastructure strategy to reduce these occurrences.

- Completion of the hydraulic model and associated flow monitoring – Completion of this model will help prioritise projects by understanding the worst affected areas and enabling targeting of work.
- Wastewater upgrades in the central city – This area is experienced high growth and the current wastewater system is at capacity. Upgrading areas of this network will reduce overflows as well as cater for growth. The specific projects will be identified once modelling has been completed but provision has been allowed for.

Sludge Reduction

Sludge is a by-product of the wastewater treatment process from Moa Point Wastewater Treatment Plant. Once the sludge is dewatered (some of the water removed) it is landfilled. This is becoming an issue for the landfill as our objective to reduce waste to landfill means that future we have an insufficient proportion of landfill waste to mix with the sludge and the associated resource consent expires in 2026. We have set aside $30.3 million in our plan to implement a solution.

Reducing the effect of flooding

The changes in climate include more intense rain events and there are areas in Wellington where the impact from these events has a significant effect on the community. There are multiple solutions to addressing these problems from infrastructure construction, planning changes or operational solutions. There are projects identified to reduce the impacts of these events.

- Completion of hydraulic modelling to identify areas of risk and to prioritise projects.
- *Kilbirnie Stormwater Upgrade* - Construction in 2018/19 of a stormwater pump station in Kilbirnie, this following on from the pipeline construction in 2017/18. This project addresses flooding near the Kilbirnie Recreation Centre.
- *Tawa Stormwater Upgrade* – This suite of projects is scheduled to reduce the incidence of flooding in Tawa during rain events.

Supporting housing growth

To address growth it is important to have an understanding of the effects on the network. To help guide these decisions, hydraulic modelling is being undertaken on all three water networks. This work will improve our ability to assess the effects of population growth on our network as well as helping prioritise projects. There are two areas we have specifically provided for in our current plans.

- *Horokiwi and Upper Stebbings reservoirs* – This is where we intend to provide additional water storage in response to planned growth. These projects will be primarily funded by development contributions.
- *Miramar Peninsular Upgrades* - When development occurs in this area, upgrades to downstream wastewater infrastructure and additional water supply infrastructure are required. The specific timing of this work is dependent on when growth starts to occur. We have provisionally included $8 million within the next 10 years of our plan for this.

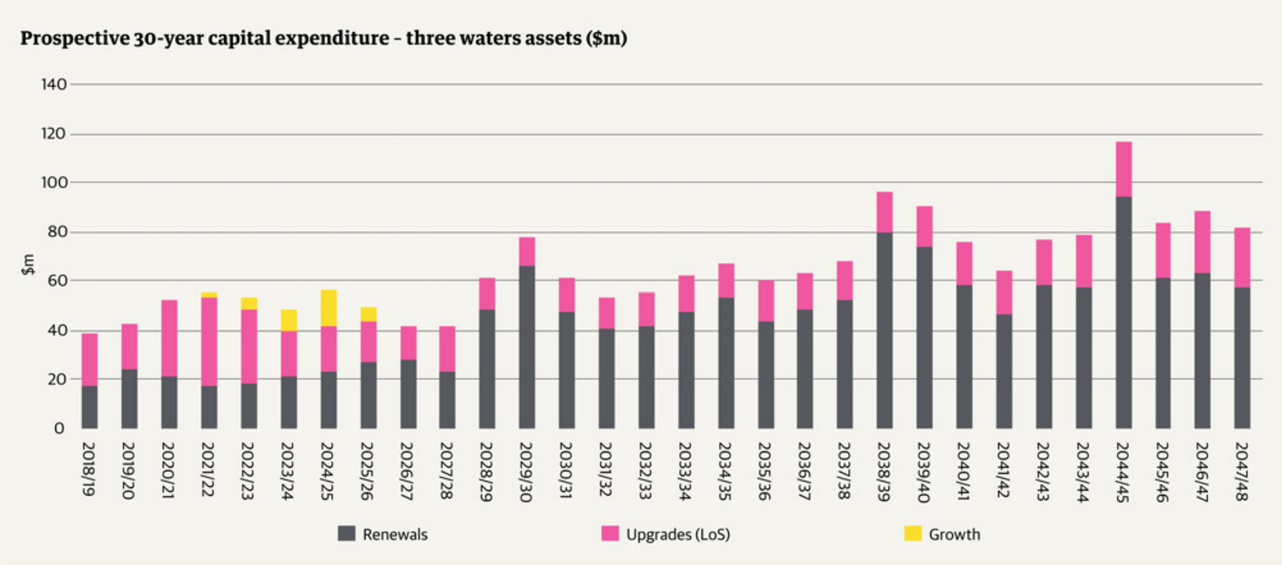
Financial impacts

The combined value of the Council's three waters assets is $1.485 billion. Over the period of Our 10-Year Plan 2018-28, the Council plans to spend $934 million on maintaining these assets and ensuring the provision of the related services. We also plan to spend $221 million on renewing existing assets, $223 million on improving the level of service we provide and $36 million on building network capacity to respond to population growth.

	2019 $M	2020 $M	2021 $M	2022-28 $M	LTP TOTAL	2029-33 $M	2034-38 $M	2039-43 $M	2044-48 $M	30 YEAR FINANCIALS
Operating Expenditure	72.106	76.860	81.756	703.688	934.410	543.436	602.983	671.015	748.741	3,500.586
Income	(0.877)	(0.895)	(0.913)	(6.957)	(9.642)	(5.802)	(6.519)	(7.338)	(8.273)	(37.573)
Total Operating Projects	71.230	75.966	80.843	696.731	924.769	537.634	596.464	663.677	740.467	3,463.012
Capital Activity Renewals	17.814	24.141	21.688	157.574	221.217	245.038	244.647	317.333	332.811	1,361.046
Capital Activity Upgrades (LoS)	20.688	19.019	30.697	152.683	223.088	64.357	77.126	85.761	116.097	566.429
Capital Activity Growth	0.000	0.000	0.000	36.425	36.425	0.000	0.000	0.000	0.000	36.425
Total Capital Activities	38.502	43.160	52.385	346.682	480.730	309.395	321.774	403.094	448.908	1,963.899

In the first 10 years covered by this infrastructure strategy, the planned capex has been managed to enable a pragmatic mix of renewal work that ensures existing service levels are maintained and risks managed, while also addressing the priority areas that will result in improvement to service levels. The capital expenditure renewal profile for years 11-30 is based on a combination of known condition and information based on asset age, quality and performance data.

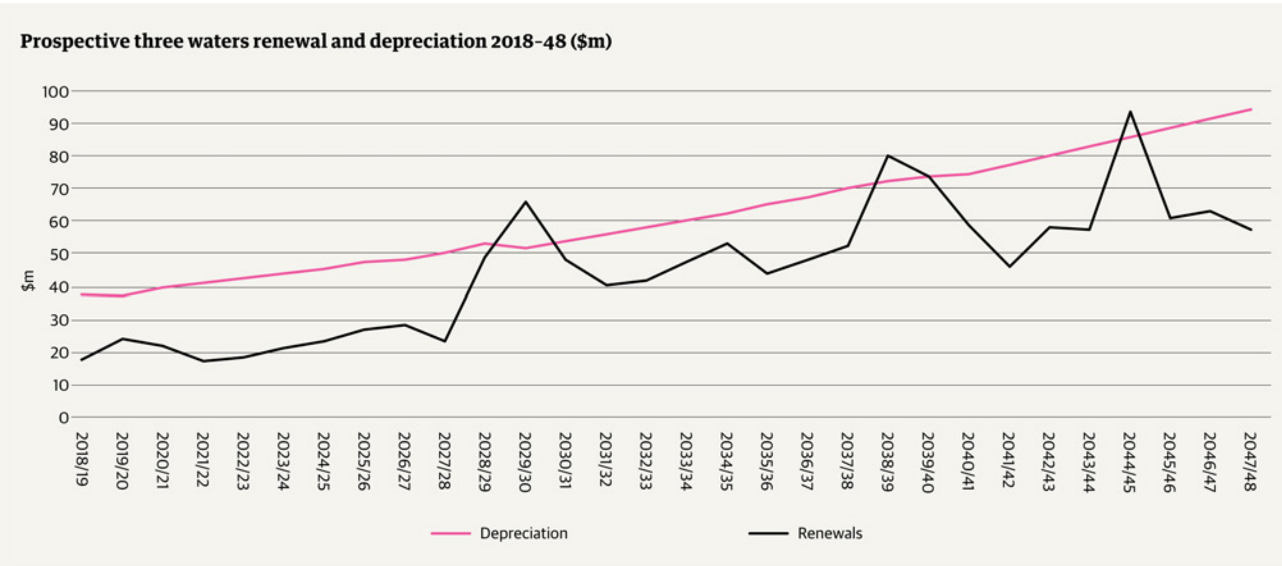
As we continuously improve our condition data, so will our understanding of the condition of the assets increase. This will further improve our ability to identify, reforecast the renewals, and balance the risks of not replacing the asset with renewals investment. Improving condition information also underpins confident renewal or upgrade decision making when balancing the remaining asset life with asset performance, material, location and consequence of failure.



Note: The 5-year units of cost have been annualised.

The prospective forecasts for asset renewal and depreciation across the three waters network over the 30 years of this strategy are indicative of the age of our network. A comparatively low level of investment is required over the first 10 years, with increases forecast to reflect the periodic installation dates of the existing network. It is expected that this capital expenditure profile will be smoothed over time as we continue to monitor the performance of the network as it ages and improve the quality of our asset information.

Prospective three waters renewal and depreciation 2018-48



30-year projections

Stormwater

Over the period of Our 10-Year Plan 2018-28, the Council plans to spend $150 million on maintaining these assets and ensuring the provision of the related services. We also plan to invest $42m in renewing existing assets, $54 million in improving the level of service we provide and $3 million in building network capacity to respond to population growth.

	2019 $M	2020 $M	2021 $M	2022-28 $M	LTP TOTAL	2029-33 $M	2034-38 $M	2039-43 $M	2044-48 $M	30 YEAR FINANCIALS
Operating Expenditure	11.323	12.282	13.283	113.211	150.100	82.127	88.436	95.643	103.878	520.184
Income	(0.163)	(0.163)	(0.165)	(1.165)	(1.656)	(0.842)	(0.852)	(0.863)	(0.876)	(5.088)
Total Operating Projects	11.161	12.120	13.118	112.046	148.444	81.285	87.584	94.780	103.002	515.096
Capital Activity Renewals	3.609	8.445	3.694	26.780	42.528	36.492	38.542	102.224	62.196	281.982
Capital Activity Upgrades (LoS)	7.729	0.902	0.554	44.458	53.642	37.795	44.734	53.517	64.227	253.914
Capital Activity Growth	0.000	0.000	0.000	3.365	3.365	0.000	0.000	0.000	0.000	3.365
Total Capital Activities	11.338	9.347	4.248	74.603	99.535	74.286	83.276	155.741	126.423	539.262

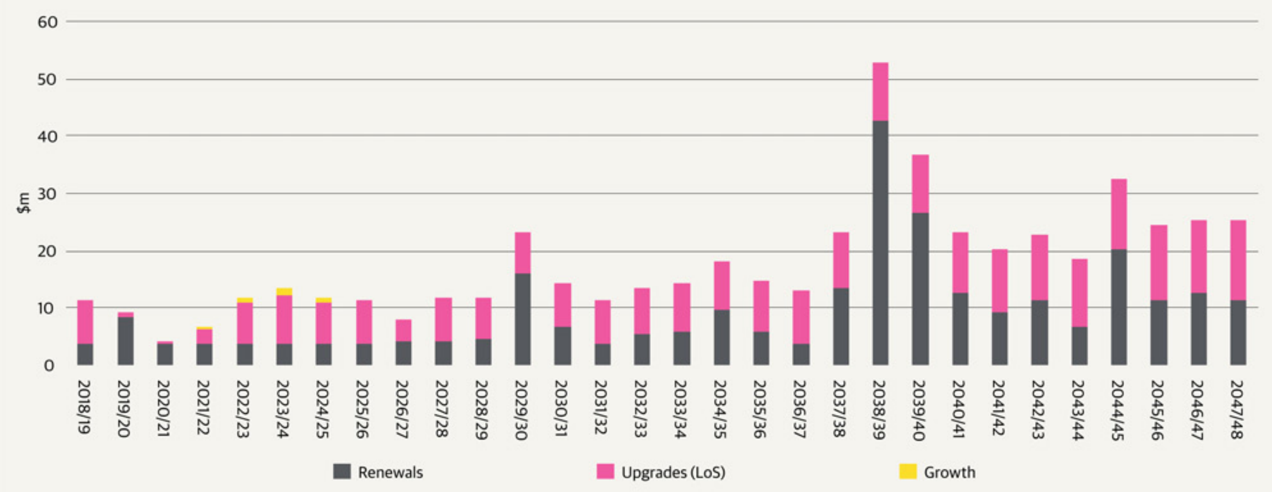
There are key elements of work identified to be completed in years 1-10 predominantly to address known flooding issues and to complete high priority renewals. There is an element of information collection involved, especially at the start of the 10-year plan period as this information will help prioritise both upgrade and renewal projects throughout the 30-year timeframe. Specific projects that will be under in years 1-10 include:

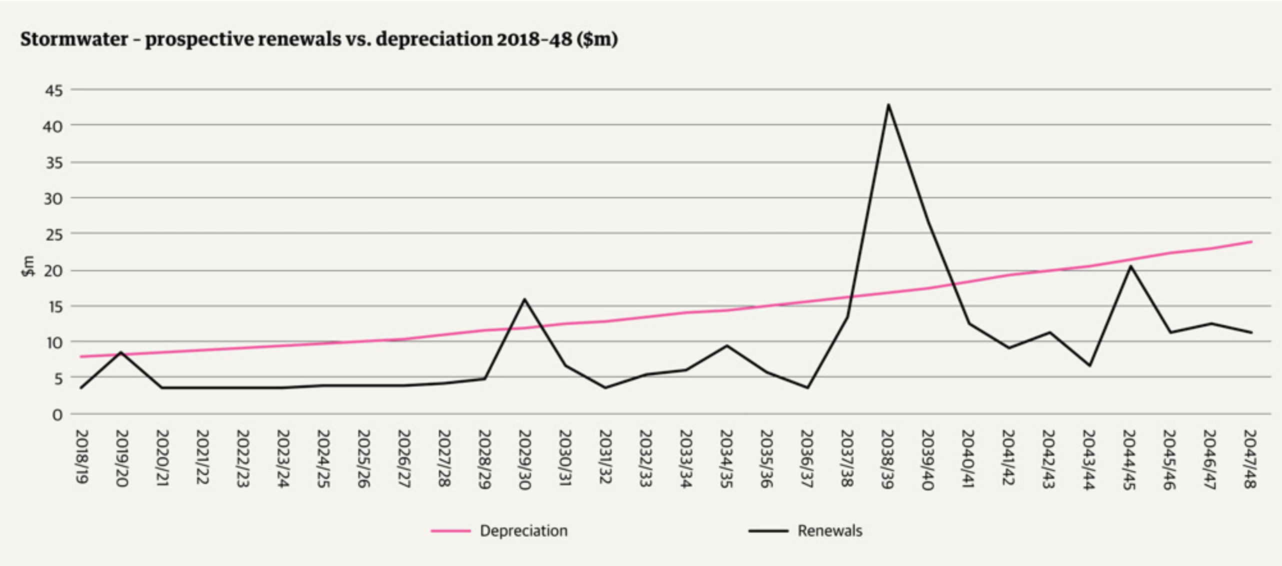
- completion of hydraulic modelling to identify areas of risk and to prioritise projects.
- *Kilbirnie Stormwater Upgrade* - Construction in 2018/19 of a stormwater pump station in Kilbirnie, this following on from the pipeline construction in 2017/18. This project addresses flooding near the Kilbirnie Recreation Centre.
- *Tawa Stormwater Upgrade* – This suite of projects is scheduled to reduce the incidence of flooding in Tawa during rain events.

The majority of the work in years 11-30 is at this stage targeted at renewals. This data shows three distinct peaks where the model has predicted end of life of large stormwater assets. More information will be gathered over the next few years to understand more around the condition of the asset to reforecast the renewals requirement and the risks of not replacing the asset.

In years 11-30, a potential funding requirement has been identified to upgrade the stormwater system based on the results of the hydraulic modelling that will be completed in first few years of the 10-year plan. As a result, a consistent investment in improvements is shown in the budget.

Stormwater – prospective capital expenditure 2018-48 ($m)





Wastewater

Over the period of Our 10-Year Plan 2018-28, the Council plans to spend $367 million on maintaining these assets and ensuring the provision of the related services. We also plan to invest $82 million in renewing existing assets, $53 million in improving the level of service we provide and $3 million in building network capacity to respond to population growth.

	2019 $M	2020 $M	2021 $M	2022-28 $M	LTP TOTAL	2029-33 $M	2034-38 $M	2039-43 $M	2044-48 $M	30 YEAR FINANCIALS
Operating Expenditure	30.735	32.178	33.658	270.406	366.978	213.076	235.511	261.142	290.426	1,367.132
Income	(0.677)	(0.694)	(0.709)	(5.492)	(7.572)	(4.703)	(5.373)	(6.139)	(7.013)	(30.800)
Total Operating Projects	30.058	31.485	32.949	264.914	359.406	208.373	230.138	255.003	283.412	1,336.332
Capital Activity Renewals	5.332	8.965	11.026	56.414	81.737	92.909	100.892	118.006	143.728	537.271
Capital Activity Upgrades (LoS)	3.406	0.901	2.498	45.914	52.720	6.925	7.912	9.040	11.882	88.479
Capital Activity Growth	0.000	0.000	0.000	3.365	3.365	0.000	0.000	0.000	0.000	3.365
Total Capital Activities	8.739	9.866	13.524	105.692	137.821	99.835	108.804	127.046	155.609	629.115

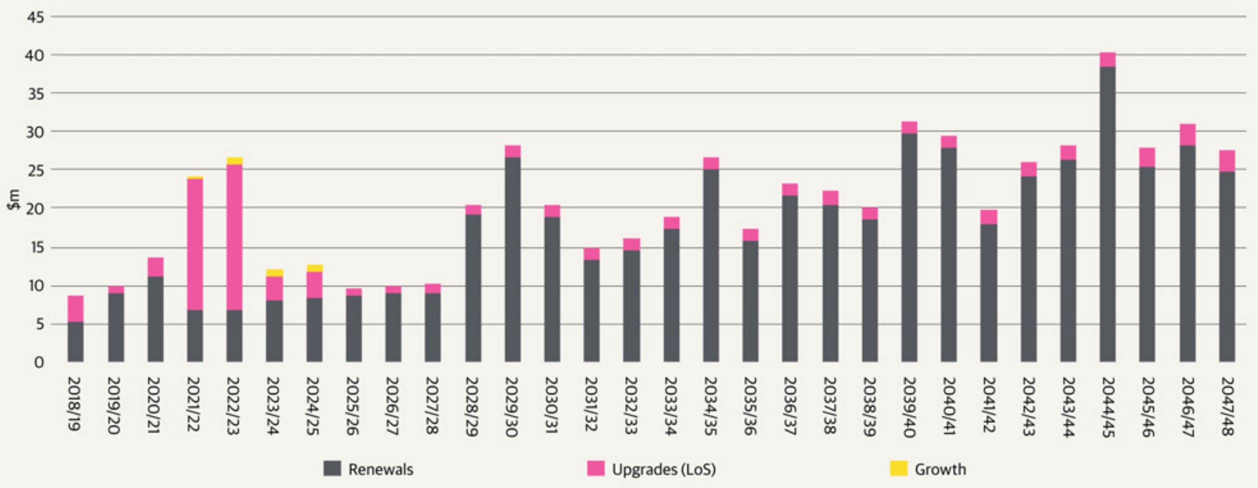
Key elements of work have been identified that need to be completed in years 1-10 predominantly to address growth, reduce wastewater overflows and complete high priority renewals. One significant renewal is the required replacement of the Western (Karori) Wastewater Treatment Plant outfall. There is also an element of information collection involved, especially at the start of the 10-year plan period, as this information will help prioritise both upgrade and renewal projects throughout the 30-year timeframe. Specific projects that will be under in years 1-10 include:

- Completion of the hydraulic model and associated flow monitoring - Completion of this model will help prioritise projects by understanding the worst affected areas and enabling targeting of work.
- Wastewater upgrades in the central city - This area is experienced high growth and the current wastewater system is at capacity. Upgrading areas of this network will reduce overflows as well as cater for growth. The specific projects will be identified once modelling has been completed but provision has been allowed for.
- *Miramar Peninsular Upgrades* - When development occurs in this area upgrades to downstream wastewater infrastructure and additional water supply infrastructure is required. The timing of this work is dependent on when growth starts to occur.
- *Sludge minimisation project* - To reduce the volume of wastewater sludge that goes to landfill.

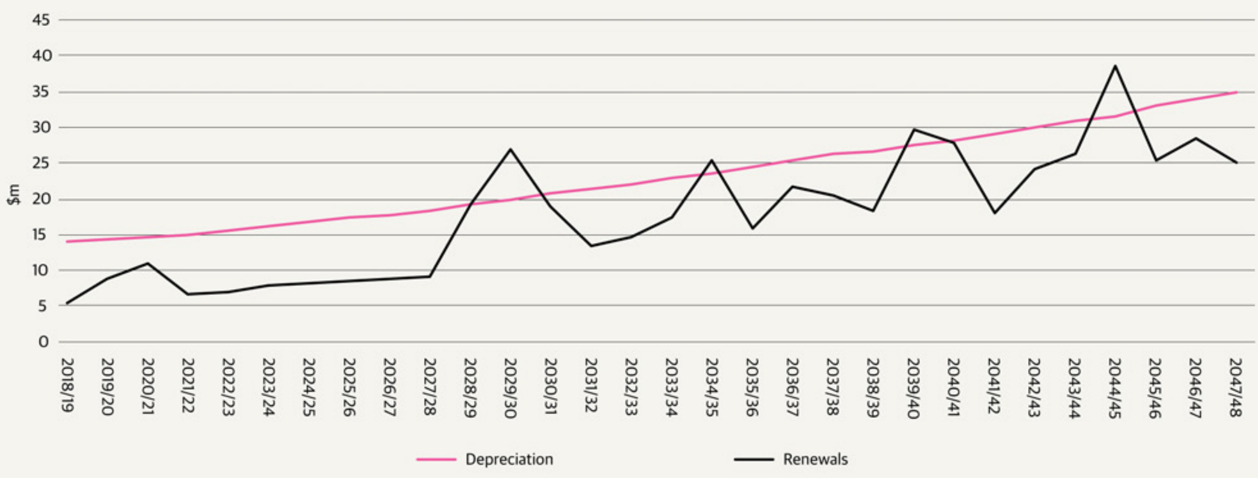
The majority of the work in years 11-30 is at this stage targeted at renewals. This data shows four peaks where the model has predicted end of life of larger volume of wastewater assets. More information will be gathered over the next few years to improve understanding around the condition of the asset to reforecast the renewals requirement and the risks of not replacing the asset.

In years 11-30, a funding requirement has been identified to upgrade the wastewater system based on the results of the hydraulic modelling being completed in the first few years of the plan.

Wastewater - prospective capital expenditure 2018-48 ($m)



Wastewater - prospective renewals vs. depreciation 2018-48 ($m)



Water

Over the period of Our 10-Year Plan 2018-28, the Council plans to spend $417 million on maintaining these assets and ensuring the provision of the related services. We also plan to invest $97m in renewing existing assets, $117m in improving the level of service we provide and $30 million in building network capacity to respond to population growth.

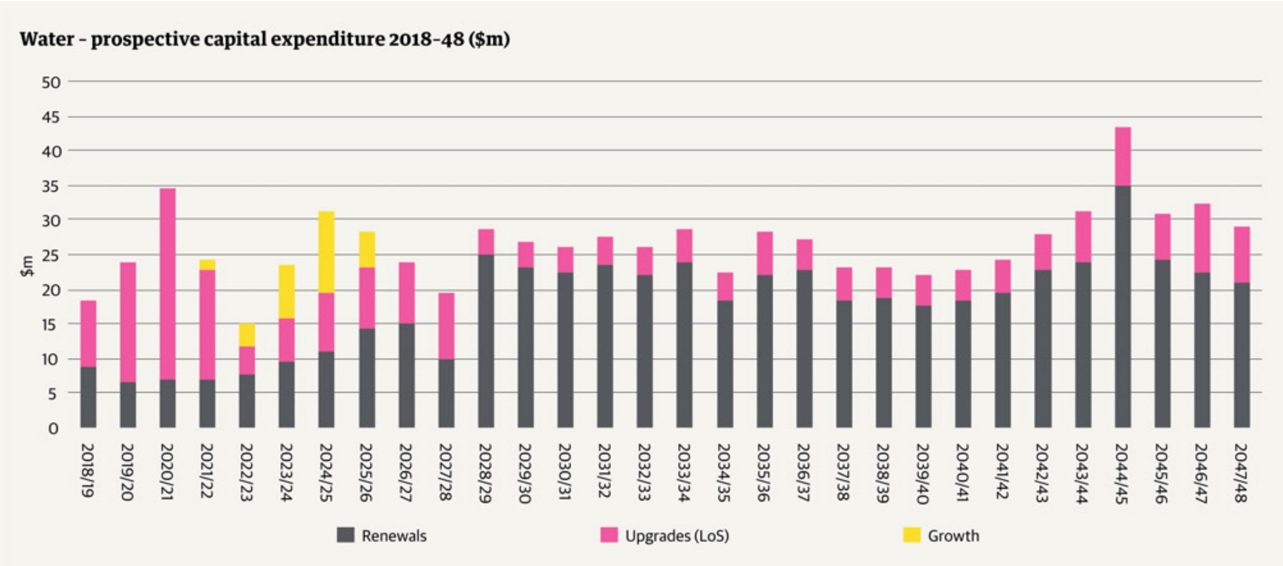
	2019 $M	2020 $M	2021 $M	2022-28 $M	LTP TOTAL	2029-33 $M	2034-38 $M	2039-43 $M	2044-48 $M	30 YEAR FINANCIALS
Operating Expenditure	30.048	32.399	34.814	320.071	417.332	248.233	279.037	314.230	354.437	1,613.269
Income	(0.037)	(0.038)	(0.039)	(0.301)	(0.414)	(0.257)	(0.294)	(0.336)	(0.384)	(1.686)
Total Operating Projects	30.011	32.361	34.776	319.770	416.918	247.976	278.743	313.894	354.053	1,611.584
Capital Activity Renewals	8.873	6.731	6.968	74.381	96.953	115.637	105.213	97.103	126.887	541.792
Capital Activity Upgrades (LoS)	9.553	17.216	27.645	62.312	116.726	19.637	24.480	23.204	39.988	224.036
Capital Activity Growth	0.000	0.000	0.000	29.694	29.694	0.000	0.000	0.000	0.000	29.694
Total Capital Activities	18.426	23.947	34.613	166.387	243.374	135.274	129.693	120.307	166.875	795.523

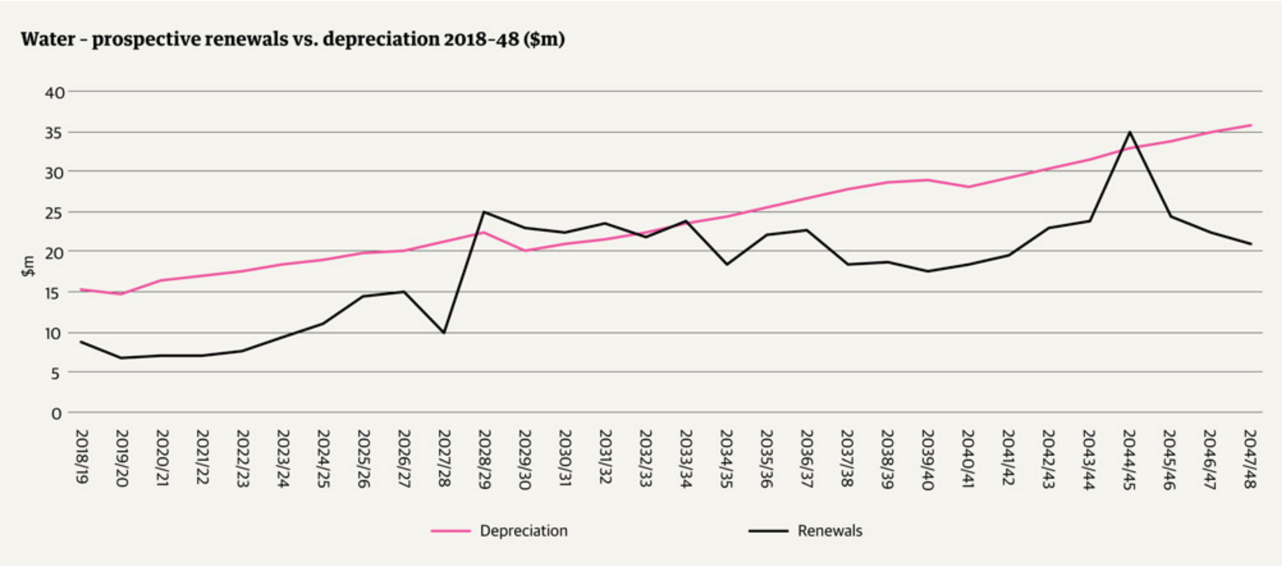
Key elements of work have been identified that need to be completed in years 1-10 predominantly to address resilience, growth and to complete high priority renewals. The construction of two reservoirs in central

Wellington is planned to improve resilience and to cater for growth in the central city. There is also an element of information collection involved especially at the start of the 10-year plan period as this information will help prioritise both upgrade and renewal projects throughout the 30-year timeframe. Specific projects that will be under in years 1-10 include:

- *The Prince of Wales/Omāroro Reservoir* is one significant project to provide a more resilient water supply for the central city and Newtown; it also caters for increased population in the central city. Construction of the 35ML capacity reservoir is planned for 2018/19 - 2012/22.
- *The Bell Road Reservoir* project involves the replacement and slight upsizing of an existing reservoir in poor condition (100 years old). This reservoir will provide a more resilient water supply to lower Karori and the central city.
- *The Community Infrastructure Resilience (CIR)* project will create 12 community water stations in city by July 2018. This will supply 20 litres per person from day 8, following a major earthquake, onwards within a maximum 1 km walking distance. The project is funded in partnership with central government.
- *Alternative water source* - over the last 2 years, Greater Wellington Regional Council (GWRC) has been investigating alternative water source options to provide water to the Eastern Suburbs of Wellington after a seismic event. The final decision between drilling of harbour bores as an alternative water source or constructing a pipeline across the harbour will be made mid-2018. Although this is a GWRC project, there are significant benefits to Wellington. WCC pays for this project through the payment of the bulk water levy, which is an operational cost, based on actual water use.
- *Horokiwi and Upper Stebbings reservoirs* - Due to the increasing growth in these areas, additional water storage is required. As growth projects, they would be subject to development contributions.
- *Miramar Peninsular Upgrades* - When development occurs in this area upgrades to downstream wastewater infrastructure and additional water supply infrastructure is required. The timing of this work is dependent on when growth starts to occur.

The majority of the work in years 11-30 is at this stage targeted at renewals. This data shows the forecast level of investment is reducing in the outer 20 years with one peak of expenditure in 2044/45. This is due to a forecast reservoir renewal and a large quality of water pipes due for replacement. More information will be gathered over the next few years to understand more about the condition of the assets to reforecast the renewals requirement and the risks of not replacing the asset.





SECTION 9: KEY STRATEGIES FOR SIGNIFICANT ASSETS – TRANSPORT

Introduction

With our partners, we help provide a safe, efficient and reliable transport system for people who travel in and out of, and around Wellington.

Structures

Retaining walls and sea walls support and protect transport corridors. Tunnels and bridges enable safe and efficient connections. Shelters provide weather protection for pedestrians and people waiting for buses.

Network control and management

Signs, markings, traffic lights and street lighting services are very high value for money provisions, which significantly enhance safety, and efficiency for users of our transport networks.

Parking meters enable valuable space to be shared and generate over $26 million in annual revenue, which significantly offsets the cost of our transport system.

Vehicle and Pedestrian network

The road network accommodates more than 40,000 people driving to work and generally travelling around the city each day.

Kerbs and channels perform a vital function in managing stormwater so that it does not damage the underlying pavement or neighbouring property.

The pedestrian network accommodates nearly 25,000 walking or cycling commuters each day, and allows people to get around our city safely and easily.

Asset condition and data confidence

Asset condition is assessed on a cyclic basis depending on the asset type and whole of life investment decisions are made with regard to the information provided from these surveys, assessment of risk profiles and economic benefits. Our current operations and renewal programmes are adequate to sustain at least the current level of service over the short and medium-term (a 10-30 year horizon).

The current condition of our transport assets is reasonable and the quality of our data of these assets is graded as reliable. We have sufficient operating budgets in place to ensure assets are maintained at least to current service levels.

The table reflects the quantities and costs of the assets by sub-group. These contribute to the confidence in the longer range forecasting that informs this strategy.

ASSET GROUP	ASSET SUB-GROUP	ASSET CLASS	COST RATE	QUANTITY	TOTAL LIFE	REMAINING LIFE	CURRENT VALUE (ODRC)
Roads	Structures	Bridges	A	A	A	A	A
		Tunnels	A-B	A	A	A-B	A-B
		Shelters	A	A	A	A-B	A-B
		Retaining walls	A	A	B	A-B	A-B
		Sea walls	A	A	B	A-B	A-B
		Accessway walls	A	A	B	A-B	A-B
		Culverts	A	A-B	B	A-B	A-B
	Vehicle network	Carriageway (formation)	A	A	n/a	n/a	A
		Top surface	A	A	B	B	B
		Subsurface	A-B	A	B	B	B
		Kerbs and channels	A	A	B	B	A-B
		Sumps & leads	A	A-B	B	A-B	A-B
	Pedestrian / cycleway network	Footpaths & boardwalks	A	A	B	A-B	A
		Cycleways	n/a	n/a	n/a	n/a	n/a
		Access paths	A	A	B	A-B	A
		Handrails and fences	A-B	A	A-B	A	A-B
		Pedestrian ramps	A	B	A-B	A-B	B
		Street furniture	A	A	B	A-B	A
	Parking network	Parking facilities	A	A	A	A	A
	Network control & management	Traffic signals	A	A	A	A	A
		Road marking	A	B	A	A	A-B
		Signs & posts	A	A	A-B	A	A
		Street lights	A	A	A-B	A	A
		Guardrails	A	A	A-B	A	A-B
		Traffic control	A	A	A-B	A	A-B

Issues, options and responses

Summary of issues and options for transport assets

ASSET GROUP	LEVEL OF SERVICE	ISSUES	OPTIONS	MOST LIKELY SCENARIO	IMPACT ON LEVELS OF SERVICE
Vehicle and pedestrian network	The road network accommodates people driving to work and generally travelling around the city each day on a safe and reliable network. The pedestrian and cycleway network accommodates walking or cycling commuters each day, and allows people to get around our city safely and easily.	Growing traffic congestion and unreliable journey times Poor and declining levels of service Safety issues, especially for cycling and walking	Accept declining levels of service Let's Get Wellington Moving investment programme Multi-modal transport • Cycleways • Walking • Bus priority lane Accept declining level of service Optimise renewals programme Increase investment in renewals Let's Get Wellington Moving investment programme to create a safe space relevant to the mode of transport Education/Partnership with communities Investment in additional traffic calming measures such as safer speed zones	We plan to invest in the Let's Get Wellington Moving. We plan to increase the investment if the different modes of transport. We plan to continue with our optimised renewals programme. We plan to continue with a strong focus on Education programmes. We plan to continue to invest in our safety programmes.	Maintain / Improve

ASSET GROUP	LEVEL OF SERVICE	ISSUES	OPTIONS	MOST LIKELY SCENARIO	IMPACT ON LEVELS OF SERVICE
Structures	Retaining walls, sea walls and access way walls support and protect transport corridors. Tunnels and bridges enable safe and efficient connections. Shelters provide weather protection for pedestrians and people waiting for buses.	Vulnerability to disruption from unplanned events such as storms Route reliability and resilience of; • failed slopes and high risk walls • bridges and tunnels	Accept risk of disruption Invest in coastal protection of roads and walls, and increasing need for road drainage Invest in the management of increased soil erosion and slips Accept increase in poor condition structures and risk of asset failure Optimise renewals programme prioritising investment in poorer condition assets.	We plan to target investment in coastal protection of roads and walls. We plan to continue with our optimised renewals programme.	Maintain/ Improve
Network control and management	Signs, traffic lights and street lighting services significantly enhance safety and efficiency for users of our transport networks.	Deteriorating condition of signage, streetlights and traffic light assets.	Accept declining levels of service Optimise renewals programme prioritising investment in poorer condition assets.	We plan to continue with our optimised renewals programme.	Maintain

Contribution to city priorities

We have comprehensive asset management plans for our transport assets. These drive our maintenance and asset renewal plans for our existing assets. In addition, we plan to respond to a number of issues and challenges that contribute to the Housing and Resilience priorities highlighted in the Council's consultation document for Our 10-Year Plan 2018-28.

There is $231 million of investment planned to increase the utilisation and the capacity of transport across and throughout the city. This investment focuses on changing transport modes, with mechanisms to assist greater utilisation of more effective public transport (provided by Greater Wellington Regional Council, and a $75 million investment in the provision of new cycleways. In the latter half of the 10-year plan, there is $123 million provided for Let's Get Wellington Moving, the project alliance between Wellington City Council, the New Zealand Transport Agency and Greater Wellington Regional Council.

The impact of this significant investment programme is that the level of depreciation significantly increases to over $80 million from $31 million due to the extra value of the assets added to increase service levels. This will provide for the replacement of the new assets when they come to the end of their useful lives.

Transport is itself a priority for the Council. Our priorities within this enable us to address the challenges of population growth, stimulating economic growth and increasing the resilience of core infrastructure to shocks.

Our transport infrastructure is in good condition. Growth and demand in the transport service is very closely aligned with population and economic growth, which are expected to moderately increase in the future. Greater demand is putting pressure on our current levels of service.

Summary of financial impacts

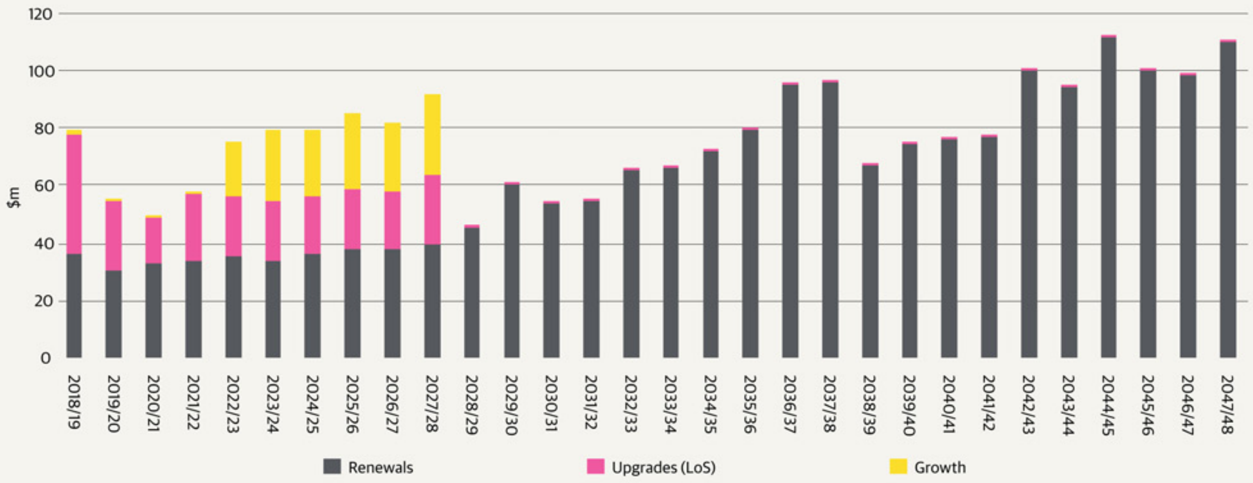
The combined value of the Council's transport assets is $1.029 billion. Over the period of Our 10-Year Plan 2018-28, the Council plans to spend $683 million on maintaining these assets through operating expenditure and ensuring the provision of the related services. Of these operating costs, $197 million is forecast to be funded by the NZ Transport agency (NZTA). We also plan to invest $355 million in renewing existing assets, $230 million in improving the level of service we provide and $148 million in building network capacity to respond to population growth. Of these capital costs, $170 million is forecast to be funded from the NZTA.

	2019 $M	2020 $M	2021 $M	2022-28 $M	LTP TOTAL	2029-33 $M	2034-38 $M	2039-43 $M	2044-48 $M	30 YEAR FINANCIALS
Operating Expenditure	56.364	61.461	64.903	500.234	682.961	401.715	446.472	497.606	556.026	2,584.780
Income	(71.395)	(62.271)	(61.859)	(448.600)	(644.125)	(347.721)	(375.671)	(407.603)	(444.085)	(2,219.204)
Total Operating Projects	(15.031)	(0.810)	3.044	51.633	38.837	53.994	70.801	90.003	111.941	365.577
Capital Activity Renewals	35.983	30.693	33.002	254.965	354.643	280.167	409.266	393.788	514.946	1,952.811
Capital Activity Upgrades (LoS)	41.825	23.472	15.581	148.729	229.607	0.086	0.098	0.810	0.156	230.757
Capital Activity Growth	1.843	0.261	0.015	145.602	147.721	0.000	0.000	0.000	0.000	147.721
Total Capital Activities	79.651	54.426	48.598	549.295	731.971	280.253	409.364	394.598	515.102	2,331.288

In the first 10 years covered by this infrastructure strategy, the planned capex has been managed to enable a pragmatic mix of renewal work that ensures existing service levels are maintained and risks managed while also addressing the priority areas that will result in service level improvements.

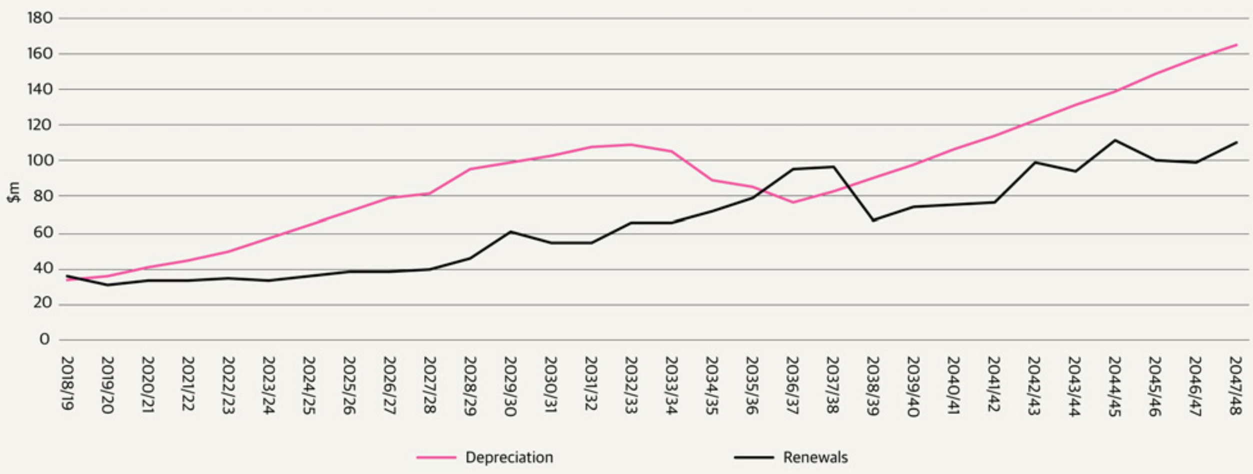
The majority of the expenditure signalled in years 11-30 are renewals. These renewal figures have been generated using a model that forecasts asset renewal based on life. We will continue to improve our understanding of the condition of the asset to reforecast the renewals requirement and the risks of not replacing the asset. This will include condition information to provide more confidence in the remaining asset life, which will be linked to asset performance, material, location and consequence of failure, which builds on existing asset knowledge.

Transport - prospective 30-year capital expenditure ($m)



The prospective forecasts for asset renewal and depreciation across the transport network over the 30 years of this strategy are indicative of the age of our network. Because of significant investment in transport assets in the first 10 years in Let's Get Wellington Moving (LGWM) and cycleways, the depreciation increases to reflect this investment. These renewals are planned from year 11 onwards. It is expected that this capital expenditure profile will be smoothed over time as we continue to monitor the performance of the network as it ages and improve the quality of our asset information.

Transport - prospective renewal and depreciation 2018-48 ($m)



30-year projections

Structures

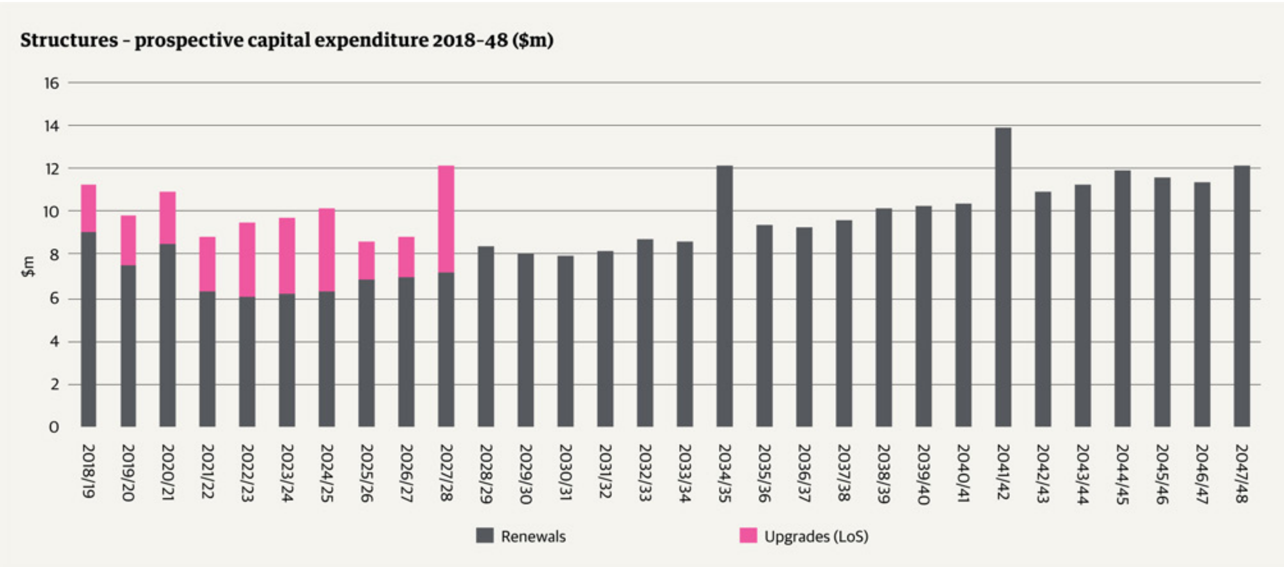
Over the period of Our 10-Year Plan 2018-28, the Council plans to spend $100 million on maintaining these assets and ensuring the provision of the related services. We also plan to invest $71 million in renewing existing assets and $29 million in improving the level of service.

	2019 $M	2020 $M	2021 $M	2022-28 $M	LTP TOTAL	2029-33 $M	2034-38 $M	2039-43 $M	2044-48 $M	30 YEAR FINANCIALS
Operating Expenditure	8.090	8.516	9.021	74.685	100.313	59.052	65.923	73.773	82.741	381.801
Income	(2.380)	(2.374)	(2.386)	(16.971)	(24.111)	(12.108)	(12.241)	(12.394)	(12.568)	(73.422)
Total Operating Projects	5.711	6.142	6.635	57.714	76.202	46.944	53.682	61.379	70.173	308.379
Capital Activity Renewals	8.991	7.466	8.472	45.816	70.744	41.182	49.048	55.586	58.230	274.790
Capital Activity Upgrades (LoS)	2.267	2.319	2.474	21.867	28.927	0.000	0.000	0.000	0.000	28.927
Capital Activity Growth	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Capital Activities	11.257	9.784	10.946	67.684	99.671	41.182	49.048	55.586	58.230	303.717

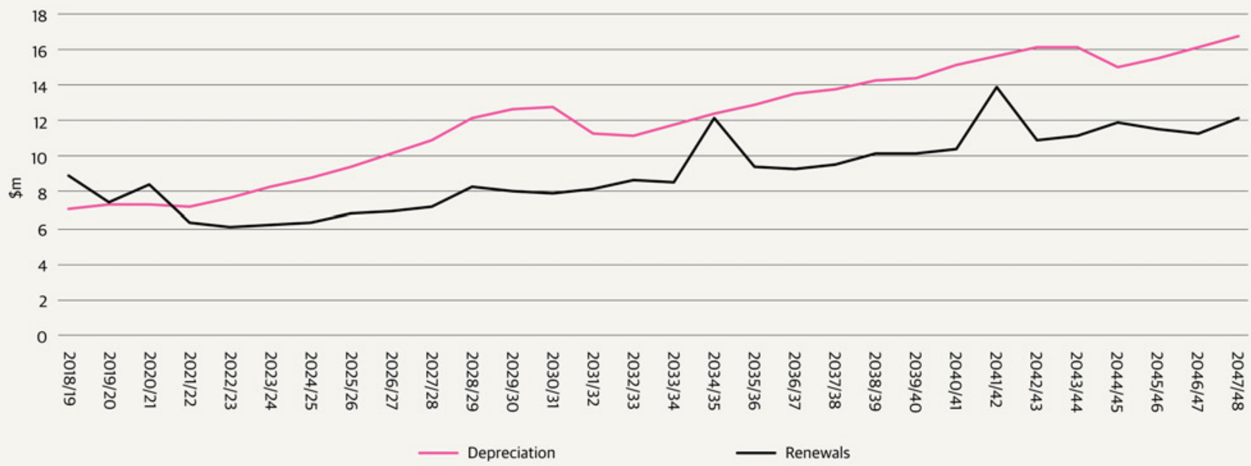
Key elements have been identified that need to be completed in years 1-10 predominantly to complete high priority renewals within walls, tunnels and bridges. There is an element of information collection involved especially at the start of the 10-year plan period as this information to help prioritise both upgrade and renewal projects throughout the 30-year timeframe. Specific projects included in years 1-10 include:

- ongoing priority renewals of significant retaining walls across the city
- a 10-year, $5 million programme of resilience work to renew high-risk failing seawall
- the Kelburn viaduct and other ongoing programme of bridges informed by the 5-yearly survey in accordance with the NZTA bridge inspection and maintenance guide.

The majority of the work in years 11-30 is at this stage targeted at renewals, which includes an upgrade component. More information will be gathered over the next few years to understand more around the condition of the asset to reforecast the renewals requirement and the risks of not replacing the asset.



Structures - prospective renewals vs. depreciation 2018-48 ($m)



Network control and management

Over the period of Our 10-Year Plan 2018-28, the Council plans to spend $396 million on maintaining these assets and ensuring the provision of the related services. We also plan to invest $45 million in renewing existing assets and $2 million in improving the level of service.

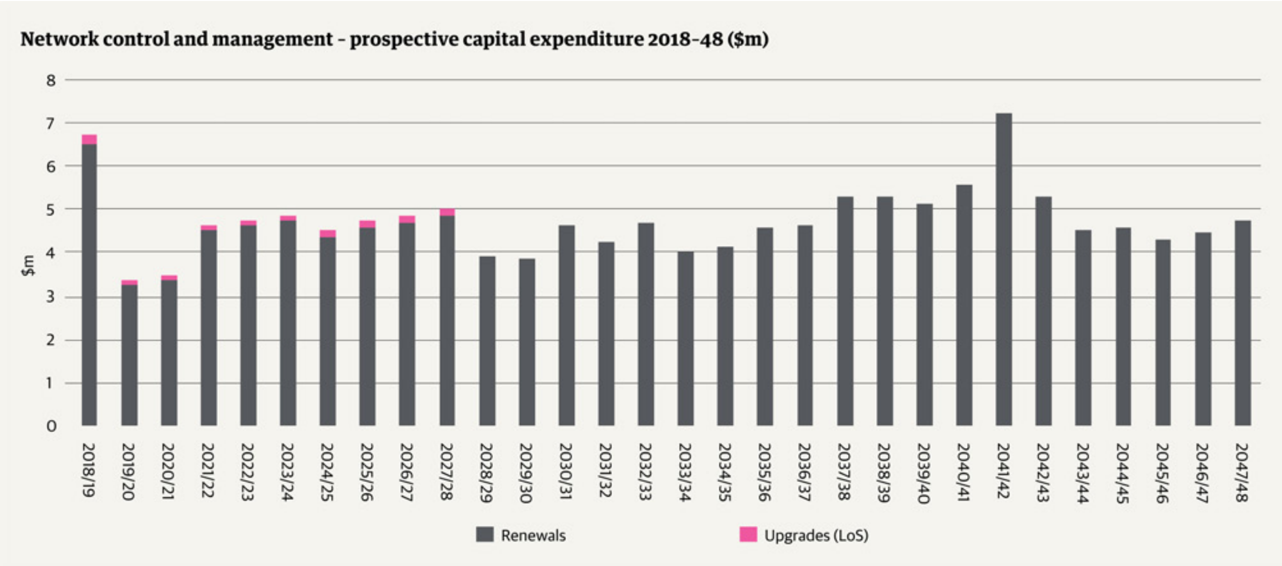
	2019 $M	2020 $M	2021 $M	2022-28 $M	LTP TOTAL	2029-33 $M	2034-38 $M	2039-43 $M	2044-48 $M	30 YEAR FINANCIALS
Operating Expenditure	36.042	39.125	40.333	280.324	395.824	241.939	273.432	309.412	350.519	1,571.127
Income	(66.994)	(57.850)	(57.396)	(416.536)	(598.776)	(323.842)	(350.851)	(381.710)	(416.965)	(2,072.145)
Total Operating Projects	(30.951)	(18.725)	(17.063)	(136.212)	(202.952)	(81.902)	(77.419)	(72.298)	(66.446)	(501.017)
Capital Activity Renewals	6.494	3.255	3.370	32.396	45.514	21.336	22.708	28.518	22.614	140.690
Capital Activity Upgrades (LoS)	0.236	0.130	0.121	1.022	1.508	0.000	0.000	0.000	0.000	1.508
Capital Activity Growth	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Capital Activities	6.730	3.384	3.491	33.417	47.022	21.336	22.708	28.518	22.614	142.198

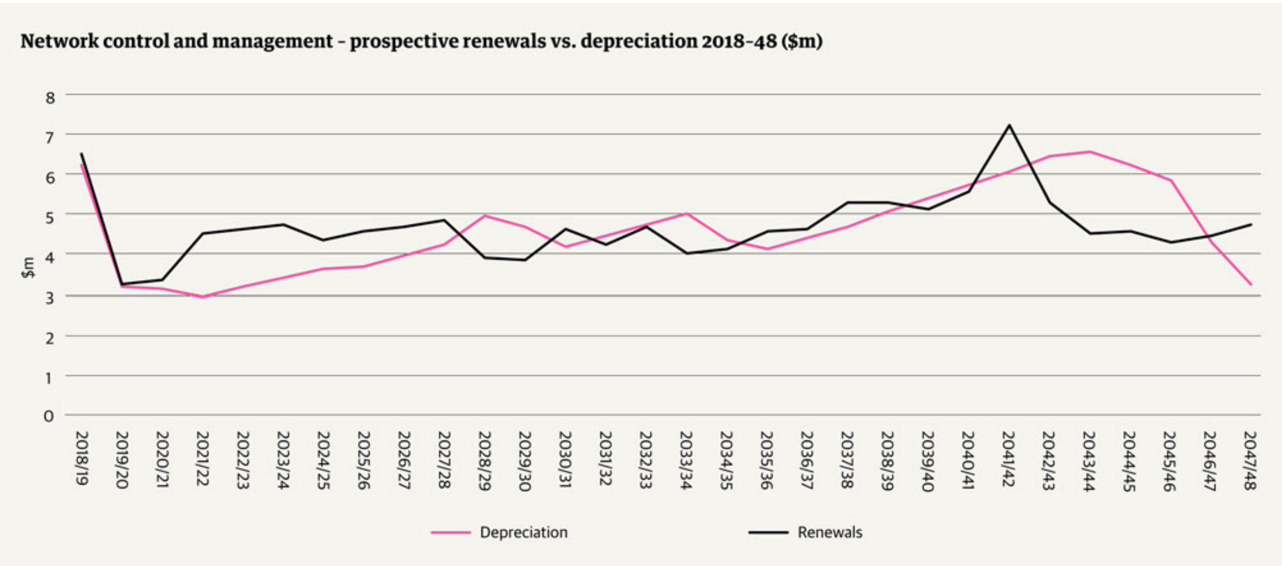
Key elements of work have been identified that need to be completed in years 1-10 predominantly to focus on the poor condition assets and assets reaching end of life. The key assets are traffic signals, signs and street lights. There is an element of information collection involved especially at the start of the 10-year plan period as this information to help prioritise both upgrade and renewal projects throughout the 30-year timeframe. Specific projects included in years 1-10 include:

- ongoing renewals of traffic signals across the city informed by condition
- a programme for signage replacement as a result of defective, damaged, missing and end of life signage
- streetlights renewals to fund the replacement of poles, outreach arms, lanterns and luminaires.

The majority of the renewals programme is relatively flat in profile and the condition assessments inform the programme.

The majority of the work in years 11-30 is at this stage targeted at renewals, which includes an upgrade component.





Vehicle and pedestrian network

Over the period of Our 10-Year Plan 2018-28, the Council plans to spend $187 million on maintaining these assets and ensuring the provision of the related services. We also plan to invest $238 million in renewing existing assets, $199 million in improving the level of service and $148 million in building network capacity to respond to population growth.

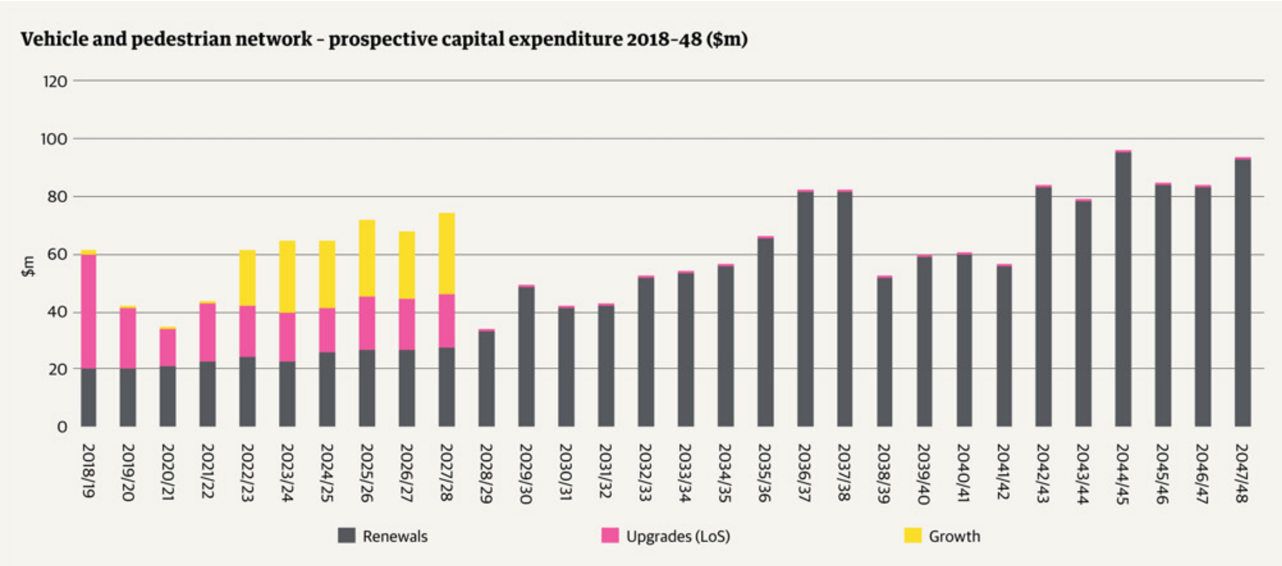
	2019 $M	2020 $M	2021 $M	2022-28 $M	LTP TOTAL	2029-33 $M	2034-38 $M	2039-43 $M	2044-48 $M	30 YEAR FINANCIALS
Operating Expenditure	12.231	13.820	15.549	145.224	186.824	100.723	107.117	114.421	122.766	631.852
Income	(2.021)	(2.047)	(2.077)	(15.093)	(21.238)	(11.771)	(12.578)	(13.499)	(14.552)	(73.637)
Total Operating Projects	10.210	11.773	13.472	130.131	165.586	88.952	94.539	100.922	108.215	558.215
Capital Activity Renewals	20.498	19.973	21.161	176.753	238.385	217.649	337.511	309.684	434.102	1,537.330
Capital Activity Upgrades (LoS)	39.323	21.024	12.986	125.839	199.172	0.086	0.098	0.810	0.156	200.322
Capital Activity Growth	1.843	0.261	0.015	145.602	147.721	0.000	0.000	0.000	0.000	147.721
Total Capital Activities	61.664	41.258	34.161	448.194	585.278	217.735	337.609	310.494	434.258	1,885.373

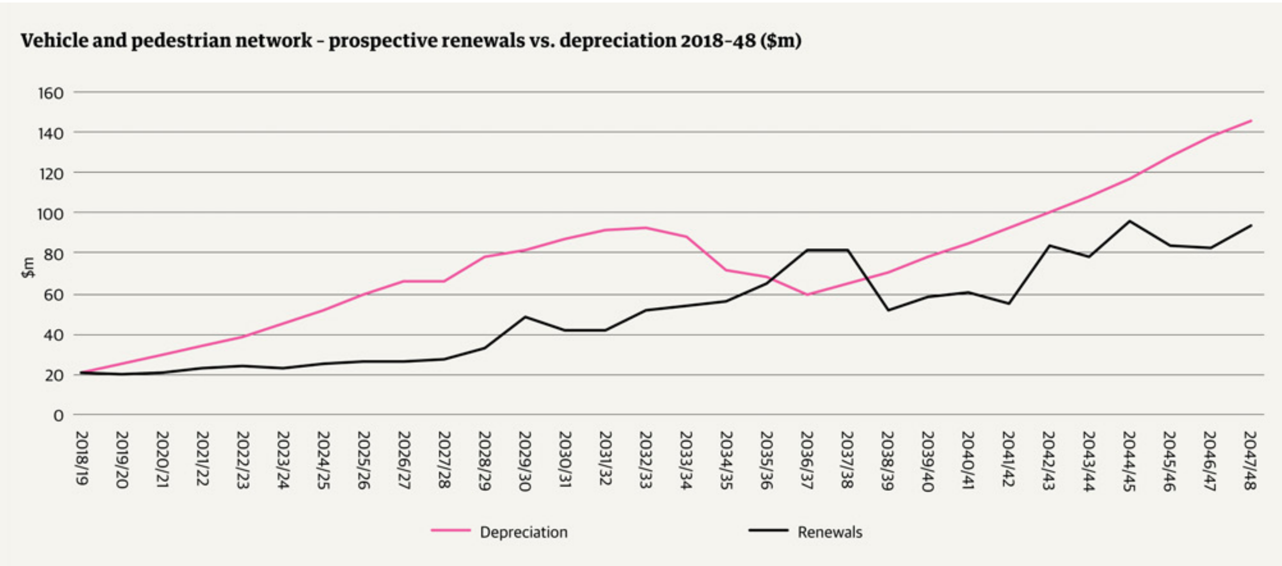
The renewals work identified to be completed in years 1-10 will predominantly focus on assets reaching end of life. The key assets are road corridor and pavement, kerb and channel, street furniture and footpaths. There is an element of information collection involved especially at the start of the 10-year plan period as this information to help prioritise both upgrade and renewal projects throughout the 30-year timeframe. The majority of the renewals programme is relatively flat in profile and the condition assessments inform the programme.

Specific upgrade projects that are included in years 1-10 include:

- Let's Get Wellington Moving (LGWM) - This is the most significant decision for transport assets. It will increase levels of service for capacity, efficiency and reliability. The majority of the renewals programme is relatively flat in profile and the condition assessments inform the programme. This is planned from 2022/23.
- Cycleways development - Improvement of the level of service through the establishment of a safe, connected network of cycleways, and continued development of priority routes.

The majority of the work in years 11-30 is at this stage targeted at renewals, which includes an upgrade component.





At this stage, we do not know what specific type of assets (such as road surfaces or earthworks) the Council will be investing in as part of the LGWM programme because a final option has not been prepared and this will be subject to negotiations with LGWM partners - the NZ Transport Agency and Greater Wellington Regional Council.

Because the nature of the assets that the Council will invest in for LGWM is not yet known, we have initially assumed depreciation funding based on an average life of 10 years for the 10-year plan. This is conservative, but appropriate considering the information available at this time.

As yet, we do not know what the subsequent asset renewal requirements will be. We have assumed in the longer term forecasts that we will replace 50 percent of these assets after 10 years, and a further 25 percent after 20 years, with 25 percent not renewed within the 30 years of our current strategy. This will be reviewed in the 2021/22 Infrastructure Strategy.

The depreciation may be lower than shown in the graph by $1.2 million over the first 3 years and an average of $1.5 million per year over the 10 years of the plan based on the renewal profile outline above. This will be modified in the next update of the 10-year plan in 2021/22, when the capital expenditure requirements of the LGWM programme of work are confirmed.

Wellington Waterfront Development Plan

INTRODUCTION

Wellington's waterfront is one of the most popular, easily recognised and frequently photographed parts of our city.

The Waterfront Development Plan (WDP) is a programme for ongoing development of this space. The plan ties in with our resilience and sustainable growth priorities for Wellington.

Implementation of the plan is primarily the responsibility of Build Wellington (previously Wellington Waterfront Limited). Waterfront Operations, a Council division, is responsible for the waterfront's management and maintenance.

This plan covers the 3-year period from 1 July 2018 and will be reviewed annually as part of the 2019/20 and 2020/21 Annual Plans.

WHAT IS PLANNED FOR THE NEXT 3 YEARS

The WDP implements the vision and objectives laid out in the Wellington Waterfront Framework (2001)[1]. A number of waterfront-related projects have been completed, or are in the process of being completed. Key projects are also planned for the next 3 years. They are:

North Kumutoto. Developer Willis Bond & Co is progressing plans for a five-level building on site 9 at North Kumutoto. The developer is proposing to lodge its resource consent application by mid-2018 and it is likely to be granted direct referral to the Environment Court later in 2018. In the event consent is granted, construction will begin by mid-2019. Completion of the building in 2020 will complement both the new PWC building and north Kumutoto public space (programmed for completion by late 2018) and draw hundreds of workers to the area.

Queens Wharf. An exploration of opportunities to breathe new life into Shed 1 on the outer-T of Queens Wharf was delayed as a result of the 2016 earthquake. Remedial work is currently planned to allow displaced tenant Wellington Helicopters Limited back into the building by mid-2018. Plans to investigate a purpose-built helicopter facility on the southern end of the outer-T will be advanced once Wellington Helicopters is ready to do so.

Frank Kitts Park precinct. As Wellington's population grows, so too does the need for well designed, fit-for-purpose, high quality public space and parks. Frank Kitts Park is more than 25 years old and a comprehensive makeover has been planned for the past decade. Redevelopment of the playground, with $2.5 million in capital expenditure, is planned for year 1 of Our 10-Year Plan 2018-28. The garden redevelopment stage is currently with the High Court, after the initial ruling in favour of progressing this project was appealed. The Council's contribution is currently estimated at $6.3 million in year 7 of the 10-year plan. This contribution is for work on the surrounding Frank Kitts precinct, not the proposed Chinese garden itself.

Construction can commence at the beginning of 2018 provided:

- the court upholds the resource consent
- detailed planning and design is completed
- external funding commitments for the proposed Chinese garden are attained
- the Council approves an increase in budget to reflect escalation costs since the park's redevelopment proposal was last costed.

CAPEX BUDGET ($000):	2018/19	2019/20	2020/21
Option 'A' (1st stage - playground only)	$2,500	$0	$0
Option 'B' (All FKP) - subject to Chinese garden fundraising.	-	-	-

Waitangi precinct. The site situated between Waitangi Park to the east and Te Papa to the west (home to the Sunday Harbourside Market) is the last remaining undeveloped site on the waterfront. The Council continues to scope opportunities for its development.

1 The Council reviewed the principles and objectives of the Wellington Waterfront Framework in 2011 and endorsed these as still forming a relevant and appropriate blueprint for the waterfront's future.

Maintaining our waterfront. While the waterfront did not experience as much damage or disruption as CentrePort in the November 2016 earthquake, that event necessitated a programme of wharf repair work that will continue over the 3 years of this plan. This is in addition to regular maintenance to address general wear and tear of wharves and seawalls.

Maintenance and renewal funding is budgeted to ensure we maintain the waterfront as a major destination for local events, tourism and recreation. Capital expenditure of $13 million over 10 years is budgeted to cover renewals and strengthening of seawalls and wharves, renewals for Waitangi Park, restoration and preservation of the heritage crane, earthquake strengthening and replacement of the shade sails at TSB Bank Arena.

HOW WE'LL MEASURE OUR PERFORMANCE

The overall success of the waterfront will be measured by the achievement of the principles and objectives outlined in the Waterfront Framework.

The framework has set seven objectives for the waterfront:

- The waterfront is locally and internationally recognised for its design.
- The waterfront is readily accessible to all people.
- The waterfront is and is perceived to be, safe at all times.
- The waterfront is seen as an attractive place by Wellingtonians and visitors.
- The waterfront successfully caters for a wide range of events and activities.
- Significant heritage buildings are protected on the waterfront.
- Activities on the waterfront are integrated with those on the harbour.

Periodic independent surveys of public opinion have consistently shown satisfaction and approval ratings in excess of 90 percent. We will strive to maintain and improve these ratings.

Design outcomes will continue to be monitored by the Council's Technical Advisory Group (TAG) - an independent provider of design advice.

Summary of Significant Accounting policies

REPORTING ENTITY

Wellington City Council is a territorial local authority governed by the Local Government Act 2002.

The primary objective of the Council is to provide goods or services for community or social benefits rather than making a financial return. As a defined public entity under the Public Audit Act 2001, for the purposes of financial reporting, the Council is audited by the Auditor General, and is classed as a Public Sector Public Benefit Entity.

These forecast financial statements are for Wellington City Council (the Council) as a separate legal entity. Consolidated forecast financial statements comprising the Council and its controlled entities, joint ventures and associates have not been prepared.

BASIS OF PREPARATION

Statement of compliance

The forecast financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The forecast financial statements have been prepared to comply with Public Benefit Entity Accounting Standards (PBE Accounting Standards) for a Tier 1 entity. A Tier 1 entity is defined as being either publicly accountable or large (ie. expenses over $30m).

The reporting period for these forecast financial statements is the 10 year period ending 30 June 2028. The forecast financial statements are presented in New Zealand dollars, rounded to the nearest thousand ($000), unless otherwise stated.

The accounting policies set out below have been applied consistently to all periods presented in these forecast financial statements.

Measurement base

The measurement basis applied is historical cost, modified by the revaluation of certain assets and liabilities as identified in this summary of significant accounting policies. The accrual basis of accounting has been used unless otherwise stated.

For the assets and liabilities recorded at fair value, fair value is defined as the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's-length transaction. For investment property, non-current assets classified as held for sale and items of property, plant and equipment which are revalued, the fair value is determined by reference to market value. The market value of a property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction.

Amounts expected to be recovered or settled more than one year after the end of the reporting period are recognised at their present value. The present value of the estimated future cash flows is calculated using applicable inflation factors and a discount rate. The inflation rates used and the discount rate for forecasting the long-term cost of borrowing are as per the "Significant forecasting assumptions".

Judgements and estimations

The preparation of forecast financial statements using PBE accounting standards requires the use of judgements, estimates and assumptions. Where material, information on the main assumptions is provided in the relevant accounting policy.

The estimates and assumptions are based on historical experience as well as other factors that are believed to be reasonable under the circumstances. Subsequent actual results may differ from these estimates and these variations may be material.

The estimates and assumptions are reviewed on an ongoing basis and adjustments are made where necessary.

Judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes. Significant judgements and estimations include landfill post-closure costs, asset revaluations, impairments, certain fair value calculations and provisions.

Revenue

Revenue comprises rates, revenue from operating activities, investment revenue, gains, finance and other revenue and is measured at the fair value of consideration received or receivable.

Revenue may be derived from either exchange or non-exchange transactions.

Revenue from exchange transactions

Revenue from exchange transactions arises where the Council provides goods or services to another entity or individual and directly receives approximately equal value in a willing arm's length transaction (primarily in the form of cash in exchange).

Revenue from non-exchange transactions

Revenue from non-exchange transactions arises from transactions that are not exchange transactions. Revenue from non-exchange transaction arises when the Council receives value from another party without giving approximately equal value directly in exchange for the value received.

An inflow of resources from a non-exchange transaction recognised as an asset, is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Approximately equal value

Approximately equal value is considered to reflect a fair or market value, which is normally commensurate with an arm's length commercial transaction between a willing buyer and willing seller. Some goods or services that the Council provides (eg the sale of goods at market rates) are defined as being exchange transactions. Only a few services provided by the Council operate on a full user pays, cost recovery or breakeven basis and these are considered to be exchange transactions unless they are provided at less than active and open market prices.

Most of the services that the Council provides for a fee are subsidised by rates and therefore do not constitute an approximately equal exchange. Accordingly most of the Council's revenue is categorised as non-exchange.

Specific accounting policies for major categories of revenue are outlined below:

Rates

Rates are set annually by resolution from the Council and relate to a particular financial year. All ratepayers are invoiced within the financial year for which the rates have been set. Rates revenue is recognised in full as at the date when rate assessment notices are sent to the ratepayers. Rates are a tax as they are payable under the Local Government Ratings Act 2002 and are therefore defined as non-exchange.

Water rates by meter are regulated in the same way as other rates and are taxes that use a specific charging mechanism to collect the rate. However as the water rates are primarily charged on a per unit of consumption basis, water rates by meter are considered to be more in the nature of an exchange transaction. Revenue from water rates by meter is recognised on an accrual basis based on usage.

Operating activities

Revenue from operating activities is generally measured at the fair value of consideration received or receivable.

The Council undertakes various activities as part of its normal operations, some of which generate revenue, but generally at below market rates. The following categories (except where noted) are classified as transfers, which are non-exchange transactions other than taxes.

Grants, subsidies and reimbursements

Grants and subsidies are recognised as revenue immediately except to the extent a liability is also recognised in respect of the same grant or subsidy. A liability is recognised when the grant or subsidy received are subject to a condition such that the Council has the obligation to return those funds received in the event that the conditions attached to them are breached. As the Council satisfies the conditions, the carrying amount of the liability is reduced and an equal amount is recognised as revenue.

Reimbursements (e.g. NZ Transport Agency roading claim payments) are recognised upon entitlement, which is when conditions relating to the eligible expenditure have been fulfilled.

Development contributions

Development contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. In the event that the Council is unable to provide the service immediately, or the development contribution is refundable, the Council will recognise an asset and a liability and only recognise revenue when the Council has met the obligation for which the development contribution was charged.

Rendering of services

Revenue from exchange transactions is recognised by reference to the stage of completion of the transaction at the reporting date.

Revenue from the rendering of services where the service provided is non-exchange is recognised when the transaction occurs to the extent that a liability is not also recognised.

Fines and penalties

Revenue from fines and penalties (eg traffic and parking infringements, library overdue book fines) is recognised when infringement notices are issued or when the fines/penalties are otherwise imposed. In particular the fair value of parking related fines is determined based on the probability of collection considering previous collection history and a discount for the time value of money.

Sale of goods

The sale of goods is classified as exchange revenue. Sale of goods is recognised when products are sold to the customer and all risks and rewards of ownership have transferred to the customer.

Investment revenues

Dividends

Dividends from equity investments, other than those accounted for using equity accounting, are classified as exchange revenue and are recognised when the Council's right to receive payment has been established.

Investment property lease rentals

Lease rentals (net of any incentives given) are classified as exchange revenue and recognised on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which benefits derived from the leased asset is diminished.

Other revenue

Donated, subsidised or vested assets

Where a physical asset is acquired for nil or nominal consideration, with no conditions attached, the fair value of the asset received is recognised as non-exchange revenue when the control of the asset is transferred to the Council.

Gains

Gains include additional earnings on the disposal of property, plant and equipment and movements in the fair value of financial assets and liabilities.

Finance revenue

Interest

Interest revenue is exchange revenue and recognised using the effective interest rate method.

Donated services

The Council benefits from the voluntary service of many Wellingtonians in the delivery of its activities and services (eg beach cleaning and Otari-Wilton's Bush guiding and planting). Due to the difficulty in determining the precise value of these donated services with sufficient reliability, donated services are not recognised in these forecast financial statements.

Expenses

Specific accounting policies for major categories of expenditure are outlined below:

Operating activities

Grants and sponsorships

Expenditure is classified as a grant or sponsorship if it results in a transfer of resources (eg cash or physical assets) to another entity or individual in return for compliance with certain conditions relating to the operating activities of that entity. It includes any expenditure arising from a funding arrangement with another entity that has been entered into to achieve the objectives of the Council. Grants and sponsorships are distinct from donations that are discretionary or charitable gifts. Where grants and sponsorships are discretionary until payment, the expense is recognised when the payment is made. Otherwise, the expense is recognised when the specified criteria have been fulfilled.

Finance expense

Interest

Interest expense is recognised using the effective interest rate method. All borrowing costs are expensed in the period in which they are incurred.

Depreciation and amortisation

Depreciation of property, plant and equipment and amortisation of intangible assets are charged on a straight-line basis over the estimated useful life of the associated assets.

Taxation

The Council, as a local authority, is only liable for income tax on the surplus or deficit for the year derived from any Council controlled trading organisations and comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, plus any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the assets and liabilities, and the unused tax losses using tax rates enacted or substantively enacted at the end of the reporting period. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised.

Goods and Services Tax (GST)

All items in the forecast financial statements are exclusive of GST, with the exception of receivables and payables, which are stated as GST inclusive. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

Financial instruments

Financial instruments include financial assets (loans and receivables and financial assets at fair value through other comprehensive revenue and expense), financial liabilities (payables and borrowings) and derivative financial instruments. Financial instruments are initially recognised on trade-date at their fair value plus transaction costs. Subsequent measurement of financial instruments depends on the classification determined by the Council. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all of the risks and rewards of ownership.

Financial instruments are classified into the categories outlined below based on the purpose for which they were acquired. The classification is determined at initial recognition and re-evaluated at the end of each reporting period.

Financial assets

Financial assets are classified as loans and receivables or financial assets at fair value through other comprehensive revenue and expense.

Loans and receivables comprise cash and cash equivalents, trade and other receivables and loans and deposits.

Cash and cash equivalents comprise cash balances and call deposits with maturity dates of 3 months or less.

Receivables and recoverables have fixed or determinable payments. They arise when the Group provides money, goods or services directly to a debtor, and has no intention of trading the receivable or recoverable.

Loans and deposits include loans to other entities (including subsidiaries and associates), and bank deposits with maturity dates of more than 3 months.

Financial assets in this category are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date for assets of a similar maturity and credit risk. Receivables and recoverables due in less than 12 months are recognised at their nominal value. A provision for impairment is recognised when there is objective evidence that the asset is impaired. As there are statutory remedies to recover unpaid rates, rates penalties and water meter charges, no provision has been made for impairment in respect of these receivables.

Financial assets at fair value through other comprehensive revenue and expense relate to equity investments that are held by the Council for long-term strategic purposes and therefore are not intended to be sold. Financial assets at fair value through other comprehensive revenue and expense are initially recorded at fair value plus transaction costs. They are subsequently measured at fair value and changes, other than impairment losses, are recognised directly in a reserve within equity. On disposal, the cumulative fair value gain or loss previously recognised directly in other comprehensive revenue and expense is recognised within surplus or deficit.

Financial liabilities

Financial liabilities comprise payables under exchange transactions, taxes, transfers and borrowings. Financial liabilities with duration of more than 12 months are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Amortisation is recognised within surplus or deficit. Financial liabilities with duration of less than 12 months are recognised at their nominal value.

On disposal any gains or losses are recognised within surplus or deficit.

Derivatives

Derivative financial instruments include interest rate swaps used to hedge exposure to interest rate risk on borrowings. Derivatives are initially recognised at fair value, based on quoted market prices, and subsequently re-measured to fair value at the end of each reporting period. Fair value is determined by reference to quoted prices for similar instruments in active markets. Derivatives that do not qualify for hedge accounting are classified as non-hedged and fair value gains or losses are recognised within surplus or deficit.

Recognition of fair value gains or losses on derivatives that qualify for hedge accounting depends on the nature of the item being hedged. Where a derivative is used to hedge variability of cash flows (cash flow hedge), the effective part of any gain or loss is recognised within other comprehensive revenue and expense while the ineffective part is recognised within surplus or deficit. Gains or losses recognised in other comprehensive revenue and expense transfer to surplus or deficit in the same periods as when the hedged item affects the surplus or deficit. Where a derivative is used to hedge variability in the fair value of the Council's fixed rate borrowings (fair value hedge), the gain or loss is recognised within surplus or deficit.

As per the International Swap Dealers' Association (ISDA) master agreements, all swap payments or receipts are settled net.

Investment properties

Investment properties are properties that are held primarily to earn rental revenue or for capital growth or both. These include the Council's ground leases, and certain land and buildings.

Investment properties exclude those properties held for strategic purposes or to provide a social service. This includes properties that generate cash inflows as the rental revenue is incidental to the purpose for holding the property. Such properties include the Council's social housing assets, which are held within operational assets in property, plant and equipment. Borrowing costs incurred during the construction of investment property are not capitalised.

Investment properties are measured initially at cost and subsequently measured at fair value, determined annually by an independent registered valuer. Any gain or loss arising is recognised within surplus or deficit. Investment properties are not depreciated.

Non-current assets classified as held for sale

Non-current assets held for sale are separately classified as their carrying amount will be recovered through a sale transaction rather than through continuing use. A non-current asset is classified as held for sale where:

- the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets
- a plan to sell the asset is in place and an active programme to locate a buyer has been initiated
- the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value
- the sale is expected to occur within 1 year or beyond 1 year where a delay has occurred that is caused by events beyond the Group's control and there is sufficient evidence the Group remains committed to sell the asset
- actions required to complete the sale indicate it is unlikely that significant changes to the plan will be made or the plan will be withdrawn.

A non-current asset classified as held for sale is recognised at the lower of its carrying amount or fair value less costs to sell. Impairment losses on initial classification are included within surplus or deficit.

Property, plant and equipment

Property, plant and equipment consists of operational assets, restricted assets and infrastructure assets.

Operational assets include land, the landfill post-closure asset, buildings, the Civic Centre complex, the library collection, and plant and equipment.

Restricted assets include art and cultural assets, zoo animals, restricted buildings, parks and reserves and the Town Belt. These assets provide a benefit or service to the community and in most cases cannot be disposed of because of legal or other restrictions.

Infrastructure assets include the roading network, water, waste and drainage reticulation networks, service concession assets and infrastructure land (including land under roads). Each asset type includes all items that are required for the network to function.

Vested assets are those assets where ownership and control is transferred to the Council from a third party (eg infrastructure assets constructed by developers and transferred to the Council on completion of a subdivision). Vested assets are recognised within their respective asset classes as above.

Heritage assets are tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. The Council recognises these assets within these forecast financial statements to the extent their value can be reliably measured.

Recognition

Expenditure is capitalised as property, plant and equipment when it creates a new asset or increases the economic benefits of an existing asset. Costs that do not meet the criteria for capitalisation are expensed.

Measurement

Property, plant and equipment is recognised initially at cost, unless acquired for nil or nominal cost (e.g. vested assets), in which case the asset is recognised at fair value at the date of transfer. The initial cost of property, plant and equipment includes the purchase consideration (or the fair value in the case of vested assets), and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose. Subsequent expenditure that extends or expands the asset's service potential is capitalised.

Borrowing costs incurred during the construction of property, plant and equipment are not capitalised.

After initial recognition, certain classes of property, plant and equipment are revalued to fair value. Where there is no active market for an asset, fair value is determined by optimised depreciated replacement cost. Specific measurement policies for categories of property, plant and equipment are shown below:

Operational assets

Plant and equipment and the Civic Centre complex are measured at historical cost and not revalued.

Library collections are valued at depreciated replacement cost on a 3 year cycle by the Council's library staff in accordance with guidelines outlined in Valuation Guidance for Cultural and Heritage Assets, published by the Treasury Accounting Team, November 2002.

Land and buildings are valued at fair value on a 3 year cycle by independent registered valuers.

Restricted assets

Art and cultural assets (artworks, sculptures and statues) are valued at historical cost. Zoo animals are stated at estimated replacement cost. All other restricted assets (buildings, parks and reserves and the Town Belt) were valued at fair value as at 30 June 2005 by independent registered valuers. The Council has elected to use the fair value of other restricted assets at 30 June 2005 as the deemed cost of the assets. These assets are no longer revalued. Subsequent additions have been recorded at cost.

Infrastructure assets

Infrastructure assets (the roading network, water, waste and drainage reticulation networks including service concession arrangement assets (waste water treatment plants) are valued at optimised depreciated replacement cost on a regular basis or, whenever the carrying amount differs materially to fair value, by independent registered valuers. Infrastructure valuations are based on current quotes from actual suppliers. As such, they include ancillary costs such as breaking through seal, traffic control and rehabilitation. Between valuations, expenditure on asset improvements is capitalised at cost.

Infrastructure land (excluding land under roads) is valued at fair value on a regular basis or, whenever the carrying amount differs materially to fair value.

Land under roads, which represents the corridor of land directly under and adjacent to the Council's roading network, was valued as at 30 June 2005 at the average value of surrounding adjacent land discounted by 50 percent to reflect its restricted nature. The Council elected to use the fair value of land under roads at 30 June

2005 as the deemed cost of the asset. Land under roads is no longer revalued. Subsequent additions have been recorded at cost.

The service concession arrangement assets consist of the Moa Point, Western (Karori) and Carey's Gulley wastewater treatment plants, which are owned by the Council but operated by Veolia Water under agreement. These assets are included within and valued consistently with waste infrastructure network assets.

The carrying values of revalued property, plant and equipment are reviewed at the end of each reporting period to ensure that those values are not materially different to fair value.

Revaluations

The result of any revaluation of the Council's property, plant and equipment is recognised within other comprehensive revenue and expense and taken to the asset revaluation reserve. Where this results in a debit balance in the reserve for a class of property, plant and equipment, the balance is included in the surplus or deficit. Any subsequent increase on revaluation that offsets a previous decrease in value recognised within surplus or deficit will be recognised firstly, within surplus or deficit up to the amount previously expensed, with any remaining increase recognised within other comprehensive revenue and expense and in the revaluation reserve for that class of property, plant and equipment.

Accumulated depreciation at the revaluation date is eliminated so that the carrying amount after revaluation equals the revalued amount.

While assumptions are used in all revaluations, the most significant of these are in infrastructure. For example where stormwater, wastewater and water supply pipes are underground, the physical deterioration and condition of assets are not visible and must therefore be estimated. Any revaluation risk is minimised by performing a combination of physical inspections and condition modelling assessments.

Impairment

The Council's assets are defined as cash generating if the primary purpose of the asset is to provide a commercial return. Non-cash generating assets are assets other than cash generating assets.

The carrying amounts of cash generating property, plant and equipment assets are reviewed at least annually to determine if there is any indication of impairment. Where an asset's, or class of assets', recoverable amount is less than its carrying amount it will be reported at its recoverable amount and an impairment loss will be recognised. The recoverable amount is the higher of an item's fair value less costs to sell and value in use. Losses resulting from impairment are reported within surplus or deficit, unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease and recorded within other comprehensive revenue and expense.

The carrying amounts of non-cash generating property, plant and equipment assets are reviewed at least annually to determine if there is any indication of impairment. Where an asset's, or class of assets', recoverable service amount is less than its carrying amount it will be reported at its recoverable service amount and an impairment loss will be recognised. The recoverable service amount is the higher of an item's fair value less costs to sell and value in use. A non-cash generating asset's value in use is the present value of the asset's remaining service potential. Losses resulting from impairment are reported within surplus or deficit, unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease and recorded within other comprehensive revenue and expense.

Disposal

Gains and losses arising from the disposal of property, plant and equipment are recognised within surplus or deficit in the period in which the transaction occurs. Any balance attributable to the disposed asset in the asset revaluation reserve is transferred to retained earnings.

Work in progress

The cost of projects within work in progress is transferred to the relevant asset class when the project is completed and then depreciated.

Depreciation

Depreciation is provided on all property, plant and equipment, with certain exceptions. The exceptions are land, restricted assets other than buildings, and assets under construction (work in progress). Depreciation is calculated on a straight-line basis, to allocate the cost or value of the asset (less any assessed residual value) over its estimated useful life. The estimated useful lives and depreciation rate ranges of the major classes of property, plant and equipment are as follows:

ASSET CATEGORY	2018	
	USEFUL LIFE (YEARS)	DEPRECIATION RATE
Land	unlimited	not depreciated
Buildings	2 - 320	0.31 - 50%
Civic Centre Complex	2 - 67	1.49 - 50%
Plant and equipment	1 - 296	0.34 - 100%
Library collection	4 -11	9.09 - 25%
Restricted assets (excluding buildings)	unlimited	not depreciated
Infrastructure assets:		
Land (including land under roads)	unlimited	not depreciated
Roading	2 - 266	0.38 - 50%
Drainage, waste and water	7 - 402	1.74 - 14.29%

The landfill post closure asset is depreciated over the life of the landfill based on the capacity of the landfill.

Variation in the range of lives for infrastructural assets is due to these assets being managed and depreciated by individual component rather than as a whole asset.

Intangible assets

Intangible assets predominantly comprise computer software and carbon credits. They are recorded at cost less any subsequent amortisation and impairment losses.

Computer software has a finite economic life and amortisation is charged to surplus or deficit on a straight-line basis over the estimated useful life of the asset. Typically, the estimated useful lives and depreciation rate range of these assets are as follows:

ASSET CATEGORY	2018	
	USEFUL LIFE (YEARS)	DEPRECIATION RATE
Computer software	2 - 11	9.09 - 50%

Carbon credits comprise either allocations of emission allowances granted by the Government related to forestry assets or units purchased in the market to cover liabilities associated with landfill operations. Carbon credits are recognised at cost at the date of allocation or purchase.

Gains and losses arising from disposal of intangible assets are recognised within surplus or deficit in the period in which the transaction occurs. Intangible assets are reviewed at least annually to determine if there is any indication of impairment. Where an intangible asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are reported within surplus or deficit.

Research and Development

Research costs are expensed as incurred. Development expenditure on individual projects is capitalised and recognised as an asset when it meets the definition and criteria for capitalisation as an asset and it is probable that the Council will receive future economic benefits from the asset. Assets which have finite lives are stated at cost less accumulated amortisation and are amortised on a straight-line basis over their useful lives.

Leases

Operating leases as lessee

Leases where the lessor retains substantially all the risks and rewards of ownership of the leased items are classified as operating leases. Payments made under operating leases are recognised within surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised within surplus or deficit over the term of the lease as they form an integral part of the total lease payment.

Operating leases as lessor

The Group leases investment properties and a portion of land and buildings. Rental revenue is recognised on a straight-line basis over the lease term.

Finance leases

Finance leases transfer to the Group (as lessee) substantially all the risks and rewards of ownership of the leased asset. Initial recognition of a finance lease results in an asset and liability being recognised at amounts equal to the lower of the fair value of the leased property or the present value of the minimum lease payments.

The finance charge is released to surplus or deficit over the lease period and the capitalised values are amortised over the shorter of the lease term and the useful life of the leased item.

Employee benefit liabilities

A provision for employee benefit liabilities (holiday leave, long service leave and retirement gratuities) is recognised as a liability when benefits are earned but not paid.

Holiday leave

Holiday leave includes: annual leave, long service leave, statutory time off in lieu and ordinary time off in lieu. Annual leave is calculated on an actual entitlement basis in accordance with section 21(2) of the Holidays Act 2003.

Retirement gratuities

Retirement gratuities are calculated on an actuarial basis based on the likely future entitlements accruing to employees, after taking into account years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and other contractual entitlements information.

Other contractual entitlements

Other contractual entitlements include termination benefits, which are recognised within surplus or deficit only when there is a demonstrable commitment to either terminate employment prior to normal retirement date or to provide such benefits as a result of an offer to encourage voluntary redundancy. Termination benefits settled within 12 months are reported at the amount expected to be paid, otherwise they are reported as the present value of the estimated future cash outflows.

Provisions

Provisions are recognised for future liabilities of uncertain timing or amount when there is a present obligation as a result of a past event, it is probable that expenditure will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are measured at the expenditure expected to be required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value.

Landfill post-closure costs

The Council, as operator of the Southern Landfill, has a legal obligation to apply for resource consents when the landfill or landfill stages reach the end of their operating life and are to be closed. These resource consents will set out the closure requirements and the requirements for ongoing maintenance and monitoring services at the landfill site after closure. A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises, which is when each stage of the landfill is commissioned and refuse begins to accumulate.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including known changes to legal requirements and known improvements in technology. The provision includes all costs associated with landfill post-closure including final cover application and vegetation; incremental drainage control features; completing facilities for leachate collection and monitoring; completing facilities for water quality monitoring; completing facilities for monitoring and recovery of gas.

Amounts provided for landfill post-closure are capitalised to the landfill asset. The capitalised landfill asset is depreciated over the life of the landfill based on the capacity used.

The Council has a 21.5 percent joint venture interest in the Spicer Valley landfill. The Council's provision for landfill post-closure costs includes the Council's proportionate share of the Spicer Valley landfill provision for post-closure costs.

Net assets/equity

Net assets or equity is the community's interest in the Council and Group and is measured as the difference between total assets and total liabilities. Net assets or equity is disaggregated and classified into a number of components to enable clearer identification of the specified uses of equity within the Council and the Group.

The components of net assets or equity are accumulated funds and retained earnings, revaluation reserves, a hedging reserve, a fair value through other comprehensive revenue and expense reserve and restricted funds (special funds, reserve funds, trusts and bequests).

Restricted funds are those reserves that are subject to specific conditions of use, whether under statute or accepted as binding by the Council, and that may not be revised without reference to the Courts or third parties. Transfers from these reserves may be made only for specified purposes or when certain specified conditions are met.

Forecast statement of cash flows

Cash and cash equivalents for the purposes of the cash flow statement comprise bank balances, cash on hand and short-term deposits with a maturity of 3 months or less. The forecast statement of cash flows has been prepared using the direct approach subject to the netting of certain cash flows. Cash flows in respect of investments and borrowings that have been rolled-over under arranged finance facilities have been netted in order to provide more meaningful disclosures.

Operating activities include cash received from all non-financial revenue sources of the Council and the Group and record the cash payments made for the supply of goods and services. Investing activities relate to the acquisition and disposal of assets and investment revenue. Financing activities relate to activities that change the equity and debt capital structure of the Council and Group and financing costs.

Related parties

Related parties arise where one entity has the ability to affect the financial and operating policies of another through the presence of control or significant influence. Related parties include members of the Group and key management personnel. Key management personnel include the Mayor and Councillors as Directors, the Chief Executive and all members of the Executive Leadership Team being key advisors to the Directors and Chief Executive.

The Mayor and Councillors are considered Directors as they occupy the position of a member of the governing body of the Council reporting entity. Directors' remuneration comprises any money, consideration or benefit received or receivable or otherwise made available, directly or indirectly, to a Director during the reporting period. Directors' remuneration does not include reimbursement of authorised work expenses or the provision of work-related equipment such as cellphones and laptops.

Cost allocation

The Council has derived the cost of service for each significant activity (as reported within the Statements of Service Performance). Direct costs are expensed directly to the activity. Indirect costs relate to the overall costs of running the organisation and include staff time, office space and information technology costs. These indirect costs are allocated as overheads across all activities.

Comparatives

To ensure consistency with the current year, certain comparative information has been reclassified where appropriate. This has occurred:

- where classifications have changed between periods
- where the Council has made additional disclosure in the current year, and where a greater degree of disaggregation of prior year amounts and balances is therefore required
- where there has been a change of accounting policy.

PUBLIC BENEFIT ENTITY FINANCIAL REPORTING

Standard 42 Forecast Financial Statements (PBE FRS 42)

The Council has complied with PBE FRS 42 in the preparation of these forecast financial statements.
In accordance with PBE FRS 42, the following information is provided:

(i) Description of the nature of the entity's current operation and its principal activities

The Council is a territorial local authority, as defined in the Local Government Act 2002. The Council's principal activities are outlined within this annual plan.

(ii) Purpose for which the forecast financial statements are prepared

It is a requirement of the Local Government Act 2002 to present forecast financial statements that span 10 years and include them within the Long-term Plan. This provides an opportunity for ratepayers and residents to review the projected financial results and position of the Council. Forecast financial statements are revised annually to reflect updated assumptions and costs.

(iii) Bases for assumptions, risks and uncertainties

The financial information has been prepared on the basis of best estimate assumptions as the future events which the Council expects to take place. The Council has considered factors that may lead to a material difference between information in the forecast financial statements and actual results. These factors, and the assumptions made in relation to the sources of uncertainty and potential effect, are outlined within this Long-term Plan.

(iv) Cautionary note

The financial information is forecast. Actual results are likely to vary from the information presented, and the variations may be material.

(iv) Other disclosures

These forecast financial statements were adopted as part of the assumptions that form the LTP 2018-28 for issue on 27 June 2018 by Wellington City Council. The Council is responsible for the forecast financial statements presented, including the assumptions underlying forecast financial statements and all other disclosures. The LTP is forecast and as such contains no actual operating results.

Revenue and Financing Policy

INTRODUCTION

The Local Government Act 2002 (the Act) requires Councils to adopt a Revenue and Financing Policy that provides detail on the funding of operational and capital expenditure. This policy illustrates which parts of the community contribute to paying for Council's activities.

We have set out our policy under the following headings:

1. Policy statement on the funding of operating expenditure.
2. Policy statement on the funding of capital expenditure.
3. Setting the level of revenue from rates.
4. Council's application of the requirements of the Act.
5. The commercial and residential rating differential and the modifier.
6. Summary of operating revenue funding sources by activity.
7. Individual activity analysis by activity group.

1. POLICY STATEMENT ON THE FUNDING OF OPERATIONAL EXPENDITURE

Establishing the level of operating revenue required to fund operating expenditure

Operating expenditure pays for the Council's day-to-day operations and services, from collecting rubbish and providing street lighting to maintaining gardens and issuing building consents.

The Council will set its projected operating revenue at a level sufficient to meet the current year's projected operating expenditure, except where the Council resolves that it is financially prudent not to do so.

When setting projected operating revenue at a level that is different from the level of projected operating expenditure the Council will have regard to:

- The estimated expenses of achieving and maintaining the predicted levels of service provision set out in the LTP, including the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life.
- The projected revenue available to fund the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life.
- The equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life.
- The funding and financial policies adopted under section 102 of the Local Government Act 2002.

In accordance with these principles, the Council has determined that the following items will not be funded:

Accounting for fair value changes: Under New Zealand International Financial Reporting Standards (NZIFRS), changes in the fair value of certain assets must be accounted for within the Statement of Financial Performance. In accordance with Section 100 of the Local Government Act 2002, the Council does not consider it financially prudent to fund changes in the fair value of assets or liabilities as these are essentially unrealised accounting adjustments.

Non-funding of depreciation on Council assets: The Council may elect not to fund all or part of the depreciation expenditure on specific assets in those circumstances where it is not financially prudent to do so. In accordance with section 100 of the Local Government Act 2002, the Council considers that it is not financially prudent to fund depreciation in the following circumstances:

- Where the original asset purchase was not funded by borrowings, or the original borrowings have been repaid, and
- Where, on an ongoing basis, the replacement of the asset at the end of its useful life will be funded by a third party, or
- Where the Council has elected not to replace the asset at the end of its useful life.
- Where a third party has a contractual obligation to either maintain the service potential of the asset throughout all or part of its useful life (or to replace the asset at the end of its useful life) and the Council already effectively funds this through operating grants/tariffs payable to the third party.

Non-funding of depreciation on waterfront assets: The Council transitioned the waterfront project 'in-house' during 2014/2015. This acquisition has necessitated a transition toward fully funding the depreciation of waterfront assets by 2024/25. This transition funding links the cost of funding to the benefits received over time.

Options available for funding Council services

The Council uses the following mechanisms to fund operational expenditure requirements:

- **General rates**. General rates are used to fund public goods where it is not possible and/or practical to clearly identify customers or users. This rate is also used where, for reasons of fairness, equity and consideration of the wider community good it is considered that this is the most appropriate way in which to fund an activity.
- **Targeted rates**. This form of rate is used where an activity benefits an easily identifiable group of ratepayers (such as the commercial or residential sectors) and where it is appropriate that only this group be targeted to pay for some or all of a particular service. For example, sewage disposal, water supply and the downtown targeted rate.
- **Fees and charges**. User charges are direct charges to people and/or groups who use certain Council services such as swimming pools. In these instances, an identifiable benefit exists to clearly identifiable people and/or groups and they are required to pay for all or part of the cost of using that service. It is noted that since 2006 Councils have been required to adjust all income and expenditure within their LTP in line with inflation. Where appropriate and with consideration to 'ability to pay' principals, user charges will be increased by the rate of inflation to achieve continued alignment with the funding policy targets.
- **Grants and subsidies**. Grants and subsidies apply to some activities when income from external agencies is received to support that particular activity.
- **Borrowings**. In general Council does not fund operating expenditure by borrowing. The exception is to fund the impacts on ratepayer's intergenerational equity or to fund expenditure over the period which benefits are received, such as weathertightness payments. Any borrowings associated with these expenses will be repaid over time.
- **Other sources of funding**. The Council also funds operating expenditure from other sources, including income from interest, dividends from investments held by the Council, lease income and proceeds from asset sales. Other sources of funding include:

  Use of surpluses from previous financial periods

  Where the Council has recorded an actual surplus in one financial period it may pass this benefit on to ratepayers in a subsequent financial period. A surplus arises from the recognition of additional income or through savings in expenditure. Council considers that passing this benefit on to ratepayers in future financial periods improves the principle of intergenerational equity, in that any financial benefit is passed on to those ratepayers who shared the rates-funding burden in the financial period that the surplus was generated.

  The amount of any surplus carried forward from previous financial periods will be accounted for as an operating deficit in the year the benefit is passed on to ratepayers. A surplus will be available for use in future financial periods if the actual surplus/ (deficit) is improved when compared to the budgeted surplus/ (deficit). In calculating the level of surplus to be carried forward, consideration will be given to the nature of the factors giving rise to the surplus (for example, whether they are cash or non-cash in nature). Generally, only those factors that are cash in nature will be available for use in determining the level of surplus to be carried forward.

The Council will not carry forward surpluses in relation to:

- The sale of assets. Such surpluses shall be used for repayment of borrowings.
- Trust and bequest revenue. Such surpluses shall be applied in accordance with the terms on which they are provided.
- Revenue received for capital purposes. Such surpluses shall be retained to fund the associated capital expenditure.
- Unrealised gains arising from fair value adjustments to assets and liabilities. These gains are unrealised accounting adjustments in the period in which they are recognised.

Funding of expenditure from restricted or special funds

Certain operating and capital expenditure may be funded from restricted or special funds. Restricted and special funds are those reserves within the Council's equity that are subject to special conditions of use, whether under statute or accepted as binding by the Council, and that may not be revised without reference to the courts or a third party.

Transfers may be made only for specified purposes or when specified conditions are met.

The following restricted and special funds are available for use by Council:

- *Self-insurance reserve*. The self-insurance reserve is used to fund any damages or losses that would otherwise be covered by the Council's insurance policies except for the fact that the Council has elected to set an insurance excess at a level greater than the damage or loss suffered. Each financial period the Council will provide, through funding from rates and levies, an amount intended to reimburse estimated damages or losses not otherwise covered by the Council's insurance policies. Actual expenditure incurred as a result of damages or losses where no claim is made under the Council's insurance policies as a result of the level of excess set will be transferred from retained earnings to the self-insurance reserve at the end of the financial period.
- *Trusts and bequests*. The Council is the recipient/holder of a number of trusts and bequests. These funds can only be used for the express purposes for which they were provided to the Council. Each year, the Council may expend money, of an operating or capital nature, from its trusts and bequests in accordance with the specified conditions of those funds. For the avoidance of doubt, the Council does not fund the expenditure from its trusts and bequests from any of the sources of operating revenue.
- *NZTA funding*. Each year the Council receives funding from NZTA as part of the overall replacement and renewal programme for the City's roading infrastructure. The Council recognises the funding as income in accordance with GAAP. As the funding is received for capital purposes, it cannot be used to offset the rates requirement. Therefore the Council shall recognise a surplus equivalent to the amount of NZTA funding for capital purposes, to be applied against funding the depreciation expense that results on completion of the associated asset.
- *Development contributions.* In accordance with the Council's Development Contributions Policy, development contributions are required to fund capital expenditure where development requires the construction of additional assets or increased capacity in network infrastructure, community infrastructure and reserves. Development contributions will result in an operating surplus being generated for the year. This shall flow through to a development reserve within the Council's equity.
- *Other reserves and ring-fenced funds*. Restricted funds also include other reserves, reserve purchase and development reserve, any sub-division development reserve and ring-fenced cumulative surpluses/deficits from City Housing and Marina Operations activities. Subject to meeting any specified conditions associated with these reserves the Council may expend money, of an operating or capital nature, from these reserves.

- *Regional amenities:* Local authorities in the Wellington region operate a regional amenities fund. The fund is a resource for entities that provide regional benefits in the arts, culture and environmental attractions and events sectors. The fund is a partnership between Wellington City Council, Hutt City Council, Upper Hutt City Council, Porirua City Council and Kapiti District Council. The fund ensures that regionally significant entities can be developed or sustained. The source of funds for Wellington City Council's contributions will be drawn in line with the activity rationale outlined in this policy. For example, any contribution to Te Papa from the Council as part of the regional amenities fund would be drawn from the sources outlined in section 4.1.7.

Having established its sources of operating revenue, the Council has determined that operational expenditure will be funded through the following mechanisms:

OPERATING EXPENDITURE FUNDING MECHANISM	APPROXIMATE PROPORTION OF FUNDING FOR 2018/19
General Rate	**36%**
Targeted rates	
Sewerage targeted rate	9%
Water targeted rate	9%
Stormwater targeted rate	4%
Base targeted rate	1%
Commercial sector targeted rate	1%
Downtown targeted rate	3%
Business Improvement District and other minor targeted rates	1%
Total targeted rates	**28%**
Total fees and charges	**22%**
Other sources	
Ground and commercial lease	8%
Dividends	3%
Miscellaneous	3%
Total other income	**14%**

Note: Decisions on the use of other funding sources i.e. use of prior period surpluses, non-funded depreciation, special and other reserves are project-specific are made on an annual basis. In such circumstances, revenue from these sources reduces the level of funding provided through the General Rate.

2. POLICY STATEMENT ON THE FUNDING OF CAPITAL EXPENDITURE

Capital expenditure represents expenditure on property, plant and equipment. Property, plant and equipment are tangible assets that are held by the Council for use in the provision of its goods and services (for example: bridges, libraries, swimming pools), for rental to others or for administrative purposes, and may include items held for the maintenance or repair of such assets.

Capital expenditure is funded from depreciation, development contributions, capital funding, and restricted funds or through new or extended borrowings as outlined below:

- If the capital expenditure relates to the replacement (renewal) of an existing asset, that expenditure will be funded by depreciation. Funding for depreciation comes from rates. Any surplus depreciation, after paying for the replacement of Council assets, will be used to repay borrowings.
- If the capital expenditure relates to the construction or purchase of a new asset or to the upgrade or increase in service potential of an existing asset, that expenditure will usually be funded from new or extended borrowings. Borrowing is the most cost-effective and equitable way to do this as it spreads the cost of the asset over all the generations who will benefit from it, making it affordable to ratepayers today.
- On projects where on the basis of financial prudence, the Council considers it appropriate to do so, it may impose a targeted rate to repay borrowings on an asset at a faster rate than over the full life of the asset.
- The Council will use capital funding from third parties to fund investment in new or upgraded assets (e.g. funding received from NZTA).
- The funding of capital expenditure from the sale of surplus assets is decided on a case-by-case basis. Funds received from the sale of surplus assets that are not applied to the funding of capital expenditure shall be used to repay borrowings.
- The funding of capital expenditure from restricted or special funds is decided on a case-by-case basis and is subject to the specified purposes and conditions governing the use of those restricted funds.

- If an approved capital expenditure project is not completed by the end of the financial period, the unspent funds may be carried forward to the next financial period to enable the project to be completed.
- The Council has agreed that Development Contributions are to be used as the primary funding tool for capital expenditure resulting from population and employment growth for water, wastewater, stormwater, roads, and reserves. The Council will continue to collect residual RMA based financial contributions on developments consented prior to 2005/06. In some circumstances, funds collected under either the Development Contributions Policy or the Financial Contributions Policy in the District Plan will result in a corresponding decrease in the amount to be funded from new borrowings.

CAPITAL EXPENDITURE FUNDING MECHANISM	APPROXIMATE PROPORTION OF FUNDING FOR 2018/19
Rates funded depreciation	42%
NZTA transport subsidies	12%
External grants	0%
Development contributions	1%
Borrowings	45%

3. SETTING THE LEVEL OF REVENUE FROM RATES

The total level of revenue from rates will be established as the total revenue required to cover all projected operating expenditure after taking into account:

- The projected operating revenue from those sources of other revenue identified above.
- The level of operating surpluses carried forward from previous financial periods and agreed to by Council.
- The level of revenue received for capital purposes is (including development contributions) recognised as income for accounting purposes but required to be made available for the funding of capital expenditure.
- An amount equal to the level of depreciation expenditure on Council assets where the Council considers that it is not financially prudent to pass the funding requirement on to ratepayers.
- An amount equal to the level of reimbursement of the Council's self-insurance reserve.
- An amount equal to the projected level of repayment of borrowings which funded operational expenditure e.g. the settlement of liabilities for weathertightness payments.
- Any other amount that the Council considers not financially prudent to pass (the funding requirement) on to ratepayers.

4. THE COUNCIL'S APPLICATION OF THE REQUIREMENTS OF THE ACT

This section shows how the operating expenditure associated with each of the Council's activities are funded through applying the requirements of section 101 (3) of the Local Government Act 2002. Our activity analysis is organised under the following headings:

- **Community outcome**. The Council has four community outcomes:
  - Connected city
  - Dynamic central city
  - People centred city
  - Eco City

We make reference to the community outcome to which each activity relates in our analysis.

- **Activity Area.** The Council's activity areas are consolidated into seven strategic areas in which we provide a service to the community. These are:
  - Governance
  - Environment
  - Economic development
  - Cultural wellbeing

  - Social and recreation
  - Urban development
  - Transport.
- **Activity Group.** The Council's activity groups are those areas in which we provide a service to the community. Our activity analysis starts with a statement of what activity we are assessing, and a brief description of the service provided by the Council.
- **Activity**. A summary of all operating projects that the Council delivers within a particular activity. Any one activity may have more than one operating project which, when combined, provides the total level of service provided by the Council.
- **Who Benefits?** This analysis looks at the benefits that flow from the activity to individuals, identifiable parts of the community and the community as a whole. The Council acknowledges that this analysis is in part subjective, and that it has used some basic principles to assist in its decision making.
  - When discussing benefits to the whole community, we are referring to all members, ratepayers and the general public of the city. Benefits to the whole community accrue when individual users cannot be easily identified or cannot be easily excluded from entry (such as the use of the Town Belt and other open spaces), or where the community in general derives benefit from our activities (such as the provision of citizen information and advice). While it is not possible to charge for some activities, it is also not appropriate to charge for certain activities that benefit the community as a whole. In instances such as these, it is considered appropriate that funding is predominantly provided through the general rate.
  - Where individuals or an identifiable part of the community can be identified, it is then possible to consider the use of targeted rates or user charges. Obvious examples of this include services such as pools and recreation centres, but also include activities such as our building consent and licensing services and many of our waste management services. In these instances, it is possible to exclude users who do not wish to use and pay for an activity. Those users who choose to pay accrue a particular level of service over and above that available to the community as a whole.
- **Who should pay?** This section of our analysis looks at a variety of factors that may influence our decision-making when establishing a final decision as to who should pay for an activity. Through this analysis it is possible for the nominal funding split derived under the Who Benefits? analysis to be 'modified' based on a consideration of factors including:
  - The period of benefit provided by each activity. For instance, investment in the city's roading and stormwater infrastructure provides a long-term and ongoing benefit to the city, whereas a one-off grant for a particular activity will typically be short-term and temporary in nature.
  - Whether or not there is an identifiable exacerbator who should pay ('polluter pays' principle).
  - The costs and benefits of distinct funding. This includes an assessment of how we fund each individual activity taking into account issues such as transparency and accountability, and the impacts of a chosen funding mechanism. For instance, where a service is deemed to be essential or very important in terms of contributing to the general health and wellbeing of the community, consideration will be given to ensuring that people are not excluded from access to the service because they cannot afford to pay.
  - The overall impact of the funding of the activity on the current and future social, economic, environmental and cultural well-being of the community.

While each of these areas were considered when assessing who should pay, not all were relevant to each activity, while some had more weight than others in relation to a certain activity.

- **Our funding targets**. This provides the final analysis of how we will fund our activities after consideration of the issues outlined under "Who should pay?"

5. THE GENERAL RATES DIFFERENTIAL

The general rate is split between the base differential rating category and the commercial, industrial and business differential rating category.

Historically, the Council has applied a modifier to alter the rates differential (the rates split) that decides the share of general rate paid by residents (base differential rating category) and by businesses (commercial, industrial and business differential rating category). In setting the level of the differential, the Council has considered the requirements of the Local Government Act and number of factors including:

- The benefits each sector derives
- The ability of ratepayers within each sector to pay
- The historic relationship between various groups of ratepayers and the existing level of the differential
- Ensuring any change to the differential, or rate of any change, does not impact unreasonably on any particular group of ratepayers
- To determine equity and fairness, the entire rating system for Wellington City must be considered and it is not appropriate to focus on the differential only
- The impact on the social, cultural, economic and environmental well-being of the community.

In 2018/19 the Council proposes no change in the rates differential. This means that a commercial, industrial and business differential rating category ratepayer will contribute 2.8 times more to the general rate than a base differential rating category ratepayer for each dollar of rateable property capital value.

6. SUMMARY OF OPERATING EXPENDITURE FUNDING BY ACTIVITY

ACTIVITY AREA	ACTIVITY GROUPING	ACTIVITY		USER FEES	OTHER INCOME	RATES	GENERAL	RESIDENTIAL TARGETED	COMMERCIAL TARGETED	DOWNTOWN TARGETED
Governance	Governance, information and engagement	1.1.1	City governance and engagement	0%	0%	100%	100%	0%	0%	0%
		1.1.2	Civic information	5%	0%	95%	95%	0%	0%	0%
		1.1.3	City Archives	10%	0%	90%	90%	0%	0%	0%
	Maori and Mana Whenua partnerships	1.2.1	Maori and Mana Whenua partnerships	0%	0%	100%	100%	0%	0%	0%
Environment	Gardens, beaches and green open spaces	2.1.1	Local parks and open spaces	5%	0%	95%	95%	0%	0%	0%
		2.1.2	Botanical gardens	10%	0%	90%	90%	0%	0%	0%
		2.1.3	Beaches and coast operations	0%	5%	95%	95%	0%	0%	0%
		2.1.4	Roads open spaces	0%	5%	95%	95%	0%	0%	0%
		2.1.5	Town belts	0%	5%	95%	95%	0%	0%	0%
		2.1.6	Community environmental initiatives	0%	0%	100%	100%	0%	0%	0%
		2.1.7	Walkways	0%	0%	100%	100%	0%	0%	0%
		2.1.8	Biodiversity (pest management)	0%	0%	100%	100%	0%	0%	0%
		2.1.9	Waterfront Public Space	5%	5%	90%	90%	0%	0%	0%
	Waste reduction and energy conservation	2.2.1	Waste minimisation, disposal and recycling management	100%	0%	0%	0%	0%	0%	0%
		2.2.2	Closed Landfills Aftercare	0%	0%	100%	100%	0%	0%	0%
		2.2.3	Energy efficiency and conservation	0%	0%	100%	100%	0%	0%	0%
	Water	2.3.1	Water network	0%	0%	100%	0%	60%	40%	0%
		2.3.2	Water collection and treatment	0%	0%	100%	0%	60%	40%	0%
	Wastewater	2.4.1	Sewage collection and disposal network	5%	0%	95%	0%	60%	35%	0%
		2.4.2	Sewage treatment	5%	0%	95%	0%	60%	35%	0%
	Stormwater	2.5.1	Stormwater management	0%	0%	100%	0%	77.5%	22.5%	0%
	Conservation Attractions	2.6.1	Conservation Visitor Attractions	0%	0%	100%	100%	0.0%	0.0%	0%
Economic Development	City promotions and business support	3.1.1	Wellington Regional Economic Development Agency (WREDA) and Venues	0%	0%	100%	20%	0%	30%	50%
		3.1.2	Wellington Convention Centre	0%	0%	100%	60%	0%	0%	40%
		3.1.3	Retail support (free weekend parking)	-	-	-	-	-	-	-
		3.1.4	Wellington Economic Initiatives Development Fund (WEID) and Economic Grants	0%	0%	100%	100%	0%	0%	0%
		3.1.5	Major Projects	0%	0%	100%	100%	0%	0%	0%
		3.1.6	International relations	0%	0%	100%	100%	0%	0%	0%
		3.1.7	Business Improvement Districts	0%	0%	100%	0%	0%	100%	0%
Cultural Wellbeing	Arts and Culture Activities	4.1.1	Galleries and museums (WMT)	0%	0%	100%	75%	0%	0%	25%
		4.1.2	Visitor attractions (Te Papa/ Carter Observatory)	0%	0%	100%	30%	0%	0%	70%
		4.1.3	Arts and cultural festivals	0%	10%	90%	90%	0%	0%	0%
		4.1.4	Cultural grants	0%	0%	100%	0%	100%	0%	0%
		4.1.5	Access and support for community arts	0%	10%	90%	90%	0%	0%	0%
		4.1.6	Arts partnerships	0%	25%	75%	75%	0%	0%	0%
		4.1.7	Regional amenities	0%	0%	100%	100%	0%	0%	0%

ACTIVITY AREA	ACTIVITY GROUPING	ACTIVITY		USER FEES	OTHER INCOME	RATES	GENERAL	RESIDENTIAL TARGETED	COMMERCIAL TARGETED	DOWNTOWN TARGETED
Social and Recreation	Recreation promotion and support	5.1.1	Swimming Pools	30%	0%	70%	70%	0%	0%	0%
		5.1.2	Sportsfields	20%	0%	80%	80%	0%	0%	0%
		5.1.3	Recreation programmes	5%	0%	95%	95%	0%	0%	0%
		5.1.4	Recreation Centres	25%	0%	75%	75%	0%	0%	0%
		5.1.5	Recreation partnerships	0%	0%	100%	0%	100%	0%	0%
		5.1.6	Playgrounds	0%	0%	100%	100%	0%	0%	0%
		5.1.7	Marinas	100%	0%	0%	0%	0%	0%	0%
		5.1.8	Golf Course	30%	0%	70%	70%	0%	0%	0%
	Community support	5.2.1	Libraries	5%	0%	95%	95%	0%	0%	0%
		5.2.2	Access support (Leisure Card)	0%	0%	100%	100%	0%	0%	0%
		5.2.3	Community advocacy	0%	0%	100%	0%	100%	0%	0%
		5.2.4	Grants (Social and Recreation)	0%	0%	100%	100%	0%	0%	0%
		5.2.5	Housing	100%	0%	0%	0%	0%	0%	0%
		5.2.6	Community centres and halls	5%	0%	95%	0%	95%	0%	0%
	Public health and safety	5.3.1	Burials and cremations	50%	0%	50%	50%	0%	0%	0%
		5.3.2	Public toilets	0%	0%	100%	100%	0%	0%	0%
		5.3.3	Public health regulations	60%	0%	40%	40%	0%	0%	0%
		5.3.4	City safety	0%	0%	100%	100%	0%	0%	0%
		5.3.5	WREMO	5%	0%	95%	95%	0%	0%	0%
Urban Development	Urban planning, heritage and public spaces development	6.1.1	Urban planning and policy	0%	0%	100%	100%	0%	0%	0%
		6.1.2	Waterfront development	0%	0%	100%	100%	0%	0%	0%
		6.1.3	Public spaces and centres development	0%	0%	100%	100%	0%	0%	0%
		6.1.4	Built heritage development	0%	0%	100%	100%	0%	0%	0%
		6.1.5	Housing development	0%	0%	100%	100%	0%	0%	0%
	Building and development control	6.2.1	Building control and facilitation	65%	0%	35%	35%	0%	0%	0%
		6.2.2	Development control and facilitation	50%	0%	50%	50%	0%	0%	0%
		6.2.3	Earthquake risk mitigation - built environment	0%	0%	100%	100%	0%	0%	0%
		6.2.4	Regulator - Building Control and Facilitation Weathertight Homes	0%	0%	100%	100%	0%	0%	0%
Transport	Transport	7.1.1	Transport planning	0%	0%	100%	100%	0%	0%	0%
		7.1.2	Vehicle network	0%	5%	95%	95%	0%	0%	0%
		7.1.3	Cycle network	0%	0%	100%	100%	0%	0%	0%
		7.1.4	Passenger transport network	0%	65%	35%	35%	0%	0%	0%
		7.1.5	Pedestrian network	0%	0%	100%	100%	0%	0%	0%
		7.1.6	Network-wide control and management	15%	15%	70%	70%	0%	0%	0%
		7.1.7	Road safety	0%	20%	80%	80%	0%	0%	0%
	Parking	7.2.1	Parking	100%	0%	0%	0%	0%	0%	0%

7. INDIVIDUAL ACTIVITY ANALYSIS BY KEY ACHIEVEMENT AREA

Governance

Delivering confidence in civic decision-making

One of our key responsibilities is to ensure that decisions about the city are made in ways that are democratic and inclusive. This means making sure residents are kept informed about what we're doing, are able to have their say, and feel confident that their views and votes count.

Operating activities

The funding sources for this area are illustrated in the table below.

ACTIVITY AREA	ACTIVITY GROUPING	ACTIVITY		USER FEES	OTHER INCOME	RATES	GENERAL	RESIDENTIAL TARGETED	COMMERCIAL TARGETED	DOWNTOWN TARGETED
Governance	Governance, information and engagement	1.1.1	City governance and engagement	0%	0%	100%	100%	0%	0%	0%
		1.1.2	Civic information	5%	0%	95%	95%	0%	0%	0%
		1.1.3	City Archives	10%	0%	90%	90%	0%	0%	0%
	Maori and Mana Whenua partnerships	1.2.1	Maori and Mana Whenua partnerships	0%	0%	100%	100%	0%	0%	0%

Capital expenditure

The interest and depreciation costs relating to capital expenditure are incorporated in the operating costs of each activity.

Governance capital expenditure projects are funded through a combination of rates funded depreciation and borrowings.

Governance – activity commentary

1.1 Governance, Information and Engagement

Activity 1.1.1: City governance and ENGAGEMENT

This covers our decision-making and accountability processes. It includes managing the local elections every three years, and holding meetings of the Council and its committees. It also includes developing plans and strategies to promote the city's well-being, such as the Annual Plan and Long-term Plan.

Community outcome

This activity contributes to the following community outcome:

- *People-centred city* – this activity enhances trust and confidence in civic decision-making and encourages the community to participate in city governance.

WHO BENEFITS?	
Whole community	100%

The whole community benefits from this activity. Policy formulation, consultation and planning are essential Council services. They enable elected members to set policies and manage resources to benefit the whole community. Along with elections, they also allow people to influence the Council. These decision-making and accountability processes enhance residents' well-being by improving the quality of Council decisions and by giving them a sense of empowerment arising from the fact they can have their voices heard.

WHO SHOULD PAY?	
Whole community	100%

Since this activity benefits the community as a whole, the fairest and most effective way to fund it is from general rates.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
Total	100%

Activity 1.1.2: Civic information

This activity provides for the community to easily access Council information and services such as the Council's 24 hour call centre, the city's service centres, and maintenance of the property system. It also includes the cost of the contract for valuation services.

Community outcome

This activity contributes to the following community outcome:

- *People-centred city* **-** this activity provides information about the city and its services, allows people to use the city's facilities and provides access to information.

WHO BENEFITS?	
Whole community	50%
Individuals	50%

The whole community benefits from this activity. Providing information and services to the community and having points of contact where residents can contact us are essential Council services. They enable Council to rapidly respond to information received from the public regarding service problems and other customer feedback.

Individuals may also benefit from access to Council information like valuation and property systems. But these remain core components of the Council's ratings systems and are utilised by the Greater Wellington Regional Council.

WHO SHOULD PAY?	
Individual	5%
Identifiable part of the community	5%
Whole community	90%

The Council receives revenue from the Greater Wellington Regional Council for access to our property and valuation databases. This data sharing arrangement provides cost savings for both organisations.

Although individuals receive significant benefits from this activity and it would be possible to increase user fees, the Council believes the benefit to the community as a whole out-weighs this. For the city to run efficiently it is important there is a constant two-way flow of information and the Council does not wish to limit this with the introduction of further charges. It is therefore appropriate that this activity is mostly funded by the general rate.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	5%
Other revenue	0%
Targeted rate	0%
General rate	95%
Total	100%

Activity 1.1.3: City Archives

This activity covers the operations of and community access to the City Archives.

Community outcome

This activity contributes to the following community outcome:

- *People-centred city* - the City Archives is a guardian of Wellington's memory. It preserves and makes available a huge range of primary information about the city's history. This is valuable for historians, genealogists, students and other members of the public. It is also valuable for businesses and property owners.

WHO BENEFITS?	
Whole community	50%
Individuals	50%

The whole community benefits from this activity. Maintaining the City Archives collection for posterity and ensuring that it can be easily accessed is an important community service. The City Archives contribute to our understanding of the past and to forging a strong local community – it contributes to our sense of place.

Individuals who choose to use the City Archives can be seen to benefit directly from their access to the collection. The collection is used for private study and for research. Staff support people using the Archives, including assistance with searching and providing reproductions, and promoting the wider use and access of our collections.

WHO SHOULD PAY?	
Whole community	90%
Individuals	10%

Although the individuals that access the collection receive benefits from this activity, the Council believes that preserving aspects of the city's past are of significant benefit to the community as a whole.

Nevertheless it is considered appropriate that individual users should bear a small cost for any staff research and associated copying costs that they may generate.

The user charges for these services are broadly in line with those charged by the Alexander Turnbull Library and Archives New Zealand.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	10%
Other revenue	0%
Targeted rate	0%
General rate	90%
Total	100%

1.2 Māori and Mana Whenua Partnerships

Activity 1.2.1: Māori and Mana Whenua Partnerships

The Council recognises and acts on its obligations under the Treaty of Waitangi (Te Tiriti) and its specific responsibilities under the Local Government Act and other legislation. We foster partnerships with Mana Whenua (local Iwi) and consultation relationships with the wider Māori community. The relationship between the Council and Māori is supported by a dedicated directorate which provides us with advice and administrative support on Te Tiriti-based relationships.

Community outcome

This activity contributes to the following community outcome:

- *People-centred City* - this activity promotes inclusiveness, celebrates social and cultural diversity and enables us to respond to the needs and aspirations of Māori. Our work aims to enhance the visibility of Māori culture and history in the city by telling the story of Wellington's Māori.

WHO BENEFITS?	
Whole community	50%
Individuals	50%

The benefits of this activity are equally spread between the whole community and the Council's Mana Whenua partners. Mana Whenua partners benefit by having a direct input into Council decisions and therefore the future direction of the city. The community benefits because the partnership leads to better understanding and cooperation between local Māori and the wider community. These benefits contribute to the general cultural, economic, social and environmental wellbeing of the city.

WHO SHOULD PAY?	
Whole community	100%

Māori have a unique relationship with Council as 'tangata whenua' and through their ancestors as a partner to the signing of Te Tiriti. The benefits of the relationship and activity accrue to both Māori and the whole community, and as such it is appropriate for this activity to be funded from general rates.

Our statutory obligations may be the foundations for organisational policy and delivery but on their own they don't adequately emphasise the importance of Te Tiriti, the partnership with Māori and the critical value that his unique relationship can bring to the city both domestically and internationally.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
Total	100%

Environment

Protecting and enhancing our natural environment

Under this area of activity we seek to protect and enhance our natural environment. Wellington is a city shaped by nature. From bush-clad hills to sparkling harbour to rugged coastline, the city's unique character derives from the land. As the city grows, the challenge is to preserve this natural beauty and drama. Part of protecting the environment is looking after the city's water supply, rubbish and recycling operations, and sewage and stormwater networks. This is by far our biggest area of operation.

Operating activities

The funding sources for this area are illustrated in the table below.

ACTIVITY AREA	ACTIVITY GROUPING	ACTIVITY		USER FEES	OTHER INCOME	RATES	GENERAL	RESIDENTIAL TARGETED	COMMERCIAL TARGETED	DOWNTOWN TARGETED
Environment	Gardens, beaches and green open spaces	2.1.1	Local parks and open spaces	5%	0%	95%	95%	0%	0%	0%
		2.1.2	Botanical gardens	10%	0%	90%	90%	0%	0%	0%
		2.1.3	Beaches and coast operations	0%	5%	95%	95%	0%	0%	0%
		2.1.4	Roads open spaces	0%	5%	95%	95%	0%	0%	0%
		2.1.5	Town belts	0%	5%	95%	95%	0%	0%	0%
		2.1.6	Community environmental initiatives	0%	0%	100%	100%	0%	0%	0%
		2.1.7	Walkways	0%	0%	100%	100%	0%	0%	0%
		2.1.8	Biodiversity (pest management)	0%	0%	100%	100%	0%	0%	0%
		2.1.9	Waterfront Public Space	5%	5%	90%	90%	0%	0%	0%
	Waste reduction and energy conservation	2.2.1	Waste minimisation, disposal and recycling management	100%	0%	0%	0%	0%	0%	0%
		2.2.2	Closed Landfills Aftercare	0%	0%	100%	100%	0%	0%	0%
		2.2.3	Energy efficiency and conservation	0%	0%	100%	100%	0%	0%	0%
	Water	2.3.1	Water network	0%	0%	100%	0%	60%	40%	0%
		2.3.2	Water collection and treatment	0%	0%	100%	0%	60%	40%	0%
	Wastewater	2.4.1	Sewage collection and disposal network	5%	0%	95%	0%	60%	35%	0%
		2.4.2	Sewage treatment	5%	0%	95%	0%	60%	35%	0%
	Stormwater	2.5.1	Stormwater management	0%	0%	100%	0%	77.5%	22.5%	0%
	Conservation Attractions	2.6.1	Conservation Visitor Attractions	0%	0%	100%	100%	0.0%	0.0%	0%

Capital Expenditure

The interest and depreciation costs relating to capital expenditure are incorporated in the operating costs of each activity.

Environmental capital expenditure projects are funded through a combination of rates funded depreciation, and borrowings.

Environment – activity commentary

2.1 Gardens, Beaches and Green Open Spaces

Activity 2.1.1: Local parks and open spaces

The Council owns and looks after the city's parks and reserves, horticultural plantings and street trees. We aim to provide a high-amenity, safe open space environment that gives people a wide range of recreation opportunities. Our work includes the upkeep of gardens, grass areas, trees, sports pavilions and other buildings on reserve land, park furniture and infrastructure. (For information on sports fields, see activities 5.1.2).

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* – local parks and open spaces enhance Wellington's unique 'sense of place', making it a great place to live, work and play.
- *Connected City* - accessible and high quality natural and green environments encourage people to gather together, share activities and connect with each other.
- *Eco-city* - high quality natural and green environments protect and enhance our biodiversity and contribute to off-setting our carbon emissions.

WHO BENEFITS?	
Whole community	90%
Individuals	10%

The city's parks and reserves benefit the whole community. They give all residents and visitors access to high-quality open spaces for a wide range of recreation activities, such as walking or mountain biking. This encourages healthy lifestyles. They also make the city's environment greener and more pleasant for all residents, and provide focal points for communities. This not only improves quality of life but also adds to people's sense of pride in the city and makes it an attractive place to live and visit.

While those who choose to use the city's open spaces receive a direct benefit, they cannot be readily identified or excluded from these areas. From time to time our park pavilions are leased to sports and community groups who benefit from their exclusive use.

The provision of parks and reserves brings long-term benefits to the city, which is reflected in the Council's commitment to fund this activity on an ongoing basis.

WHO SHOULD PAY?	
Whole community	95%
Individuals	5%

Since the community as a whole is the main beneficiary from this activity, it should bear most of the costs through general rates. These costs reflect the enhanced social and environmental well-being through the existence of parks and reserves and the opportunity for residents to use them for recreational activities.

The exception is the lease of park pavilions to sports and community groups. In these situations, the group concerned receives an exclusive benefit and therefore should bear a share of the cost. While our analysis suggests these groups receive 10 percent of the benefit, we have decided they should bear only 5 percent of the cost. This is because the Council wants to ensure that the pavilions are not priced out of reach of these groups. We want to see high levels of participation in recreation activities and encourage people to use the city's open spaces, and we believe raising user charges on the parks and pavilions could work against that outcome.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	5%
Other revenue	0%
Targeted rate	0%
General rate	95%
Total	100%

Activity 2.1.2: Botanical gardens

Wellington has four botanic gardens: Wellington Botanic Garden, Otari-Wilton's Bush, Bolton Street Cemetery and Truby King Park (Melrose). The Council maintains these gardens with the help of community groups and trusts that provide voluntary guides, fund new development and carry out practical work such as planting.

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* – botanical gardens enhance Wellington's unique 'sense of place'
- *Connected City* – the botanical gardens encourage people to gather together, share activities and connect with each other.
- *Eco-city* – the botanical gardens enhance our biodiversity and contribute to off-setting our carbon emissions.
- *Dynamic Central City* – Wellington Botanic Garden is accessible within minutes from the central business district, is important for residents' quality of life, and attracts visitors.

WHO BENEFITS?	
Whole community	90%
Individuals	10%

The city's four botanic gardens benefit the whole community. They are of international quality, providing residents and visitors with access to open spaces for recreation and relaxation, as well as opportunities to learn. They play a valuable conservation role, preserving native and exotic plants. By attracting visitors to Wellington they help its economy, and by making the city's environment more pleasant for all residents they improve quality of life and add to people's sense of pride in the city.

While those who choose to use the gardens receive the most direct benefit, in most instances these people cannot be identified and nor can they be excluded from these areas.

The gardens do provide a few services which exclusively benefit individual people or organisations. These include:

- the retail shop and cafe at the Begonia House in the Botanic Garden
- function rooms/facilities at Begonia House, Treehouse and Otari-Wilton's Bush
- sale of plants at the Otari-Wilton's Bush annual open day
- lease of a house at Truby King Park to Conservation Volunteers and lease of 2 other properties to private tenants (non-profit organisations)
- provision of memorial seats in the botanic gardens.

The gardens also provide educational seminars and programmes which have some private benefit. The newly established Discovery Garden opened in 2017. It is a living classroom, and its role is to provide environmental and botanical awareness for visitors and residents with a strong focus on children. However, as these programmes help people learn about the environment, the Council believes the principal benefit is to the community as a whole.

The provision of the botanic gardens brings long-term benefits to the city, which is reflected in the Council's commitment to fund them on an ongoing basis.

WHO SHOULD PAY?	
Whole community	90%
Individuals	10%

Since the principal benefits of the city's botanic gardens are to the community as a whole, it is appropriate for general ratepayers to bear the majority of costs. The Council views the gardens as public amenities and is committed to maintaining free public access.

These costs are offset by some income-generating activities (as above). These are generally commercial activities; the beneficiaries include souvenir hunters, tourists and groups renting function rooms and education institutes. It is appropriate that these activities are carried out on a user-pays basis.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	10%
Other revenue	0%
Targeted rate	0%
General rate	90%
Total	100%

Activity 2.1.3: Beaches and coast operations

A well maintained coast, with strong natural values and secure structures, is important for public safety and enjoyment. The Council is responsible for the upkeep of many of the city's wharves, breakwaters, jetties and public boat ramps, as well as the Carter Fountain in Oriental Bay.

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* – Wellington's beaches and coastal areas provide high quality natural environments for leisure and recreation.

WHO BENEFITS?	
Whole community	100%

Wellington's coastline is a distinct part of the city's identity. By ensuring people have safe access to the coast, the Council is increasing the range of recreation opportunities available to people and encouraging healthy lifestyles, as well as protecting public safety. By beautifying the coast and protecting it from erosion, the Council is enhancing the city's environment, improving quality of life and adding to people's sense of the city as an attractive place to live.

While those who use the city's wharves, jetties and breakwaters receive a direct benefit, in most instances these people cannot be identified. Nor can they be excluded from using the coast. The one exception is boat ramps, which directly benefits an identifiable part of the community: recreational boat users. However, the Council regards these facilities as part of its provision of safe, secure access to the coast and encouraging outdoor recreation.

The Council's work on the city's beaches and coastline brings long-term benefits to the city, which is reflected in the Council's commitment to fund this activity on an ongoing basis.

WHO SHOULD PAY?	
Whole community	100%

Since the whole community benefits from this activity, it is appropriately funded through general rates.

This activity also derives modest rents from club houses on or adjacent to beaches and that revenue is reflected here.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	5%
Targeted rate	0%
General rate	95%
Total	100%

Activity 2.1.4: Roads open spaces

Roads that are clean and have clear edges help to make the city attractive and safe. We look after the city's roadside plants, removing or pruning hazardous or overgrown vegetation, spraying weeds and supplying free plants to residents to plant on road reserves. We also clean city and residential streets, empty rubbish bins in the central city and remove spills and litter.

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* – our road network safely and efficiently accommodates more than 40,000 people driving around the city each day, for work and recreation. Our pedestrian and cycle networks deliver the same outcomes for more than 25,000 walking and cycling commuters each day.

WHO BENEFITS?	
Whole community	100%

Management of roadside vegetation reduces hazards and makes the road corridor safe and accessible for vehicles and pedestrians. It improves sight lines for drivers, maintains clearance from overhead utilities and prevents growth from blocking natural run off channels or damaging structures such as retaining walls.

This work benefits anyone who lives in or moves around the city by ensuring that footpaths, roadside verges and open spaces are safe and attractive. It helps to maintain the city's environment and residents' safety, health and enjoyment of their surroundings.

WHO SHOULD PAY?	
Whole community	95%
Identifiable part of the community	5%

Because the community as a whole benefits, the fairest approach is to fund costs in this activity from general rates.

However, a small percentage of our costs are actually funded by the New Zealand Transport Agency (NZTA) through National Land Transport Fund (NLTF) subsidies, which pass on funding from fuel taxes gathered by Central Government. The amount subsidised by NZTA varies from year to year depending on the work programme (which affects eligibility for subsidy) and the amount of funding that NZTA has made available for qualifying activities. This income is leveraged to reduce the rates funding requirement for the roads open spaces activity.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	5%
Targeted rate	0%
General rate	95%
Total	100%

Activity 2.1.5: Town belts

Wellington's Town Belt, Outer Green Belt and reserves offer fantastic recreation venues for the public, but they need a lot of care. The Council manages the Town Belt, the Outer Green Belt and other reserves to ensure they are maintained to high standards. This includes custodial duties, operational planning and implementation, hazardous tree management, leases and licenses and reserve upgrade projects.

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* – a high quality natural environment enhances the city's unique 'sense of place' and provides attractive, safe and accessible opportunities for leisure and recreation.
- *Eco-city* - the Town Belt enhances our biodiversity and contributes to off-setting our carbon emissions.

WHO BENEFITS?	
Whole community	100%

The Town Belt and Outer Green Belt benefit the whole community. They give all residents and visitors access to high-quality open spaces for recreation activities, encouraging healthy lifestyles. They also make the city's environment greener and more pleasant for all residents, and provide focal points for communities. This not only improves quality of life but also adds to people's sense of pride in the city and makes it an attractive place to live, play and visit.

While those who choose to use the Town Belt and Outer Green Belt receive a direct benefit, in most instances these people cannot be practically identified and nor can they be excluded from these areas.

The provision of the Town Belt and Outer Green Belt brings long-term benefits to the city, which is reflected in the Council's commitment to fund this activity on an ongoing basis.

WHO SHOULD PAY?	
Whole community	100%

Since the community as a whole benefits from the provision of the Town Belt and Outer Green Belt, it should bear the costs through general rates. These costs reflect the enhanced social and environmental well-being through the existence of these open space areas and the opportunity for residents to use them for recreational activities.

Through this activity we receive modest revenue from the rental we charge for leasing buildings, ground leases, or licenses on reserve land.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	5%
Targeted rate	0%
General rate	95%
Total	100%

Activity 2.1.6: Community environmental initiatives

This activity covers initiatives that directly support the community's engagement in advancing environmental well-being. The Council provides grants for projects that promote environmental sustainability or greater understanding of environmental issues. It also provides for training and capacity building of volunteers working on environmental projects throughout the City and environmental research and monitoring.

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* – community environmental initiatives improve the quality of our natural environment, making the city a better place to live, work and play.
- *Connected City* – by supporting community environmental initiatives we support bringing people together and encouraging community spirit.
- *Eco-city* – community environmental initiatives raise awareness of environmental issues and improve environmental outcomes.

WHO BENEFITS?	
Whole community	100%

This activity benefits the community as a whole. While individuals or groups can apply for the grants, the work they fund helps enhance the environment and provides educational benefits for all city residents.

The activity has long-term benefits, as the projects it funds are aimed at ensuring future generations can enjoy a cleaner and more pleasant environment.

This work contributes directly to the Council's long term goal of pursuing a collaborative, participatory approach towards environmental kaitiakitanga (guardianship), by sharing information within the community and establishing partnerships to achieve environmental goals.

WHO SHOULD PAY?	
Whole community	100%

Since this activity benefits the community as a whole, the fairest and most effective way to fund it is from general rates.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
Total	100%

Activity 2.1.7: Walkways

The Council encourages public use of the Town Belt and reserves, and recognises that tracks are important for people's access to and enjoyment of the city's bush and open spaces. Tracks also contribute to the integration of active transport modes throughout the city. We currently maintain over 300km of track.

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* – walkways allow residents to explore Wellington's beautiful natural environment improving the quality of life of the city's residents
- *Connected City* - walkways provide attractive, safe and accessible opportunities for leisure and recreation, connecting people with each other and the environment.

WHO BENEFITS?	
Whole community	100%

The whole community benefits from the Council's provision of walkways. The walkways give all residents and visitors access to the Town Belt and reserves, encouraging them to enjoy the city's bush and lead healthy lifestyles. They also provide key linkages to transport modes throughout the city.

While those who choose to use the walkways receive a direct benefit, in most instances these people cannot be practically identified and nor can they be excluded from these areas.

The provision of walkways brings long-term benefits to the city, which is reflected in the Council's commitment to fund this activity on an ongoing basis.

WHO SHOULD PAY?	
Whole community	100%

Since the community as a whole benefits from the provision of the walkways, it should bear the costs through general rates. These costs reflect the enhanced social and environmental well-being through the existence of the walkways and the opportunity for residents to use them.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
Total	100%

Activity 2.1.8: Biodiversity (pest management)

The Council runs programmes to control and manage pest animals and weeds on the 4,000 plus hectares of open space land we own and manage. Our programmes align with the Central Government Predator Free 2050, an ambitious goal to rid New Zealand of the most damaging introduced predators that threaten our nation's natural taonga, our economy and primary sector.

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* – protecting biodiversity improves the quality of our natural environment, making the city a better place to live, work and play.
- *Eco-city* – pest management is important for biodiversity and protects native fauna and flora.

WHO BENEFITS?	
Whole community	100%

This activity benefits the whole community by helping ensure the city's open space land is safe and pleasant to use. While there are direct benefits to those who choose to use the city's open spaces, these people cannot easily be identified or excluded from using those areas. There may also be benefits to certain communities within the city - for example, a programme to eradicate pest animals from a particular suburb - but, in general, the benefits of this activity are to the community as a whole.

This activity has long-term benefits. For example, eliminating a pest from an area means future generations are less likely to have to deal with the problems that pests cause. The work aids the health of the environment by protecting and restoring land, water-based ecosystems to sustain their natural processes, and to provide habitats for a range of indigenous and non-indigenous plants and animals.

The long-term nature of these benefits is reflected in the Council's decision to fund this activity on an ongoing basis.

WHO SHOULD PAY?	
Whole community	100%

This activity benefits the community as a whole. Therefore, the fairest and most effective way of funding it is from general rates.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
Total	100%

Activity 2.1.9: Waterfront public space

This activity relates to the management and maintenance of the public space on the Wellington Waterfront, and includes the operation and maintenance of a wide range of assets which includes wharves, seawalls, bridges, parks, promenades, laneways and lighting.

Community outcome

This activity contributes towards the following outcomes:

- *Dynamic Central City* - the waterfront is readily accessible and is a very important area of the central city. An attractive, clean and safe waterfront will undoubtedly contribute to a dynamic centre, is important for resident's quality of life and attracts visitors to Wellington.
- *People Centred City* - a clean inner harbour and waterfront area enhance Wellington's unique 'sense of place', making it a great place to live.

WHO BENEFITS?	
Whole community	80%
Individuals/Users	20%

The city's waterfront area benefits the whole community. Access to the waterfront and the open spaces near the harbour is generally unrestricted and available to all - residents and visitors alike. A clean and vibrant waterfront area encourages healthy lifestyles and makes the city's environment more pleasant for all residents. This not only improves quality of life but also adds to people's sense of pride in the city and makes it an attractive place to live and visit.

An activity that occurs on the waterfront that provides direct identifiable benefit is the weekly Underground Market and Harbourside Market. This activity does provide a private benefit and the user is charged directly.

The provision of public spaces on the waterfront brings long-term benefits to the city, which is reflected in the Council's commitment to fund this activity on an ongoing basis.

WHO SHOULD PAY?	
Whole community	90%
Individuals	10%

With the exception of the provision of market stalls, the community as a whole is the main beneficiary from this activity, it is appropriate for general ratepayers to bear the majority of the costs.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	5%
Other revenue	5%
Targeted rate	0%
General rate	90%
Total	100%

2.2 Waste Reduction and Energy Conservation

Activity 2.2.1: Waste minimisation, disposal and recycling management

The Council operates the Southern Landfill. As well as the day-to-day management of the landfills, we are involved in landscaping, erosion control, resource consent compliance and water quality monitoring. The Council also collects refuse and household hazardous waste which is sent for safe disposal. This ensures hazardous wastes such as oils and solvents do not contaminate the landfills.

We encourage recycling by providing most residents with recycling bins and bags for weekly kerbside collection.

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* - collaboration between the Council and the community to reduce waste and increase recycling promotes community ownership of sustainable management of the environment.
- *Eco-city* - reduced waste and increased waste recycling and organic composting minimises the use of landfills and promotes the sustainable management of resources.

WHO BENEFITS?	
Whole community	10%
Individuals/Users	90%

People using the landfills receive the main benefit from this activity, as they are able to dispose of their waste in a safe and efficient manner that also ensures the harm to the environment is kept to a minimum.

There are also benefits to the whole community. Without the landfills, people would have nowhere safe to dispose of their waste. That would clearly pose a major hazard to public health and harm the city’s environment.

In 2003 the Council adopted the Life Cycle Costing Model for Landfills. This model is designed to deliver a full cost recovery system over a landfill’s life.

Also the direct beneficiaries of this work are the householders who have recyclable goods collected or who use our recycling stations. These people are able to dispose of their recyclable and reusable waste in a safe, efficient and environmentally-friendly manner.

The whole community receives the environmental benefits from having less waste deposited in landfills.

WHO SHOULD PAY?	
User	100%

Though the benefits of this activity are split between the community and individuals, the Council believes it is appropriate for users of the city’s landfills to bear the costs. The Council believes it is appropriate to take a “polluter pays” approach to its solid waste operations, meaning landfill fees should be set at levels that discourage waste. This approach is justified by the significant benefits to the city’s environment from reducing the amount of waste dumped in landfills.

The Council has adopted a Life Cycle Costing Model for Landfills. This model is designed to deliver a full cost recovery system over a landfill’s life.

The Council also receives a small amount of income from the sale of recycling bins.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	100%
Other revenue	0%
Targeted rate	0%
General rate	0%
Total	100%

Activity 2.2.2: Closed landfills Aftercare

We provide aftercare of our closed land fill sites.

Community outcome

This activity contributes towards the following outcome:

- *People-centred City* - the majority of closed landfills are green open spaces enjoyed by local communities for leisure and recreation. Looking after these sites provides a valuable community asset for community enjoyment.

WHO BENEFITS?	
Whole community	100%

This activity benefits the whole community. Without the safe management of the closed landfills, it would potentially pose a major hazard to public health and harm the city's environment.

The whole community receives the environmental benefits from having close and safe management of the cities closed landfills

WHO SHOULD PAY?	
Whole community	100%

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
Total	100%

Activity 2.2.3: Energy Efficiency and Conservation

One of the Council's long term aims is for it and Wellington to be more sustainable - as reflected in our strategies like Wellington Towards 2040: Smart Capital, Wellington Resilience Strategy, and Low Carbon Capital. This means that Wellington will reduce its environmental impact by making efficient use of energy, water, land and other resources; shifting towards renewable energy resources; conserving resources; and minimising waste. Our immediate focus is on three pillars of activity - Greening Wellington's growth, Changing the way we move, and Leading by example. Each of these areas contributes to making either the Council itself or the whole community more sustainable.

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* - developing funding partnerships with key stakeholders to improve the resilience, sustainability and the quality of life of Wellington residents. Facilitating home energy evaluations through our Home Energy Saver programme to meet people where they are - at home - is a core part of supporting people to make sustainable decisions.
- *Eco-city* - a focus on energy efficiency and fuel switching for the city's households and business will reduce costs and reduce its greenhouse gas emissions. Developing partnerships to deliver on the varied outcomes of the Resilience Strategy and Low Carbon Capital - including electric vehicle charging, car sharing and renewable energy will be crucial for the Council's Eco-City aspirations.

- *Dynamic Central City* - facilitating construction of Green Star-rated buildings in the city centre, energy efficiency retrofits of central city office buildings and businesses as well as the uptake of emerging 'green' technologies will allow Wellington to showcase its Eco-City credentials.

WHO BENEFITS?	
Whole community	100%

The whole community benefits from the Council's commitment to and promotion of sustainability. By definition the work is of benefit to current and future generations. By reducing environmental impacts and making more efficient use of existing resources more opportunities will be open to the whole community in the future.

WHO SHOULD PAY?	
Whole community	100%

Since the community as a whole benefits from this activity, it is considered appropriate that it be funded from the general rate.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
Total	100%

2.3 Water

Activity 2.3.1: Water network

The Council owns a water network of over 80 reservoirs, 30 pumping stations, more than 7,000 hydrants and about 900 odd kilometres of underground pipes. We maintain this network to ensure Wellingtonians have high-quality drinking water available at all times. Our work includes monitoring water quality to ensure it meets the required standards, and cleaning reservoirs and pipes.

Community outcome

This activity contributes towards the following outcomes:

- *People-centred city* - a reliable and adequate supply of clean and safe water is critical for the health, well-being and prosperity of all residents.
- *Connected city* - a reliable and adequate supply of clean and safe water is a core requirement of a connected city in the 21st century.

WHO BENEFITS?	
Whole community	25%
Identifiable parts of the community	75%

Water supply is a fundamental Council service. Residents need clean drinking water, as well as water for washing. Water is also vital for industry and commerce. The benefits to commercial users are entirely private and exclusive. The benefits to individual people are mainly private, but there are also significant benefits to the community as a whole in terms of public health and safety, and economic well-being.

WHO SHOULD PAY?	
Identifiable parts of the community: Base (residential) sector	60%
Commercial sector	40%

While it is recognised that there is a whole community benefit from the provision of the water supply activity, this, along with the benefit received by individuals is best reflected through a targeted rate imposed on those properties connected to the public water supply.

The division of costs between the two sectors is based on a water consumption split, modified on the basis of the additional maintenance and service response required in the commercial sector, to a 60% residential 40% commercial split.

The 60% residential share is funded through a targeted rate. The majority of properties (those that do not have a water meter) are charged a fixed amount, to reflect the fixed cost component of funding these activities, with the balance of the sector share funded through a rate per dollar of capital value. Those properties that have elected to have a water meter contribute to the targeted rate through a consumption charge.

The 40% of costs funded through the Commercial sector is drawn from a targeted rate primarily through a consumption charge per cubic metre of water consumed. The balance of commercial properties without a water meter, pay their share of the targeted rate through a rate per dollar of capital value.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate (Residential 60%, Commercial 40%)	100%
General rate	0%
Total	100%

Activity 2.3.2: Water collection and treatment

We buy water for the city in bulk from the Greater Wellington Regional Council. The regional council treats the water at four sites in the Hutt Valley – Te Marua, Waterloo, Gear Island and Wainuiomata – to ensure it meets New Zealand drinking water standards. We pay based on how much water the city uses. Some of our costs are recovered from customers with water meters, while the rest is covered by water rates. Responsibility for water supply is vested in the Council under the Local Government Act.

Community outcome

This activity contributes towards the following outcomes:

- *People-centred city* - a reliable and adequate supply of clean and safe water is critical for the health, well-being and prosperity of all residents.
- *Connected city* - a reliable and adequate supply of clean and safe water is a core requirement of a connected city in the 21st century.

WHO BENEFITS?	
Whole community	25%
Identifiable parts of the community	75%

Water supply is a fundamental Council service. Residents need clean drinking water, as well as water for washing. Water is also vital for industry and commerce. Though water supply is essential in a modern city, the benefits are largely private.

There is also some benefit to the community as a whole from the Council's provision of clean, drinkable water. This includes public health benefits, provision of water for fire-fighting, and the benefits of a reliable water supply for the economy.

WHO SHOULD PAY?	
Identifiable parts of the community: Base (residential) sector	60%
Commercial sector	40%

While it is recognised that there is a whole community benefit from the provision of the water supply activity, this, along with the benefit received by individuals is best reflected through a targeted rate imposed on those properties connected to the public water supply.

The division of costs between the two sectors is based on a water consumption split, modified on the basis of the additional maintenance and service response required in the commercial sector, to a 60% residential 40% commercial split.

The 60% residential share is funded through a targeted rate. The majority of properties (those that do not have a water meter) are charged a fixed charge, to reflect the fixed cost component of funding these activities, with the balance of the sector share funded through a rate per dollar of capital value. Those properties that have elected to have a water meter contribute to the targeted rate through a consumption charge.

The 40% of costs for activities funded through the Commercial sector is drawn from a targeted rate primarily through a consumption charge of per cubic metre of water consumed and an administration fee. The balance of commercial properties without a water meter, pay their share of the targeted rate through a rate per dollar of capital value.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate (Residential 60%, Commercial 40%)	100%
General rate	0%
Total	100%

2.4 Wastewater

Activity 2.4.1: Sewage collection and disposal network

The Council is responsible for more than 1,000 kilometres of sewer pipes and tunnels, of which almost half are over 50 years old. The sewage network also includes 62 pumping stations which need regular maintenance and ultimately replacement once they have come to the end of their economic life.

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* - a safe and reliable wastewater network provides protection against public health risks.
- *Eco-city* - a safe and reliable wastewater network provides protection against environmental harm.
- *Dynamic Central City* - a safe, reliable and well maintained wastewater network that will function effectively and not cause disruptions to inner city living and business activities is a core component of every successful city in the 21st Century.

WHO BENEFITS?	
Whole community	20%
Identifiable parts of the community	80%

The sewage network mainly benefits individuals by providing for the safe, sanitary removal of sewage waste from their homes and businesses, and ensuring that waste is treated and disposed of in ways that do not harm the environment. Though these benefits are private they are not exclusive – all homes and businesses use the system, and it would have to exist for public good reasons regardless of the individual benefits.

The sewage system benefits the whole community by protecting public health and the overall state of the environment. The system is a fundamental part of the city's infrastructure. Without it Wellington could not operate as a modern efficient city.

WHO SHOULD PAY?	
Identifiable parts of the community: Base (residential) sector	60%
Commercial sector	35%
User charges	5%

While it is recognised that there is a whole community benefit from this activity, this, along with the benefit received by individuals is best reflected through a targeted rate imposed on those properties with sewer connections.

The division of costs between the two sectors is based on a 'water in, water out' concept. As a result the sector split for this targeted rate is the same as for water supply. The cost of network installation and maintenance in the commercial area is more expensive due to its size, pressures, standards and service levels. This is reflected in the 60%/40% split.

The 60% residential share is collected through a targeted rate. This rate incorporates a fixed charge, with the balance of the sector share funded through a rate per dollar of capital value.

The 40% commercial sector share is collected through a targeted rate based on a rate per dollar of capital value (35%) and trade waste charges (5%).

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	5%
Other revenue	0%
Targeted rate (Residential 60%, Commercial 35%)	95%
General rate	0%
Total	100%

Activity 2.4.2: Sewage treatment

Sewage is treated at three plants: Moa Point, Karori, and Porirua. The waste treatment plants at Moa Point and Karori are financed by the Council and operated by Veolia. Sewage from Wellington's northern suburbs is transferred to the Porirua plant, in which the Council has a 27.6% stake. Once sewage is treated at Moa Point and Karori, waste water is piped into the Cook Strait and the sludge is taken to the Southern Landfill.

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* **-** a safe and reliable wastewater network and treatment facility provides protection against public health risks.
- *Eco-city* - a safe and reliable wastewater network and treatment facility provides protection against environmental harm.
- *Dynamic Central City* - a safe, reliable and well maintained wastewater network and appropriate treatment of waste is a core component of every successful city in the 21^{st} Century.

WHO BENEFITS?	
Whole community	20%
Identifiable parts of the community	80%

The sewage treatment system mainly benefits individuals by ensuring the waste removed from their homes and businesses is disposed of in ways that do not harm the environment. Though these benefits are private they are not exclusive – all homes and businesses use the sewerage system, and sewage would have to be treated for public good reasons regardless of the individual benefits.

The sewage treatment system benefits the whole community by protecting public health and the overall state of the environment. The system is a fundamental part of the city's infrastructure. Without it, Wellington could not operate as a modern, efficient city.

WHO SHOULD PAY?	
Identifiable parts of the community: Base (residential) sector	60%
Commercial sector	35%
User	5%

While it is recognised that there is a whole community benefit from the provision of this activity, this, along with the benefit received by individuals is best reflected through a targeted rate imposed on those properties with sewer connections.

The division of costs between the two sectors is based on a 'water in, water out' concept. As a result the sector split for this targeted rate is the same as for water supply. The cost of network installation and maintenance in the commercial area is more expensive due to its size, pressures, standards and service levels. This is reflected in the 60%/40% split.

The 60% residential share is collected through a targeted rate. This rate incorporates a fixed amount per property, with the balance of the sector share funded through a rate per dollar of capital value.

The 40% commercial sector share is collected through a targeted rate based on a rate per dollar of capital value (35%) and trade waste charges (5%).

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	5%
Other revenue	0%
Targeted rate (Residential 60%, Commercial 35%)	95%
General rate	0%
Total	100%

2.5 Stormwater

Activity 2.5.1: Stormwater management

Each year, Wellington's stormwater network carries around 80 million cubic metres of runoff from gutters and drains to the harbour and city streams. This drainage network helps protect the city from flooding. This network is made up of over 600 kilometres of stormwater pipes and tunnels.

Because stormwater is discharged into the city's streams, harbour and coastal waters, it needs to be as clean as possible. Stormwater can be contaminated by sewage leaking from sewerage pipes, runoff from roads, and by waste such as oil, paint and litter being tipped or washing into drains. The Council has resource consents from the Greater Wellington Regional Council for our stormwater discharges, and we are required to meet the standards set out in these consents. While we do not treat stormwater runoff, we monitor stormwater quality at more than 80 sites, to ensure it meets the required standards.

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* -a safe and reliable storm water network and effective maintenance and operation programmes prevents avoidable disruptions to community living and minimises the risk of injury and the risk of damage to property from storm water.
- *Eco-city* - a safe and reliable storm water network minimise the impacts – such as erosion - of storm water on the environment.
- *Dynamic Central City* -a safe and reliable storm water network and effective maintenance and operations programmes allows people to live work and play in the central city safely and without disruption.
- *Connected City* - a safe and reliable storm water network and effective maintenance and operations programmes reduces the risk of avoidable surface flooding and environmental damage that may affect transport networks.

WHO BENEFITS?	
Whole community	50%
Identifiable parts of the community	50%

The stormwater system provides significant benefits to individual property owners by protecting their property from flooding. Though these benefits are private, they are not exclusive – all homes and businesses benefit, and the network would have to exist for public good reasons regardless of the individual benefits.

The stormwater system benefits the whole community, both by protecting public property and by protecting public health and safety. The system is a fundamental part of the city's infrastructure. Without it, Wellington could not operate as a modern, efficient city, and both economic and social well-being would suffer.

WHO SHOULD PAY?	
Identifiable parts of the community: Residential (urban) sector	77.5%
Commercial sector	22.5%

While it is recognised that there is a whole community benefit from this activity, this, along with the benefit received by individuals is best reflected through a targeted rate imposed on the residential (urban) sector and the commercial sector.

Some stormwater runoff may be the direct result of new developments or other land works, or individual actions such as people tipping paint down drains. In these cases, there is a clear "polluter pays" argument for the people or businesses responsible to meet some of the costs. However, identifying those responsible and assessing the costs are difficult.

The Council has decided to exclude rural areas from paying for this activity as this service is not provided to them and as a result they receive no individual benefit. It is therefore appropriate to fund this activity from targeted rates, excluding the rural sector.

The 77.5% residential share is collected through a targeted rate. This rate is funded through a rate per dollar of capital value.

The 22.5% commercial sector share is collected through a targeted rate based on a rate per dollar of capital value.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate (Residential 77.5%, Commercial 22.5%)	100%
General rate	0%
Total	100%

2.6 Conservation Attractions

Activity 2.6.1: Conservation visitor attractions

The Council funds the Wellington Zoo Trust and the Karori Sanctuary Trust. While each of these organisations has specific goals and approaches to conservation and education they provide attractions for residents and visitors.

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* - these activities inform and educate residents and visitors about conservation. They tell the story of our past, of our special wildlife, and of exotic flora and fauna.
- *Eco-city* - these facilities play important conservation roles, protecting native and exotic flora and fauna.

WHO BENEFITS?	
Whole community	40%
Individuals	40%
Identifiable part of the community	20%

These facilities benefit the individuals that choose to attend by providing them with a high-quality recreational and educational experience. These benefits are private and exclusive.

These facilities provide significant benefits to the whole community. They play a major conservation role by protecting endangered species and educating the public about conservation and biodiversity issues.

These facilities also attract tourists to the city, contributing to the local economy.

WHO SHOULD PAY?	
Whole community	100%

Each of these trusts operates separately from the Council. User charges take the form of entry fees to visit these facilities, which account for about a significant proportion of their income and reflect the private benefits to people who visit these facilities. These user charges do not appear in the Council's books.

The Council's contribution to these facilities reflects the benefits to the community as a whole. For this reason, it is appropriate for the Council's contribution to be funded from general rates.

These facilities contribute to the Council's long term goal that the city's high quality natural environment will attract visitors, residents and visitors.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
Total	100%

Economic Development

Growing the regional economy for a prosperous community

The Economic Development Activity is about achieving long-term and sustainable growth in Gross Domestic Product per capita. With a dynamic growing economy, Wellington is able to offer residents prosperity and an outstanding quality of life. Our economic activities include funding tourism promotions and visitor attractions, support for the regional economic development agency, and maintaining relationships with other agencies to foster economic growth.

Operating activities

The funding sources for this area are illustrated in the following table.

ACTIVITY AREA	ACTIVITY GROUPING	ACTIVITY		USER FEES	OTHER INCOME	RATES	GENERAL	RESIDENTIAL TARGETED	COMMERCIAL TARGETED	DOWNTOWN TARGETED
Economic Development	City promotions and business support	3.1.1	Wellington Regional Economic Development Agency (WREDA) and Venues	0%	0%	100%	20%	0%	30%	50%
		3.1.2	Wellington Convention Centre	0%	0%	100%	60%	0%	0%	40%
		3.1.3	Retail support (free weekend parking)	-	-	-	-	-	-	-
		3.1.4	Wellington Economic Initiatives Development Fund (WEID) and Economic Grants	0%	0%	100%	100%	0%	0%	0%
		3.1.5	Major Projects	0%	0%	100%	100%	0%	0%	0%
		3.1.6	International relations	0%	0%	100%	100%	0%	0%	0%
		3.1.7	Business Improvement Districts	0%	0%	100%	0%	0%	100%	0%

Capital Expenditure

The interest and depreciation costs relating to capital expenditure are incorporated in the operating costs of each activity.

Economic development capital expenditure projects generally relate to renewals and are funded through rates funded depreciation and borrowings.

Economic development - activity funding commentary

3.1 City Promotions and Business Support

Activity 3.1.1: WELLINGTON REGIONAL ECONOMIC DEVELOPMENT AGENCY (WREDA) AND VENUES

This activity covers the Council's funding of the Wellington Regional Economic Development Agency (WREDA), the costs of owning and maintaining a number of venue buildings and managing the use of the venues and innovation activities.

WREDA combines the economic development activities of Wellington City Council and the Greater Wellington Regional Council into one organisation.

The aim of a single development agency is to unlock the region's economic potential by providing:

- Clear strategic focus
- Strong economic leadership that prioritises business success
- One voice when dealing with government, businesses, investors and research providers
- Effective use of resources and talent, and leverage of scale

The Council's funding will be used to support its activities in the following areas:

- Major events - attract and support major events that bring visitors and extra spending to the city.
- Tourism - to promote and market the city to visitors
- Sector support to attract business, talent and investment to the Wellington region and accelerate economic growth.

- Maintain the portfolio of civic buildings (the Michael Fowler Centre, TSB Arena, St James Centre, and the Opera House) to support the Venues operations in providing a full calendar of entertainment and business events.
- Provision of CBD free Wi-Fi, a 'point of difference' for visitors to the city and user experience through free public access Wi-Fi network.

Also included in this activity is the expenditure and revenues of promoting and operating the venues (which WREDA undertakes on behalf of Council). This specific activity operates without direct Council funding.

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* - promotion of the city as an attractive place to live and do business, works to attract talent to the city and attracts tens of thousands of visitors every year.
- *Connected City* - ensuring that the city has a presence internationally will be vital to attracting investment, talent, visitors and jobs.
- *Dynamic Central City* - attracting talent, investment, visitors and jobs will be critical to growing the city's economy and ensuring Wellington remains vibrant and retains its competitive advantage.

WHO BENEFITS?	
Whole Community	10%
Individuals	45%
Identifiable part of the community	45%

Individual users of the venues derive considerable benefit from these activities. In most cases users themselves provide the funding for the benefits they derive through ticketing charges. For example, people attending a show or an event that WREDA has brought to the city will generally need to pay an entry fee.

The business sector is a significant beneficiary of this activity -and in particular businesses in the central city area where generally a large proportion of visitors spend most of their time and the majority of business activity occurs.

Residents benefit through the provision of incremental job growth, increasing incomes, an increased range of career choices, and importantly making the city more vibrant and prosperous. Particular commercial sectors, such as education and creative industries, also benefit through elevating their profile and helping build the investor base and potential business partnerships.

The benefits from the WREDA funding are distributed widely across hospitality providers, job seekers, and businesses needing to employ and retain skilled workers. Also, a vibrant and growing economy benefits homeowners by supporting high levels of employment and steady population growth in the City which in turn underpin a stable housing market.

It is estimated that the benefits from the expenditure in these areas accrues to a mix of the business community, the downtown businesses and the whole community.

WHO SHOULD PAY?	
Users	45%
Identifiable part of the community	45%
Whole Community	10%

Part of this activity includes the running of the Venues day to day operations, where users fully pay the cost of this activity and there is no rates funding requirement. As the level of venue activity may change on a year to year basis, there is an underlying principle that any costs associated with the promotion or operating of venues is 100% user funded and not funded through rates.

The funding policy excludes the venues operations and is focused on the remaining elements in the activity, and it is recommended that they should be 100% rates funded. This funding is proposed to be spread across the sectors that benefit from the activity. This approach attributes the main benefits to the business community and in particular the businesses in the CBD. There is a small component of funding attributed to general rates covering residential and commercial ratepayers.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate (Commercial)	30%
Targeted rate (Downtown)	50%
General rate	20%
Total	100%

Activity 3.1.2: Wellington Convention Centre

This activity relates to the funding required for the provision of facilities to the City

The policy around the funding of convention centre activities was consulted on as part of the Council's initial decision to support investment in upgraded convention centre facilities for the city. The policy of 60% general rates and 40% funding through the downtown targeted rate was proposed. This delivers a broad funding split of one third residential sector and two thirds commercial sector in terms of contribution to the cost.

Community outcome

This activity contributes towards the following outcomes:

- *Connected City* - The Wellington Convention Centre would offer a convention and event space that is not currently available in the city. This space provides for networking opportunities and the ability for organisations to share the latest industry trends and innovations.
- *Dynamic Central City* – convention venues are places of events, festivals, and conferences. They anchor Wellington's appeal as a place of creativity, exploration, innovation and excitement and will bring more business visitation to our downtown area.

WHO BENEFITS?	
Whole community	60%
Identifiable parts of the community	40%

The beneficiaries of this activity are predominantly the business sector through expenditure generated in the economy from this activity, potential new expenditure from any growth in this area from investment in upgraded facilities and flow on effects to other indirect supporting services. An improved economy also provides benefits to residents through improved employment opportunities, growth in demand to live and work in the city and the flow on effects that can have to property valuations and business opportunities outside of the downtown area of the city.

It is therefore appropriate for this type of economic development project to be funded, in part, from the general rate to reflect the wider community benefits of an improved economy. Recognising that the general rate covers both residential and commercial ratepayers.

WHO SHOULD PAY?	
Identifiable parts of the community	40%
Whole community	60%

While the hospitality and entertainment sector receives a part of the benefit, the Council's view is that general ratepayers should also bear a portion of the costs. This is because of the benefit to the community as a whole, through an enhanced cultural offering and stronger economy.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate (Downtown)	40%
General rate	60%
Total	100%

Activity 3.1.3: Retail support (free weekend parking)

The activity used to be funded from the downtown targeted rate in 2017-18 financial year and from 2018-19 onwards it is to be funded entirely from user charges.

Activity 3.1.4: City growth fund (CGW) and economic grants

This activity covers both the organisational support required to deliver the Council's economic development strategy, as well as the funding mechanism Council provides to support economic growth initiatives. These funds being the City Growth Fund (CGW) and the Economic Development Grant Pool.

The core aim of this activity is to facilitate and support economic growth in the city.

Community outcome

This activity contributes towards the following outcome:

- *People-centred City* – our grants support the attraction and retention of talented people, and support the creative business sector in Wellington.
- *Dynamic Central City* – attracting talent, investment, visitors and jobs will be critical to growing the city's economy and ensuring Wellington remains vibrant and retains its competitive edge.
- *Connected City* – ensuring the city has a presence internationally will be vital to attracting investment, talent, visitors and jobs.

WHO BENEFITS?	
Whole community	100%

The groups and organisations that receive grants clearly benefit from this activity. But the community as a whole also benefits. Funding grants are not exclusive, as they are open for anyone to apply. The projects of the successful applicants are expected to have flow on benefits for the wider community.

Individuals and employers are also likely to receive benefits as a result of the programme.

WHO SHOULD PAY?	
Whole community	100%

These activities support economic growth for Wellington which will generally benefit the whole community. Where specific grants are provided the recipients benefit directly from this activity, however seeking to recoup the cost from them would defeat the purpose. The nature of the activities and specific outcomes from funded grant activities are not known at the point of the application and it is therefore appropriate that the funding is spread across the whole community through the general rate.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
Total	100%

Activity 3.1.5: Major projects – funding envelope for possible implementation

The Council has a growth agenda that includes a number of major projects to support economic growth. The overall aim of these projects is to realise Wellington's economic potential by:

- Growing the local economy, making it more diverse and resilient, and less reliant on the government sector
- Building sectors of the economy where we have a competitive advantage e.g. tourism, smart economy
- Building better connections between the tertiary sector and businesses to boost the knowledge economy
- Removing barriers to growth by improving our connections to the region and to the rest of the world and by making it easier to do business in the city

This activity provides a funding envelope that would allow major projects to be implemented, should council ultimately decide to proceed with the project.

This activity makes provision for potential funding so that major projects can move to an implementation phase, but only if Council is satisfied that the business case for an investment by Council justifies it.

We have a clear idea of the potential major projects that should be investigated and in broad terms we generally know the order of magnitude of any possible council contribution to these projects. This information has been used to establish the size of the potential funding envelope. However, the Council has made no final commitments to fund the implementation of any of the major projects included under the funding envelope and the final funding requirements may differ.

Such commitments will only be made following the consideration of a business case for each possible project. Each business case will include more precise estimates of the risks and cost of the project, how it would be funded (including the size and nature of any Council contribution), how it will be procured, implemented and managed and what benefits it will create. Only then will the Council be able to consider committing specific funds to a project.

In terms of transparency of future costs, if and when the Council decides to commit funds to a project, that project will be given its own activity class and will be reported on separately.

The major projects that could potentially be funded from the envelope include:

- Airport runway extension
- Indoor arena

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* – these projects will promote the city as an attractive place to do business and attract visitors to the city every year.
- *Connected City* - improving direct access internationally will provide local businesses with new opportunities to access large markets.
- *Dynamic Central City* – attracting visitors, investment and jobs will be critical to growing the city's economy and ensuring Wellington remains vibrant and retains its competitive advantage.

WHO BENEFITS?	
Whole community	100%

The core aim of the major projects is to drive and support economic growth. This is especially important given that many of the people we seek to attract have choices to live in or visit other cities around New Zealand and the world. It is critical Wellington remains vibrant and internationally relevant, and that people coming here have the best possible experience.

Economic growth benefits residents by providing jobs, raising incomes, providing a wider range of career choices, making the city more vibrant, prosperous and supporting a robust property market.

The major projects covered by this activity, if justified based on a future business cases, also have the potential to benefit commercial sectors, such as export education, hospitality, retail, and professional service businesses.

At this stage it is not possible to estimate how benefits of any future Council investment in major projects will be distributed across the community as a whole, the commercial sectors and possibly the Government sector. This is because it is not certain which major projects will be implemented until business cases are completed and decisions are made on whether or not to proceed. It is also possible that some beneficiaries of a major project will contribute to its implementation, in which case the 'who benefits' from the Council's contribution may differ.

WHO SHOULD PAY?	
Whole community	100%

Decisions on who should pay for the Council's contribution to each major project cannot be made at this stage. Options include use of the downtown targeted rate, the commercial sector generally, and the whole community through general rates. Who should pay depends on a range of factors such as which projects are implemented, where they are located, and what funding is provided from external sources. In the meantime we intend to apply a proxy/default assumption that 100% general rates funding is used.

Ultimately, as each potential project reaches the stage where the Council is completing the process of deciding to proceed to the implementation stage, part of the process will include consideration of what the particular

Revenue & Financing policy should be for that specific project and in particular who should pay, based on the comprehensive information available at that stage.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
Total	100%

Activity 3.1.6: International relations

The Council works to make Wellington's economy more competitive and innovative by maintaining relationships internationally to promote the city and the region's interests.

Community outcome

This activity contributes towards the following outcome:

- *Connected City* - Improving access to international markets is particularly important as it provides local businesses with new opportunities to access large markets

WHO BENEFITS?	
Whole community	50%
Identifiable part of the community	50%

The benefits of this activity are split between the community as a whole and institutions that benefit from our efforts. The core aim of this work is to help the city and regional economy grow through international engagement. This benefits residents by providing jobs, raising incomes, providing a wider range of career choices, making the city more prosperous, and supporting a robust property market. Our work in this activity also benefits some business sectors, such as tourism, export, education and creative industries, by boosting their profile and helping build the investor base and potential business partnerships in foreign markets.

Though the benefits to the community are immediate and relate to economic well-being, our efforts to improve the city's prosperity and in particular any partnerships with the training and educational sector have positive, long-term spin-offs both for the economy and social well-being.

WHO SHOULD PAY?	
Whole community	100%

Though the benefits are split between the community and certain sectors, the Council believes this activity is most appropriately funded from general rates. This is because in most situations it would be impractical to identify the individuals or business that benefit directly from our activity. For example, it would not be possible to identify the direct beneficiaries of a sister city relationship. Furthermore, the Council's and relationship-building efforts complement the efforts of businesses or institutions themselves.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
Total	100%

Activity 3.1.7: Business improvement districts

Under this activity the Council provides a mechanism that allows local businesses to work together as Business Improvement Districts (BIDs). BIDs provide a vehicle for local business-led initiatives that support key city objectives of vibrant centres, business creation and development, and increased employment.

Community outcome

This activity contributes towards the following outcome:

- *People-centred City* – vibrant suburban centres make Wellington an attractive place to live and help form a local sense of community.

WHO BENEFITS?	
Whole community	20%
Identifiable part of the community	80%

In terms of funding for BIDs, the commercial interests within each BID are the principal beneficiaries. There are also likely benefits to the community surrounding the BID, since a BID can also improve vibrancy and environs of the public space within a business area.

WHO SHOULD PAY?	
Identifiable part of the community	100%

Since the beneficiaries of the Business Improvement Districts policy are principally the businesses covered by each individual BID, it is appropriate that they should bear the cost of the policy. This will be done by establishing targeted rates on relevant commercial properties in each area where establishing a BID has the broad support of the business in that area.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate (Commercial)	100%
General rate	0%
Total	100%

Cultural Well-being

Shaping Wellington's unique identity

The Council supports a wide range of cultural and artistic activity in Wellington. The aim is to foster a lively and creative city that offers rich and varied cultural experiences to residents and visitors. We fund galleries, museums, arts organisations, and art and sculpture in public spaces. We also provide grants to community programmes that foster diversity and encourage people to participate in the arts.

Operating activities

The funding sources for this area are illustrated in the table below.

ACTIVITY AREA	ACTIVITY GROUPING	ACTIVITY		USER FEES	OTHER INCOME	RATES	GENERAL	RESIDENTIAL TARGETED	COMMERCIAL TARGETED	DOWNTOWN TARGETED
Cultural Wellbeing	Arts and Culture Activities	4.1.1	Galleries and museums (WMT)	0%	0%	100%	75%	0%	0%	25%
		4.1.2	Visitor attractions (Te Papa/ Carter Observatory)	0%	0%	100%	30%	0%	0%	70%
		4.1.3	Arts and cultural festivals	0%	10%	90%	90%	0%	0%	0%
		4.1.4	Cultural grants	0%	0%	100%	0%	100%	0%	0%
		4.1.5	Access and support for community arts	0%	10%	90%	90%	0%	0%	0%
		4.1.6	Arts partnerships	0%	25%	75%	75%	0%	0%	0%
		4.1.7	Regional amenities	0%	0%	100%	100%	0%	0%	0%

Capital Expenditure

The interest and depreciation costs relating to capital expenditure are incorporated in the operating costs of each activity.

Cultural wellbeing capital expenditure projects are funded through a combination of rates funded depreciation and borrowings.

Cultural well-being – activity commentary

4.1 Arts and Cultural Activities

Activity 4.1.1: Galleries and museums

The Council is the main funder of the Wellington Museums Trust, which operates the Wellington Museum, the City Gallery, Capital E, the Wellington Cable Car Museum, Carter Observatory and the Colonial Cottage Museum. This activity also includes Council's contribution towards a continued programme of World War I commemorative activities.

Community outcome

This activity contributes towards the following outcome:

- *People-centred City* – museums shape Wellington's sense of place and identity. They celebrate creativity and ideas and increase our understanding of culture and science. They tell Wellington's diverse stories and help us understand ourselves and each other.
- *Connected City* **-** museums provide ideas and places where people can connect, share what is common and explore what is different and new. They connect us with people, places and ideas here and abroad.
- *Dynamic Central City* – museums enhance Wellington's vibrancy as a diverse, active and eventful place attractive to visitors.

WHO BENEFITS?	
Whole community	15%
Individuals	70%
Identifiable part of the community	15%

The individuals who attend the exhibitions and shows at the galleries and museums clearly benefit from their attendance. The exhibitions and shows are a mix of free entry and charged admissions.

The various venues and the associated exhibitions and events are important attractions for visitors and residents alike. The location of these draws people into the downtown area and boosts local businesses, particularly those in the tourism, hospitality and retail sectors.

The museums and galleries funded by this activity also benefit the whole community in many ways. They help make the city vibrant, diverse and interesting, preserve its heritage, form a vital part of Wellington's image as a creative city, and are a source of civic pride. The exhibitions and events run by the galleries and museums also foster community identity. These benefits are felt even by people who choose not to visit the facilities.

WHO SHOULD PAY?	
Whole community	75%
Downtown sector	25%

The Council funds the museums and galleries to encourage greater participation in the arts and because it believes that high quality cultural amenities add to a vibrant city life and contribute strongly to Wellington as a place to live, work and play. Wellingtonians enjoy access to a wide range of institutions generally without admission charges, this aligns with a strong community bias and the funding policy of Council reflects this with three quarters of the funding being through the general rate. The balance of the funding reflects the benefits to the businesses located in the CBD area and funding through the downtown targeted rate is appropriate to contribute to this activity.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate (Downtown)	25%
General rate	75%
Total	100%

Activity 4.1.2: Visitor attractions (Te Papa)

Through this activity the Council funds attractions and facilities that bring visitors to the city, principally Te Papa.

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* -they shape Wellington's sense of place and identity. They celebrate creativity and ideas and increase our understanding of culture and science. They tell Wellington's diverse stories, in particular those of our Māori, and help us understand ourselves and each other.
- *Connected City* - they provide ideas and places where people can connect, share what is common and explore what is different and new.
- *Dynamic Central City* - museums enhance Wellington's vibrancy as a diverse, inclusive, creative, active and eventful place attractive to visitors.

How we approach funding this activity

The overarching purpose of this activity is to support visitor attractions. The principal expenditure under this activity is the funding which the Council provides to Te Papa.

External attractions

WHO BENEFITS?	
Whole community	30%
Individuals	50%
Identifiable part of the community	20%

The direct beneficiaries are those who visit the attractions and attend other events funded through this activity.

Attractions like Te Papa bring visitors to the city and boost the economy, increasing prosperity for residents. They also play vital roles in Wellington's vibrant cultural life, contributing to its image as New Zealand's arts and cultural capital.

There are also direct benefits to the businesses located in the downtown area. The attractions funded by this activity bring people into the city, providing customers for hotels, restaurants, retailers and other city businesses. These benefits can be measured through increases in the number of "visitor nights" spent in the city during major events.

WHO SHOULD PAY?	
Identifiable parts of the community	70%
Whole community	30%

Though a group of beneficiaries of this activity are the individuals who choose to visit Te Papa, the Council does not believe it is viable or appropriate to charge them directly for these benefits. Wellingtonians have largely unrestricted access to Te Papa and it is appropriate that they contribute to the funding of this activity through general rates.

However, the downtown sector should continue to fund a significant portion of the cost of this activity as they benefit directly. The venue, events and attraction of Te Papa brings people and visitors into the city. These people provide business for the retailers, and the wider hospitality sector in the city. The projects funded by this activity make major contributions to the Council's goal that Wellington will be a prime tourist destination.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate (Downtown)	70%
General rate	30%
Total	100%

Activity 4.1.3: Arts and cultural festivals

The Council runs and supports events that encourage Wellingtonians to participate in, learn about and enjoy creative, innovative and diverse arts and cultural experiences. These include Summer City (Gardens' Magic, Pasifika Festival Te Rā o Waitangi) the Sky Show, the Diwali festival, Matariki festival, Re-Cut series, Very Welly Christmas and New Year and more, all of which are provided free to the public.

We aim to establish Wellington as a world-leading city of contemporary culture through an integrated programme of investment in, and promotion of, our unique strengths as an arts, events and culture capital.

Community outcome

- *People-centred City* -cultural festivals shape Wellington's sense of identity. They bring people together and celebrate creativity.
- *Connected City* - festivals provide ideas and places where people can connect, share what is common and explore what is different and new. They connect us with people, places and ideas from here and abroad.
- *Dynamic Central City* - museums and festivals enhance Wellington's vibrancy as a diverse, inclusive, creative, active and eventful place attractive to residents

WHO BENEFITS?	
Whole community	100%

The events are generally run outdoors in public areas making it impossible to identify individual beneficiaries. The benefits, in any case, are not exclusive.

There are generally no limits on the number of people who attend these events and, as the intention is to encourage participation, vibrancy and liveability of the city, it would not be appropriate or acceptable to charge for entry.

The principal benefits are to the community as a whole. These events bring people together, encouraging community identity and cohesion. They help build a sense of pride in the city and add to Wellington's reputation as an "events capital". Many events attract people to the city centre, bringing economic benefits.

WHO SHOULD PAY?	
Whole community	100%

Since this activity benefits the community as a whole, the fairest and most effective way to fund the net cost is from general rates.

The Council receives significant sponsorship for this activity from organisations such as the New Zealand Community Trust.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	10%
Targeted rate	0%
General rate	90%
Total	100%

Activity 4.1.4: Cultural grants

The Council maintains a cultural grants pool to allow community organisations access to funding.

Community outcome

This activity contributes towards the following outcome:

- *People-centred City* -cultural grants support the creative sector of Wellington ensuring that the city is lively and full of festivals, performances and shows throughout the year.
- *Dynamic Central City* -cultural grants support Wellington cultural institutions that are integral to our cultural and events capital status. They provide shows and performances that make the central city a lively place to visit, play and do business.

WHO BENEFITS?	
Whole community	50%
Individuals and identifiable part of the community	50%

The direct beneficiaries of this activity are the individuals and groups who receive funding. The grants provide them with opportunities for artistic and cultural expression. This activity gives individuals the opportunity to participate, even though they may choose not to. Though these benefits are private, they are not exclusive – all residents are able to apply for funding.

Funding cultural initiatives also benefits all city residents by making the city a more vibrant place, enhancing community identity, and contributing to the city's reputation as New Zealand's arts and culture capital.

WHO SHOULD PAY?	
Whole community	100%

The purpose of this activity is to add to the mix of cultural events in the city and to encourage participation. Clearly, this means that someone other than the grant recipients has to pay. This activity has no benefit, economic or otherwise, to the commercial sector. Funding is directed to residents, and as such, the Council believes it is appropriate to fund the cost of this activity from rates targeted to the residential sector.

The people and groups who receive funding also contribute their own resources to initiatives that benefit the city's cultural and social well-being.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate (Residential)	100%
General rate	0%
Total	100%

Activity 4.1.5: Access and support for community arts

This activity addresses a range of community arts projects that the Council supports every year. It also covers a subsidy for non-profit community groups using Wellington Venues, ensuring that they are accessible to a wide range of organisations.

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* – support for community arts projects and venues enables Wellington's creative communities to create work and produce festivals and performances throughout the year.

WHO BENEFITS?	
Whole community	50%
Individuals	50%

Both the individuals that take part in the arts projects and the non-profit groups that make use of the venue subsidy directly benefit from this activity. The activity also benefits the community as a whole. The art projects and groups supported by the subsidy help make the city a vibrant place and foster cultural identity.

WHO SHOULD PAY?	
Whole community	90%
Identifiable parts of the community	10%

The purpose of this activity is to promote cultural diversity and tolerance and, celebrate through the arts, people's differences to create a sense of identity and of belonging to place. The provision of community art projects eliminates cost as a barrier as does the venue subsidy. Clearly, the cost of this support has to be met elsewhere. The Council believes the cost is most appropriately funded from general rates.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	10%
Targeted rate	0%
General rate	90%
Total	100%

Activity 4.1.6: Arts partnerships

The Council maintains a number of partnerships with artistic organisations that call Wellington home.

The Council also houses a number of independent artists, art organisations, music studios and a gallery at the Toi Pōneke Arts Centre, which is covered by this activity. This activity also includes the fund which is used to manage the city's art collection (acquisition, conservation and exhibiting of artworks) and support development and delivery of public art in the city.

Community outcome

This activity contributes towards the following outcomes:

- *People centred City* – Our partnership with organisations such as the NZ Symphony Orchestra means residents have the option of attending concerts on a regular basis, and have far greater access to world-class music than would otherwise be the case. Toi Pōneke Arts Centre is a creative space where the city's arts communities interact, produce innovative works, teach and exhibit in the heart of Wellington. It provides a place where people can connect, share and collaborate creatively
- *Dynamic Central City* - We support these institutions as they build on the city's reputation as New Zealand's arts and culture capital and they attract thousands of visitors to the city. Public sculpture and art displays, and exhibitions add to the vibrancy and liveability of the city.

WHO BENEFITS?	
Whole community	30%
Identifiable part of the community	60%
Downtown sector	10%

The artists and organisations are clearly direct beneficiary of these partnerships. These benefits are private and exclusive to the extent that the Council's support cannot be transferred. Toi Pōneke exhibitions are free and accessible to all. Public art is a most accessible form of art and the whole community benefits from it as well as visitors to the city.

The community also benefits from this activity in many ways. Through our support we help ensure these organisations remain viable and based in Wellington. In the example of the orchestra this means the city is home to one of the nation's foremost arts institutions, which contributes to Wellington's vibrancy and its image as a creative city. It also means residents have the option of attending concerts on a regular basis, and have far greater access to world-class music than would otherwise be the case.

These partnerships add to the city's exceptional range of artistic and cultural amenities that cater to all tastes, which in turn add to an environment that fosters a vibrant city life and boosts the local economy.

WHO SHOULD PAY?	
Whole community	75%
Individuals	25%

The overall aim of this activity is to encourage greater engagement and participation in the arts. By supporting these organisations and artists we are ensuring that their work continues and can be experienced by residents and visitors. The Council believes that the majority of the cost is most appropriately funded from general rates.

It is also considered appropriate that those art organisations, artists and users of Toi Pōneke Arts Centre should make a contribution to the cost of the space that they have use over.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	25%
Targeted rate	0%
General rate	75%
Total	100%

Activity 4.1.7: Regional amenities fund

The Wellington Regional Amenities Fund has been set up to support eligible entities of regional significance with day-to-day operational expenses and new innovative projects that will achieve identified priorities for the region.

The fund is focused on arts, cultural and environmental attractions and events to support and add to the attractiveness and vitality of the Wellington region.

The fund is a partnership between Wellington City Council, Hutt City Council, Upper Hutt City Council, Porirua City Council and Kapiti District Council.

Community outcome

This activity contributes towards the following outcomes:

- *People centred City* - arts, culture and environmental attractions and events make Wellington a more attractive place to live and do business, and attract thousands of visitors to the city every year.
- *Connected City* - attractions and events provide ideas and places where people can connect and explore what is different and new, from both here and overseas.
- *Dynamic Central City* - arts, culture and environmental attractions and events anchor Wellington's appeal as a place of creativity, exploration, innovation, and excitement. They also enhance Wellington's vibrancy as a diverse, active and eventful place attractive to visitors.
- *Eco City* - environmental attractions and events raise awareness of environmental issues and improves environmental outcomes.

WHO BENEFITS?	
Whole community	100%

The direct beneficiaries are those who attend the events and attractions funded through this activity.

The community as a whole benefits in a number of ways. They have the opportunity to enjoy high-quality art, cultural and environment attractions and events that arguably won't happen without the Council's support which contributes to social cohesion as they are an opportunity for people to engage in their communities.

These events also create economic benefits to the city as they attract out of region visitors, and contribute millions of dollars to Wellington's economy (e.g. New Zealand Festival). These bring people into the city, providing customers for city businesses as well as enhancing Wellington City's place as New Zealand's arts capital, attracting people to the City to live, work and play.

WHO SHOULD PAY?	
Whole community	100%

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
Total	100%

Social and Recreation

Building strong, safe and healthy communities for a better quality of life

A city is only as strong as its people. Wellington is built on strong communities. It's a safe city where people have plenty of opportunities to fulfil their potential and engage with each other. As the city's biggest provider of recreation facilities and social housing, we aim to promote healthy lifestyles and build strong communities.

Operating activities

The funding sources for this activity area are illustrated in the table below.

ACTIVITY AREA	ACTIVITY GROUPING	ACTIVITY		USER FEES	OTHER INCOME	RATES	GENERAL	RESIDENTIAL TARGETED	COMMERCIAL TARGETED	DOWNTOWN TARGETED
Social and Recreation	Recreation promotion and support	5.1.1	Swimming Pools	30%	0%	70%	70%	0%	0%	0%
		5.1.2	Sportsfields	20%	0%	80%	80%	0%	0%	0%
		5.1.3	Recreation programmes	5%	0%	95%	95%	0%	0%	0%
		5.1.4	Recreation Centres	25%	0%	75%	75%	0%	0%	0%
		5.1.5	Recreation partnerships	0%	0%	100%	0%	100%	0%	0%
		5.1.6	Playgrounds	0%	0%	100%	100%	0%	0%	0%
		5.1.7	Marinas	100%	0%	0%	0%	0%	0%	0%
		5.1.8	Golf Course	30%	0%	70%	70%	0%	0%	0%
	Community support	5.2.1	Libraries	5%	0%	95%	95%	0%	0%	0%
		5.2.2	Access support (Leisure Card)	0%	0%	100%	100%	0%	0%	0%
		5.2.3	Community advocacy	0%	0%	100%	0%	100%	0%	0%
		5.2.4	Grants (Social and Recreation)	0%	0%	100%	100%	0%	0%	0%
		5.2.5	Housing	100%	0%	0%	0%	0%	0%	0%
		5.2.6	Community centres and halls	5%	0%	95%	0%	95%	0%	0%
	Public health and safety	5.3.1	Burials and cremations	50%	0%	50%	50%	0%	0%	0%
		5.3.2	Public toilets	0%	0%	100%	100%	0%	0%	0%
		5.3.3	Public health regulations	60%	0%	40%	40%	0%	0%	0%
		5.3.4	City safety	0%	0%	100%	100%	0%	0%	0%
		5.3.5	WREMO	5%	0%	95%	95%	0%	0%	0%

Capital Expenditure

The interest and depreciation costs relating to capital expenditure are incorporated in the operating costs of each activity.

Social and recreation capital expenditure projects are funded through a combination of grants/subsidies, rates funded depreciation and borrowings.

Social and recreation – activity commentary

5.1 Recreation Promotion and Support

Activity 5.1.1: Swimming pools

This activity covers the cost of providing the Council's seven swimming pools: Wellington Regional Aquatic Centre (WRAC, Kilbirnie), Freyberg Pool (Oriental Bay), Karori Pool, Keith Spry Pool (Johnsonville), Tawa Pool, Thorndon Pool (summer only) and Khandallah Pool (summer only). They provide a range of recreational opportunities while also helping build a sense of community. They host college, intermediate and primary school swimming events and WRAC also hosts national events.

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* - they provide access to sport and recreation opportunities which is important for people's health and wellbeing.
- *Connected City* – they bring people together, strengthening social cohesion, and the city becomes a more appealing place for people to live.

WHO BENEFITS?	
Whole community	20%
Individuals	80%

Our swimming pools mainly benefit the people who use them. These people gain access to high-quality facilities for recreation, fitness and relaxation. The benefits are private and exclusive. It is appropriate and acceptable to charge people to use the pools.

However, there are also benefits to the community as a whole. By providing recreation facilities, the pools help increase the overall levels of residents' health, providing economic and social benefits. They help increase community knowledge of water safety and improve swimming skills. Pools also provide important community focal points as well as health and recreation programmes that bring people together.

Most people regard the pools as important facilities and are prepared to contribute to the costs through their rates. Many people also like to have the option of using the pools even if they do not choose to do so.

WHO SHOULD PAY?	
Whole community	70%
Individuals	30%

While individuals receive the direct benefits, the Council believes it is appropriate for the community as a whole to bear most of the costs of running the city's swimming pools.

The benefits to the community as a whole and the widespread community support for the facilities justify a significant ratepayer contribution. Though there are other pools in the city, the Council-operated ones are unique for the size and scale of their operations; they are not in direct competition with the private sector and can legitimately be seen as public facilities.

It would not be desirable to raise fees to levels that discouraged people from using them or provided barriers to people on low incomes. Ability to pay issues limits the opportunity to recover the cost of this activity through user charges.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	30%
Other revenue	0%
Targeted rate	0%
General rate	70%
Total	100%

Activity 5.1.2: Sportsfields

This activity covers the costs of providing the city's sportsfields, including synthetic artificial surfaces. These provide year-round venues for recreation and competitive sport for people of all ages.

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* - sporsfields provide access to sport and recreation opportunities which is important for people's health and wellbeing.
- *Connected City* – sportsfields bring people together, strengthening social cohesion, and the city becomes a more appealing place for people to live.

WHO BENEFITS?	
Whole community	30%
Individuals	35%
Identifiable part of the community	35%

The city's sportsfields provide significant benefits for private individuals and sports clubs. For individuals, they provide facilities for recreation, fitness and relaxation. These benefits are private and partially exclusive. While the fields are booked out at certain times for organised sports such as club football, they are also often available for members of the public to use for informal recreation.

The Council estimates individual people receive about 35% of the benefits from sportsfields and sports clubs receive about the same benefit.

The sportsfields also benefit the community as a whole. By providing recreation facilities they help increase the overall levels of residents' health, providing economic and social benefits. They also provide important community focal points and recreation programmes that bring people together. Most people recognise them as important facilities and are prepared to contribute to the costs through their rates.

WHO SHOULD PAY?	
Whole community	80%
Individuals	20%

While individuals and sports clubs receive significant direct benefits, the Council believes it is appropriate for the community as a whole to bear some of the costs of operating the city's sportsfields.

The benefit to the community as a whole and the widespread community support for the facilities justifies a ratepayer contribution. The Council-operated sportsfields are not in competition with private sector providers and can legitimately be seen as public facilities.

It is not always possible or desirable to identify individual users. While sports clubs who book sportsfields can be identified and are charged, many other people use the fields informally and cannot be charged. It would not be desirable to raise fees to levels that discouraged organised sports. Nor would it be desirable to raise fees to levels that provided barriers to people on low incomes taking part in organised sports.

Previously sportsfields were in two separate activities, natural (grass) and synthetic. This was initially driven by the development of artificial turfs (a new service) and the difference in who benefits and who should pay. This has changed overtime as the use of synthetics has integrated with natural fields, which has seen individuals, sporting clubs and the communities utilise the provision of these fields as one service. This has led to a review of these activities, and combining them into one. It has seen changes to the 'who benefits' and 'who should pay' % to recognise the service as a whole.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	20%
Other revenue	0%
Targeted rate	0%
General rate	80%
Total	100%

Activity 5.1.3: RECREATION PROGRAMMES

The Council organises programmes and works with stakeholders to deliver programmes to encourage people's participation in leisure activities. These include organised walks and recreation activities such as Push Play. The key sectors include schools and tertiary providers, environmental groups, sports, clubs and health & well-being providers. This activity covers the cost of providing these services.

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* – this activity supports access to sport and recreation opportunities which is important for people's health and wellbeing.
- *Connected City* – this activity brings people together, strengthening social cohesion, and makes the city a more appealing place for people to live.

WHO BENEFITS?	
Whole community	50%
Individuals	50%

The Council's recreation programmes benefit the individuals who take part by providing them with access to recreation and leisure opportunities. The programmes not only promote health but can also boost participants' overall sense of well-being.

The recreation programmes also benefit the community as a whole. They not only encourage recreation and healthy lifestyles but also operate as community events, helping bring people together. The programmes are targeted at people who may have difficulty organising their own recreation activities.

WHO SHOULD PAY?	
Whole community	95%
Individuals	5%

While individuals receive significant direct benefits, the Council believes it is appropriate for the community as a whole to bear the costs of running these programmes.

The benefits to the community as a whole justify ratepayer funding and it would not be desirable to impose fees as that may discourage participation and provide barriers to people on low incomes taking part.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	5%
Other revenue	0%
Targeted rate	0%
General rate	95%
Total	100%

Activity 5.1.4: Recreation centres (Including ASB sports centre)

This activity covers the costs of providing the Council recreation centres in Karori, Kilbirnie, Khandallah (Nairnville), Tawa and the ASB Sports Centre. These multi-purpose centres provide a range of recreational opportunities while also helping build a sense of community. They host inter-club competitive leagues and social leagues as well as college, intermediate and primary school sport and activities. The ASB Sports Centre also hosts national and international events.

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* - this activity provides access to sport and recreation opportunities which are important for people's health and wellbeing.
- *Connected City* - this activity brings people together, strengthening social cohesion, and as a result the city becomes a more appealing place for people to live.

WHO BENEFITS?	
Whole community	20%
Individuals	80%

Our recreation centres mainly benefit the people who use them. These people gain access to high-quality facilities for sports, recreation and fitness. These benefits are private and exclusive. It is appropriate and acceptable to charge people to use the centres.

However, there are also benefits to the community as a whole from our provision of recreation centres. These facilities help increase overall levels of residents' health, providing economic and social benefits. Recreation centres also provide community focal points and recreation programmes that bring people together.

WHO SHOULD PAY?	
Whole community	75%
Individuals	25%

While individuals receive most of the benefits, the Council believes it is appropriate for the community as a whole to bear most of the costs of running the city's recreation centres.

The benefit to the community and the significant role these centres play in their local areas justifies a significant ratepayer contribution. The accumulated health benefits to the community as a whole from organised and recreational physical activities at their centres also suggests the whole community should bear the majority of the cost.

In addition, it would not be desirable to raise fees to levels that discouraged people from using the centres or provided barriers to people on low incomes. Ability to pay issues limits the opportunity to recover the cost of this activity through user charges.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	25%
Other revenue	0%
Targeted rate	0%
General rate	75%
Total	100%

Activity 5.1.5: Recreation partnerships

The Council maintains relationships with a number of groups that seek to provide publicly accessible facilities that contribute to both passive and active recreation.

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* – this activity supports access to sport and recreation opportunities which is important for people's health and wellbeing.
- *Connected City* – this activity bring people together, strengthening social cohesion, and the city becomes a more appealing place for people to live.

WHO BENEFITS?	
Whole community	20%
Individuals	80%

The organisations we fund and the people that take part in their programmes also receive direct benefits.

Through the development of recreational partnerships, the Council aims to promote the benefits of sport and recreation to Wellingtonians. This has benefits for residents' overall levels of health and fitness, which in turn helps economic and social well-being. In addition, by supporting recreation partners, the city receives the economic benefits from having sport and recreation organisations located here.

WHO SHOULD PAY?	
Whole community	100%

While the individuals who choose to access these facilities receive some benefits, the Council believes it is appropriate for the residential sector to bear the costs of our recreation partnerships.

The Council is just one source of funding for its recreation partners. The Council's contribution represents the public benefits to Wellington residents while the other funding sources represent the private benefits to participants and other organisations.

In this context the benefits to the community clearly outweigh the benefits to individuals. These benefits include healthier lifestyle and overall additions to social wellbeing.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate (Residential)	100%
General rate	0%
Total	100%

Activity 5.1.6: Playgrounds

The Council provides more than 100 neighbourhood playgrounds across the city to give families a safer place to play near home. This activity covers the cost of providing those.

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* – this activity supports access to recreation opportunities and physical play for younger people that are important for their development and their health and wellbeing.
- *Connected City* – these facilities bring people together, provide a place where parents with young children can connect and provide support, hence making the city a more appealing place for people to live.

WHO BENEFITS?	
Whole community	20%
Individuals	80%

The city's playgrounds provide safe, entertaining places for children to play. The benefits to the children and their families are significant. These benefits are private but not exclusive. It would not be desirable or acceptable to charge people for using playgrounds. The Council's Play Spaces Policy states that in February 2013, the United Nations Committee on the Rights of the Child, adopted a General Comment that "children have a right to relax and play, and to join in a wide range of cultural, artistic and other recreational activities."

The playgrounds also benefit the community as a whole. Playgrounds not only encourage recreation and healthy lifestyles but are also important community focal points. Most people recognise them as important facilities and are prepared to contribute to the costs through their rates.

WHO SHOULD PAY?	
Whole community	100%

While individuals receive significant direct benefits, the Council believes it is appropriate for the community as a whole to bear the costs of running the city's playgrounds.

Even if the individual beneficiaries could be identified it would not be desirable or acceptable to charge them. The Council believes access to playgrounds is a fundamental right for children.

The benefits to the community as a whole and the widespread community support for the playgrounds justifies ratepayer funding. The Council believes the vast majority of ratepayers would strongly support ratepayer funding of this activity. The playgrounds are public facilities and are not in competition with private sector providers.

Playgrounds make a significant contribution to our goal that Wellington will offer excellent access to a sound social infrastructure that supports high levels of social cohesion.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
Total	100%

Activity 5.1.7: Marinas

The Council owns two marinas at Evans Bay and Clyde Quay. These provide private storage and live-aboard facilities for boat owners as well as supporting the recreational activities of a large number of boat owners. This activity covers the cost of providing these services.

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* – this activity supports access to the harbour and the coast for recreation, fishing and enjoyment

WHO BENEFITS?	
Individuals	100%

The marinas benefit the people who use them by providing boat sheds for safe storage, moorings and access by marina piers. These benefits are private and exclusive and it is appropriate and acceptable to charge for this service.

WHO SHOULD PAY?	
Individuals	100%

As identifiable individuals receive private benefits from this activity, it is appropriate for them to meet the costs. The benefits accrue to a narrow sector of the community who use these facilities and the user charges are set at appropriate market rates.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	100%
Other revenue	0%
Targeted rate	0%
General rate	0%
Total	100%

Activity 5.1.8: Golf Course

This activity covers the costs of providing the city's municipal golf course

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* - this activity supports access to sport and recreation opportunities which is important for people's health and wellbeing.
- *Connected City* - this activity brings people together, strengthening social cohesion, and makes the city a more appealing place for people to live.

WHO BENEFITS?	
Whole community	20%
Individuals	40%
Identifiable parts of the community	40%

The city's municipal golf course in Berhampore provides significant benefits for private individuals and the club itself. For individuals, they provide facilities for recreation, fitness and relaxation. These benefits are private and partially exclusive. While the course is booked out at certain times for organised club competitions, they are also often available for members of the public to use for informal recreation.

The Council estimates individual people and identifiable parts of the community each receive about 40% of the benefits from the golf course.

The golf course also benefits the community as a whole. By providing recreation facilities and open space it helps increase the overall levels of residents' health, providing social benefits. It also provides an important community focal point.

WHO SHOULD PAY?	
Whole community	70%
Individuals	30%

While individuals receive significant direct benefits, the Council believes it is appropriate for the community as a whole to bear some of the costs of operating the city's municipal golf course, the main reason being that the golf course is located on Town Belt land with free public access to the area. The user funded portion relates to costs specific to the provision of the Golf Course.

The benefit to the community as a whole and the widespread community support for the facility justifies a ratepayer contribution.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	30%
Other revenue	0%
Targeted rate	0%
General rate	70%
Total	100%

5.2 Community support

Activity 5.2.1: Libraries

The Council provides a network of libraries including the Central Library, branch libraries, and a popular website.

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* - libraries are more than just places to borrow books. They are neighbourhood institutions that anchor community life and bring people together.
- *Connected City* - libraries are places of discovery and learning which allow readers to connect with others and exchange knowledge both online, and through events and other activities.

WHO BENEFITS?	
Whole community	20%
Individuals	80%

Libraries provide significant benefits to the community as a whole. By providing community support and access to information, the libraries enhance the overall levels of skill, literacy and knowledge in the city, providing economic and social benefits. They act as important digital hotspots and community centres. And they host events and outreach services that bring people together, as well as provide information for migrants and residents about local communities and their history.

The library network adds to residents' quality of life. The vast majority of Wellingtonians are library members or users - even those who are not regular users generally like to have the option of using library services. Libraries enhance social inclusion and equity of access to services. The branch libraries draw people in to suburban centres bringing vitality to those areas and added custom to local businesses. The Central Library is a significant city landmark which contributes to civic pride.

Libraries also benefit the people who use them. People gain free or low-cost access to books, DVDs, magazines, music and other items. The breadth of the network means that the services it provides are easily accessed by those opting to use it. They use these services for recreation or work/business and to enhance their knowledge, digital literacy and overall well-being right across the age span.

We monitor the use of our libraries. Our indicators suggest that the vast majority of use is for recreational and personal use while up to 30 percent is in part used for work purposes (e.g. job seeking).

WHO SHOULD PAY?	
Whole community	95%
Individuals	5%

While individuals receive many of the direct benefits, the Council believes it is appropriate that most of the cost of running libraries should be met by the wider community. Some user charges will apply for some 'added' services and through penalty fines for late returns.

The community benefits as a whole and the widespread community support for the facilities justifies a significant ratepayer contribution. Libraries are among the most popular of Council services and there is strong support for them to be free at the point of use. The libraries are significant public facilities that are generally not in direct competition with the private sector.

It would not be desirable to raise fees to levels that further discouraged people from using the library services or provided barriers to people on low incomes. It would not be desirable or acceptable to Wellingtonians to impose user charges for entry to the libraries or basic book lending services.

Fees are imposed on services that are provided in addition to the core services of the library. For instance modest fees apply for the rental of DVDs. Penalty fees also apply to the late return of items, although this is less relevant as an income stream in an increasingly digital environment.

Since the vast majority of residents are also library users, the application of a uniform targeted rate is considered an effective way of funding the portion of the service that is known to be used by residents.

As it is not possible to distinguish a direct beneficiary of the remaining portion of users, it is considered fair and efficient that a significant portion of the library service be paid for by the whole community.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	5%
Other revenue	0%
Targeted rate	0%
General rate	95%
Total	100%

Activity 5.2.2: Access support (Leisure Card)

The Council offers discounted access to recreation facilities for holders of our Passport to Leisure card, which is issued free to all residents on low incomes.

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* – this activity provides a subsidised access to our recreation programmes and facilities through our Leisure Card programme to encourage active and healthy lifestyles for all Wellingtonians without unreasonable hardship.

WHO BENEFITS?	
Whole community	25%
Individuals	75%

The Passport to Leisure programme benefits individual participants by giving them affordable access to recreation and leisure opportunities. The programme helps boost participants' health, fitness and overall well-being.

The programme also benefits the wider community by encouraging healthy lifestyles, which enhances social and economic well-being. It adds to social cohesion by reducing barriers to people on low incomes.

WHO SHOULD PAY?	
Whole community	100%

While the programme mainly benefits individuals the Council believes it is appropriate for the whole community to share the costs.

The programme is aimed at increasing access to recreation and leisure for people on low incomes, by making facilities available at reduced cost. Clearly, this means someone else has to pay. The benefits to all wider community justify the costs being drawn from the general rate.

This programme makes a significant contribution to the Council's goal that Wellington residents will be more actively engaged in their communities, and in recreation and leisure activities.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
Total	100%

Activity 5.2.3: Community advocacy

We encourage people to contribute to their community and participate in city activities. Our City Communities advisors support a wide range of community groups such as senior citizens, Māori, youth, Pacific Islanders, refugees and migrants, and people with disabilities. This work aims to ensure that Wellington's diverse population is supported and embraced by a tolerant, caring and welcoming community.

We also support the development of community and neighbourhood resilience to ensure communities are connected, vibrant and participatory. Ensure Wellington is a safe, tolerant and healthy city with a strong social infrastructure supporting people. There is an effective city wide welfare and social recovery response for people and animals in an emergency

Community Services take the lead in maintaining and developing partnerships and/or collaborations with community groups, government departments, agencies and sector organisations to improve community wellbeing and to ensure local services meet local needs.

Community outcome

This activity contributes towards the following outcomes:

- *People Centred-City:* A city that offers an outstanding quality of life and strong sense of place and leaves no-one behind; provides outstanding recreational opportunities (active and passive) that are accessible and inclusive and a safe and healthy city to live in and visit.
- *Dynamic Central City:* Residents know their neighbours and have a strong sense of community and of public pride; retailers and residents in the CBD have a voice and can be heard.
- *Connected City:* Engaged community where people and communities feel connected; welcoming and diverse city tolerant of diversity

WHO BENEFITS?	
Whole community	80%
Individuals	20%

The projects funded under this activity benefit all Wellingtonians and communities. The build community and neighbourhood resilience supporting the development of connected, vibrant and participatory communities. The outcomes include ensuring residents being able to access information and resources and participate in communities/activities of choice. These projects also ensure Wellington is a safe, tolerant and healthy city with a strong social infrastructure supporting people. There is an effective city wide welfare and social recovery response for people and animals in an emergency.

WHO SHOULD PAY?	
Whole community	100%

The Council believes it is appropriate to fund the majority of costs for this activity from rates targeted to the residential sector. This is because the benefits accrue to all residents.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate (Residential)	100%
General rate	0%
Total	100%

Activity 5.2.4: Grants (social and recreation)

The Council maintains four grants pools. This activity covers the grants to community groups and organisations whose projects seek to promote recreational activity and overall social wellbeing. The grants process is overseen by a subcommittee of Council.

Community outcome

This activity contributes towards the following outcome:

- *People-centred City* - our grants support community groups that promote individual wellbeing, safe neighbourhoods and cohesive, engaged and inclusive communities. The grants also support active and healthy lifestyles through support of recreation and sporting groups.

WHO BENEFITS?	
Whole community	50%
Identifiable part of the community	50%

The groups and organisations that receive grants clearly benefit from this activity. But the community as a whole also benefits. The grants pool itself is not exclusive - it is open so that anyone has the opportunity to apply. And the projects of the successful applicants will have flow on benefits for the community.

WHO SHOULD PAY?	
Whole community	100%

While grants recipients benefit directly from this activity, seeking to recoup the cost from them would defeat the purpose of the grants pool. Given this and that there are benefits to the community as a whole, the Council believes the fairest and most effective way to fund it is from general rates.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
Total	100%

Activity 5.2.5: Housing

The Council owns over 2000 housing units, which we rent to low income people whose housing needs are not met by the private sector. We allocate these homes according to need. Tenants are charged 70 percent of the estimated market rent for their property.

Community outcome

This activity contributes towards the following outcome:

- *People-centred City* - the activity provides an opportunity for a home and a better quality of life for those less well-off without unreasonable hardship.

WHO BENEFITS?	
Individuals	90%
Whole community	10%

The main beneficiaries of this activity are the tenants, who receive accommodation at below market rent. Their benefits are private and exclusive. While the Council's rental housing units are aimed at meeting needs that the market does not or cannot meet, to some extent these housing units are in competition with properties provided by private landlords.

However, there are some benefits to the community as a whole. By providing homes for people who otherwise may be unable to afford them, the Council also contributes to community cohesion and may have benefits for public health and safety.

WHO SHOULD PAY?	
Individuals	100%

As the main beneficiaries, it is appropriate for tenants to pay all of the costs involved in providing community housing. The Council's current policy is to provide homes at 70 percent of market rent. The City Housing activity is ring-fenced with user charges through rent income funding 100% of operating expenses. The opportunity cost of not obtaining market rentals is not included in this funding analysis.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	100%
Other revenue	0%
Targeted rate	0%
General rate	0%
Total	100%

Activity 5.2.6: Community centres and halls

This activity supports the delivery of services/activities from community centres and halls. The Council directly delivers services to the community from two halls and five centres. Community organisations are contracted to deliver services from our assets or from non- council assets (22 centres in total) and are funded through three-year contracts (Social Grants). This includes scenarios where Council owns the asset, community owns the asset, and community leases a space for delivery of services.

We also maintain an accommodation assistance fund that provides community groups with access to subsidised office space.

Community outcome

This activity contributes towards the following outcome:

- *People-centred City* - these facilities are important anchors in our communities. They are places for groups to come together, strengthening social cohesion, and making the city a more appealing place for people to live.

WHO BENEFITS?	
Whole community	70%
Individuals and identifiable part of the community	30%

The people and groups who use community facilities receive a clear and direct benefit. Though the facilities are available to all, this benefit is private and exclusive - only one group can use a room in a community centre at any one time.

However, the provision of these facilities also has benefits for the wider community. Not only do the facilities help bring people together, the groups that use them often make significant voluntary contributions to community well-being.

WHO SHOULD PAY?	
Whole community	95%
Individuals and identifiable part of the community	5%

These community spaces cover a wide range of facilities forming part of the city's 'hard' social infrastructure that supports community wellbeing. Services and activities developed and delivered locally from these assets help bring people together, improve and strengthen neighbourhoods, community resilience and community safety. These assets are also important gathering points during civil defence emergencies.

Community centres make a significant contribution to community wellbeing by providing an anchor for the local community as well as a city-wide network of community resources. They also provide opportunities for social interaction, events, activities and interest and needs based courses/activities that benefit and respond to the local community needs and interests.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	5%
Other revenue	0%
Targeted rate (Residential)	95%
General rate	0%
Total	100%

5.3 Public Health and Safety

Activity 5.3.1: Burials and cremations

We operate a crematorium and cemetery at Karori and a cemetery at Makara. We also manage Wellington cemetery records dating back to 1849 available for public viewing. Karori Cemetery is now managed as a closed cemetery for burials, unless interred in an existing family plot. All other burials, including Natural burials are undertaken at Makara Cemetery.

Community outcome

This activity contributes towards the following outcome:

- *People-centred City* – the cemeteries provide sensitive and respectful bereavement services catering for a wide range of communities and beliefs. We maintain the cemetery sites to a good standard, reflecting their importance to the community.

WHO BENEFITS?	
Whole community	50%
Identifiable part of the community	50%

The cemeteries provide families of the deceased with access to appropriate burial or cremation facilities, allowing them to farewell their loved ones with dignity.

They also provide significant benefits to the community as a whole. These include the public health benefits of ensuring burials and cremations are conducted appropriately, the contribution made by the cemeteries to the city's heritage, the social benefits of ensuring a wide range of religious and cultural needs are catered for, and the provision of park-like surroundings that benefit not only families of the deceased but also all members of the community. Members of the public expect cemeteries to be properly maintained and accessible to all.

The provision of these services can also be seen to benefit funeral homes and other private businesses in this field.

WHO SHOULD PAY?	
Whole community	50%
Identifiable part of the community	50%

Since the benefits of this activity are split between individuals and the community as a whole, it is appropriate for the costs to also be split.

It should be noted that historically we have been able to recover less than 50 percent of the cost of this activity through user charges. Recent efforts to improve this rate of cost recovery have resulted in some improvements; however due to price elasticity we anticipate that on occasions we will not always meet this target. The remaining costs are appropriately met through general rates.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	50%
Other revenue	0%
Targeted rate	0%
General rate	50%
Total	100%

Activity 5.3.2: Public toilets

We own and maintain around 100 public toilets throughout the city, located at public places such as parks, playgrounds, sports fields, and shopping centres and in the central business district. This activity includes ensuring they are kept clean and maintained fit for public use.

Community outcome

This activity contributes towards the following outcome:

- *People-centred City* – these facilities are located conveniently throughout the city protecting against public health risks.

WHO BENEFITS?	
Whole community	60%
Individuals	40%

Council-owned public toilets clearly benefit people who use them. Their provision also benefits everyone who lives and works in the city, by protecting people in public places from the health hazards that would arise if there were no facilities or if facilities were not kept clean.

WHO SHOULD PAY?	
Whole community	100%

Since this activity benefits the whole community, the fairest and most effective way to fund it is through the general rate. Though individuals also benefit, the Council does not believe it would be appropriate to refuse access to people who cannot or will not pay.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
Total	100%

Activity 5.3.3: Public health regulations

This activity covers the Council's role in licensing and monitoring food outlets, licensing liquor outlets, registering and impounding dogs, responding to noise, nuisance, animal and litter complaints, and handling infectious disease investigations and the sorting and processing of dangerous goods.

Community outcome

This activity contributes towards the following outcome:

- *People-centred City* – this activity protects against public health risks.

WHO BENEFITS?	
Whole community	75%
Individuals	25%

The Council's public health work is required under several laws including the Liquor Act, the Resource Management Act and legislation covering hazardous substances. It provides significant benefits to the community as a whole, including protection of the public from hazards such as dangerous chemicals, unsafe food, excessive noise and diseases.

Most of this work involves protecting the public from hazards created or potentially created by identifiable businesses and people. There are benefits to individual businesses which could not legally operate without the Council providing these services, and there are benefits to individuals who have their complaints dealt with or otherwise are protected from a hazard or nuisance.

There are also a number of users who benefit from this activity. Businesses use Council services to monitor and licence their food and liquor outlets. Dog owners benefit from the dog licensing scheme. These users are charged a fee for the benefits they receive.

WHO SHOULD PAY?	
Whole community	40%
Individuals	60%

As this work largely protects the community from harm, it is appropriate that the people or businesses causing the harm should pay. The Council's public health activities include a range of user charges. For example, licensing and monitoring of food outlets is carried out on a full cost-recovery basis, while user charges recover about 75 percent of animal control costs. Some charges, such as those for liquor licensing, are determined by statute.

For some services, it is not appropriate or possible to charge users. For example, the cost of responding to public complaints about noise, nuisance, litter, animals and other public health issues cannot be recovered as it would not be appropriate to charge those making the complaints and it is not always possible to identify the person or business responsible for the hazard. Overall, user charges recover about 60 percent of the cost of providing these public health services. Accordingly, the Council's target is to fund 60 percent of the cost of this activity through user charges.

Since the benefits to the community as a whole are significant, it is appropriate for the remaining costs to be funded from general rates.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	60%
Other revenue	0%
Targeted rate	0%
General rate	40%
Total	100%

Activity 5.3.4: City safety

This activity covers our efforts that are directed at making the city safe and ensuring people feel safe. This includes patrols by city safety officers, closed circuit television monitoring of some inner-city streets, and safety audits which identify necessary improvements such as better street lighting.

Community outcome

This activity contributes towards the following outcome:

- *People-centred City* – this activity promotes individual wellbeing, safe neighbourhoods and a safe inner city.

WHO BENEFITS?	
Whole community	100%

Our city safety initiatives benefit the whole community. By preventing crime, these initiatives have a clear and tangible effect on residents' well-being. This, in turn, has several other positive spin-offs. Increased safety levels encourage people into the city centre, which makes the city more vibrant and also benefits retailers and other businesses. These efforts also contribute to civic pride by enhancing Wellington's reputation as a very safe city by national and international standards.

Though individuals benefit from reduced crime, the benefits are felt community-wide and are not exclusive to individuals. As a lot of this work is directed at the inner city it may be argued that there are greater benefits to those who live and work in the city than to residents who do not use the inner city often. However, making the city safer means even those who don't use the inner city are more likely to feel they have the option to safely access the inner city.

WHO SHOULD PAY?	
Whole community	100%

Since this activity benefits the community as a whole, the fairest and most effective way to fund it is from general rates.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
Total	100%

Activity 5.3.5: WELLINGTON REGIONAL EMERGENCY MANAGEMENT OFFICE (WREMO) AND RURAL FIRE

Wellington Regional Emergency Management Office (WREMO) provides a shared service to all the councils within the region. Its role is to help the city prepare for disasters such as earthquakes and floods, and to maintain the Council's Emergency Operations Centre at a state of readiness for response. WREMO works with government agencies, other councils in the region and international agencies.

Community outcome

This activity contributes towards the following outcome:

- *People-centred City* – this agency works with all sectors of the community to ensure the city is well-prepared for earthquakes and other natural disasters.

WHO BENEFITS?	
Whole community	90%
Individuals	10%

All residents and businesses benefit from preparation work to alleviate and cope with disasters like storms, floods and earthquakes. WREMO is a focal point for help and gives the entire community some comfort that a ready response is available to cope with disasters and quickly recover.

From time to time, WREMO may receive income in the form of grants from the Ministry of Civil Defence and Emergency Management, and other sources. However, this income varies significantly from year to year. We anticipate 5 percent revenue over the foreseeable future

Rural Fire and Fire Prevention

WCC contributes to the Wellington Rural Fire Authority (WRFA) which incorporates the rural fire capabilities and responsibilities of the Wellington, Kapiti, Upper Hutt, Lower Hutt and Porirua city councils.

Many Wellington properties back onto large areas of vegetation which can present a significant fire risk. The ability to provide fire suppression and prevention mechanisms benefits both the property owner and wider community through enhanced resilience.

WHO SHOULD PAY?	
Whole community	95%
User	5%

While individual property owners benefit from this work in the event of a large vegetation fire, the benefit to the whole community far outweighs this. The Council believes the fairest and most effective way to fund this activity is from general rates.

From time to time, WRFA may receive income in the form of grants from the New Zealand Fire Service Commission via the National Rural Fire Authority. This income varies significantly from year to year. We anticipate 5 percent revenue over the foreseeable future

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	5%
Other revenue	0%
Targeted rate	0%
General rate	95%
Total	100%

Urban Development

Directing growth and delivering quality

Nestled between harbour and hills, Wellington is a compact and dynamic city. We aim to preserve its special character, making sure developments are safe and in harmony with the environment. Our work in this area includes urban planning, building and development regulation, heritage protection and the development of public spaces.

Operating activities

With the exception of regulatory services, the majority of activities in this area are funded by the whole community via the General Rate. The funding sources are illustrated in the table below.

ACTIVITY AREA	ACTIVITY GROUPING	ACTIVITY		USER FEES	OTHER INCOME	RATES	GENERAL	RESIDENTIAL TARGETED	COMMERCIAL TARGETED	DOWNTOWN TARGETED
Urban Development	Urban planning, heritage and public spaces development	6.1.1	Urban planning and policy	0%	0%	100%	100%	0%	0%	0%
		6.1.2	Waterfront development	0%	0%	100%	100%	0%	0%	0%
		6.1.3	Public spaces and centres development	0%	0%	100%	100%	0%	0%	0%
		6.1.4	Built heritage development	0%	0%	100%	100%	0%	0%	0%
		6.1.5	Housing development	0%	0%	100%	100%	0%	0%	0%
	Building and development control	6.2.1	Building control and facilitation	65%	0%	35%	35%	0%	0%	0%
		6.2.2	Development control and facilitation	50%	0%	50%	50%	0%	0%	0%
		6.2.3	Earthquake risk mitigation - built environment	0%	0%	100%	100%	0%	0%	0%
		6.2.4	Regulator - Building Control and Facilitation Weathertight Homes	0%	0%	100%	100%	0%	0%	0%

Capital Expenditure

The interest and depreciation costs relating to capital expenditure are incorporated in the operating costs of each activity.

Urban development capital expenditure projects are funded through a combination of rates funded depreciation and borrowings.

Urban development – activity funding commentary

6.1 Urban Planning, Heritage and Public Spaces Development

Activity 6.1.1: Urban planning and policy

The Council wants to ensure the city grows in ways that encourage high-quality development and produce the best long-term result for everyone. To do this, we will use appropriate controls to guide development, particularly in key areas of the city. This includes guiding development in the northern part of the city where rapid growth is expected in the coming years. Implementing and updating the District Plan to respond to key issues such as resilience and facilitate growth are high priorities.

Community outcome

This activity contributes towards the following outcome:

- *People-centred City* – this activity ensures the city's built form is developed appropriately
- *Eco-city* – urban planning is focused on intensive urban development and alongside our urban containment policies are designed to prevent sprawls and enhance our transport and lifestyle choices.
- *Dynamic Central City* **-** this activity shapes how the built form and urban culture of the city is developed into the future

WHO BENEFITS?	
Whole community	100%

Urban planning ensures the city grows in a controlled way that is environmentally sustainable, enhances community cohesion, and encourages high-quality developments. While the Northern Growth Management Framework is obviously specific to that area, the benefits of improved infrastructure and co-ordinated growth will be felt city-wide.

WHO SHOULD PAY?	
Whole community	100%

The Council seeks to build stronger communities through funding this activity. Our aim is to make Wellington even more liveable – making it a great place to be by offering a variety of places to live, work and play within a high quality public environment. Since the community as a whole benefits from this work, it is appropriate for general ratepayers to bear the costs.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
Total	100%

Activity 6.1.2: Waterfront development

The Wellington waterfront is a key area of the city. We oversee its development in line with a guiding policy, the Wellington Waterfront Framework. Management of waterfront development is carried out by a Council controlled organisation, Wellington Waterfront Limited.

Our role includes preparing an annual work plan that outlines short and long- term development proposals for the waterfront and funding the operations of Wellington Waterfront Limited.

Community outcome

This activity contributes towards the following outcome:

- *People-centred City* - the waterfront offers safe open spaces that welcome and engage people and encourage them to stay.
- *Dynamic Central City* – the waterfront is an accessible and unique component of the inner city that offers opportunities for relaxation, recreation and leisure.

WHO BENEFITS?	
Whole community	100%

This work benefits the whole community by making the city more attractive and vibrant, and providing valuable recreation opportunities. Through development of public spaces that complement the natural beauty of the waterfront, the image and the “sense of place” that people have for the city is enhanced. Waterfront development attracts people into the city, supporting social cohesion and aiding the economy.

While the direct beneficiaries are mainly people who choose to visit the waterfront, these benefits are not exclusive. When one person visits Queen’s Wharf or Frank Kitts Park, that doesn’t stop anyone else from being in the area too. Nor would it be practical or acceptable to identify users of the waterfront and require them to pay. Similarly, though people living in the inner city benefit from better access to the waterfront, this is outweighed by the benefits to all people in the city.

The operational spending for this activity covers planning and public consultation. All residents benefit from the opportunity to have their views heard.

WHO SHOULD PAY?	
Whole community	100%

Since the community as a whole benefits from this work, it is appropriate for general ratepayers to bear the costs.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
Total	100%

Activity 6.1.3: Public spaces and centres development

We fund work to develop the street environments, urban parks and squares, and other public areas in the city and suburban centres. We aim to make these areas safe, accessible and attractive, with plenty of green space. This activity includes facilitation of the city's public artworks and consultation, planning and co-ordination of suburban centre upgrades.

Community outcome

This activity contributes towards the following outcome:

- *People-centred City* – development of public squares and parks enhances people's enjoyment of the city and contributes to our civic pride and our 'sense of place'.
- *Dynamic Central City* – public spaces are an important component of the inner city providing accessible opportunities for relaxation, recreation and leisure for residents and visitors. High-quality developments make the city a more attractive place to live, attract visitors and support business opportunities.

WHO BENEFITS?	
Whole community	100%

This activity benefits the whole community by enhancing the urban environment, making the city safer and contributing to the vibrancy of Wellington. All residents and visitors to the city are able to enjoy its public spaces. While those who use city or suburban shopping areas, urban parks, squares and other public areas receive direct benefits, these benefits are not exclusive and it would not be desirable or acceptable to require people to pay for them directly. Similarly, though individual suburbs benefit from work on suburban centres, these upgrades are not restricted to particular areas of the city – upgrades either have been carried out recently or are timetabled across many suburbs.

As well as enhancing the environment, development of city and suburban centres benefits the economy and enhances people's pride in the city.

WHO SHOULD PAY?	
Whole community	100%

While centre development provides a clear benefit to geographical suburban areas, targeted rates to fund these activities are not considered appropriate given the broad benefit to the community as a whole, and that centre upgrades are scheduled to occur throughout the city. The public good benefit over-rides any direct benefit to individual communities. However, if a suburban community asks for a higher standard of upgrade, or an earlier timeline than the Council has planned, the Council may consider imposing a targeted rate.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
Total	100%

Activity 6.1.4: Built heritage development

In order to promote Wellington as a place that celebrates its landmarks and heritage, we work to help protect and restore the city's heritage assets.

The District Plan ensures heritage buildings, trees, monuments and other assets, and sites of significance to tangata whenua, are recognised and that controls are in place to manage changes to or removal of these assets.

Our work in this area includes maintaining an inventory of heritage sites, restoring significant heritage buildings in public ownership and upgrading heritage sites.

Community outcome

This activity contributes towards the following outcome:

- *People-centred City* – heritage buildings contribute to the city's distinct identity and enhance its sense of place.

WHO BENEFITS?	
Whole community	100%

This activity benefits the whole community by protecting the city's heritage. Preservation of city landmarks enhances the city's image, makes it more attractive, and contributes to people's sense of history and community pride. The community also benefits from enhancement of publicly-owned heritage assets.

WHO SHOULD PAY?	
Whole community	100%

Since the community as a whole benefits from this work, it is appropriate for general ratepayers to bear the costs.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
Total	100%

Activity 6.1.5: Housing development

Council has developed a Housing Strategy which aims to ensure that all Wellingtonians are well housed with four key outcomes met:

- Wellington has a well-functioning housing system
- Homes in Wellington are of good quality high quality and are resilient
- Homes meet the needs of Wellingtonians
- The Wellington housing system supports sustainable, resilient, and connected communities

Delivery of this strategy would include activities such as:

- Building conversions in the Central Business District.
- Establishing partnerships with Community Housing Providers (CHP's).
- Working effectively with property developers to create opportunities to alleviate pressure on the housing market.
- Through various acquisitions and disposals, maximise the use of Council assets.

As part of the wider housing strategy and work programme, Council would work to identify appropriate Council assets which can be disposed of so that the proceeds can be utilised and directed toward new housing developments that better meet the needs of the community.

Community outcome

This activity contributes towards the following outcomes:

- *People-centred city* – Encouraging Housing initiatives so that Wellingtonians can enjoy quality Housing at a level which is affordable.
- *Eco City* – Housing in Wellington is sustainable so that the impact on the environment and infrastructure networks is minimised without compromising on comfort and quality of life.

WHO BENEFITS?	
Whole community	50%
Individuals	50%

Work funded by this activity would benefit individuals who currently cannot access quality affordable housing. Developments arising from this activity would allow more affordable housing to be available on a greater scale than is currently the case.

However the community as a whole also benefits through improving the overall availability and quality of the city's housing stock.

WHO SHOULD PAY?	
Whole community	100%

Council is seeking to ensure that all Wellingtonians are well housed. As much of the work in this activity is strategic in nature with broadly delivered benefits through a quality framework it is appropriate for general rate payers to bear the cost.

While the private market does provide housing, this activity seeks to encourage development which would not occur without Council's support. This activity is therefore Council's input and support over and above the costs incurred by the private market and to seek to recoup the cost would defeat the purpose of Council support.

Given this and the benefits to the community as a whole, the fairest and most effective way to fund it is from general rates.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
Total	100%

6.2 Building and Development Control

Activity 6.2.1: Building control and facilitation

The Council has a statutory responsibility under the Building Act and the Resource Management Act to control building developments. This includes ensuring buildings are safe and sanitary, and do not threaten environmental quality or public health.

Work includes issuing and monitoring building consents - we have building guidelines to make sure buildings meet the required standards. The Fencing of Swimming Pools Act 1987 has been repealed and its functions now fit under Building Act 2004. The responsibilities under the Building Act ensure there is protection in place for unsupervised children of 5 years old or younger gaining access to private residential swimming pools.

Community outcome

This activity contributes towards the following outcome:

- *People-centred City* - All cities control building work according to the provisions of the Building Act and codes. These controls are necessary to protect public health and safety, and to protect future users of land and buildings.

WHO BENEFITS?	
Whole community	20%
Individuals	80%

Our building control work benefits private individuals - the people and companies that build or redevelop homes, offices and other buildings. Our work ensures these buildings are safe and meet legal requirements. These benefits apply to buildings which, in almost all cases, are for private and exclusive use. The people who use our building consent services are clearly identifiable and can be stopped from using the service if they refuse to pay.

Similarly, the beneficiaries of our efforts to ensure swimming pools are adequately fenced are private individuals - those people who own and use private swimming pools and those who are kept safe because pools are fenced.

WHO SHOULD PAY?	
Individuals	65%
Whole community	35%

While individuals receive the benefits of our building control work, we are constrained in our ability to recover costs from those individuals. User charges for some activities are set by law or regulation. For some activities, the law prevents us from charging at all.

In addition, to meet all the costs of building consents through user charges we would need to raise the charges to a level that may create an incentive for homeowners to avoid the consent process and carry out illegal building work.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	65%
Other revenue	0%
Targeted rate	0%
General rate	35%
Total	100%

Activity 6.2.2: Development control and facilitation

The Council has a statutory responsibility under the Resource Management Act to ensure land and other resources are used sustainably. The District Plan, adopted in 2001 after public consultation, contains specific policies relating to land and resource use in the city. We administer the District Plan, regulating developments to ensure they are safe, sustainable and meet public expectations. Specific activities, including issuing resource consents, monitoring compliance and dealing with complaints about environmental matters, are covered by this activity.

Community outcome

This activity contributes towards the following outcome:

- *People-centred City* - All cities control development work according to the provisions of the Resource Management Act and District Plan. These controls are necessary to ensure resources are used sustainably, to protect public health and safety, and to protect future users of land and buildings. They're also needed to protect urban character and to preserve the city's heritage.

WHO BENEFITS?	
Whole community	40%
Individuals	60%

The main beneficiaries of this work are the individual people and businesses involved in land subdivision and development or use of other resources. This work helps ensure the developments are safe, sustainable and meet legal obligations.

There is also a significant public benefit. By controlling the safety and environmental effects of developments, we help prevent harm to members of the public both now and in the future.

WHO SHOULD PAY?	
Whole community	50%
Individuals	50%

While individuals receive an estimated 60 percent of the benefit from the Council's development control work, our ability to recover costs from those individuals is limited. User charges for some activities are set by law or regulation. For some activities, the law prevents us from charging at all. In addition, while individuals causing damage to the environment should bear the costs of dealing with their actions, it is not always possible to identify them.

To meet 60 percent of the costs of resource consents through user charges would require raising them to a level that may create a disincentive for growth and development of the city, potentially harming the economy.

These factors mean that, historically, we have been able to recover only about a third of the cost of this activity through user charges.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	50%
Other revenue	0%
Targeted rate	0%
General rate	50%
Total	100%

Activity 6.2.3: Earthquake risk mitigation – built environment

Earthquake Resilience is a key focus for Wellington City Council. The Council has a statutory responsibility under the Building Act to mitigate the risks that earthquakes may have on structures. This activity covers that work and also the contribution that the Council may make to localised earthquake assessments.

Community outcome

This activity contributes towards the following outcome

- *People-centred City* - Wellington's high earthquake risk means this work is critical. It protects public safety, as well as preserving the city's heritage and the economic investment made in buildings and infrastructure.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
Total	100%

Activity 6.2.4: building Control and facilitiation – weathertiGht homes

Community outcome

This activity contributes towards the following outcome:

- *People-centred City* - by providing resolution to the weathertight homes issue, by supporting repairs to provide healthier and more resilient homes.

WHO BENEFITS?	
Whole community	100%

Resolving weathertight homes issues provides benefits to the Community as a whole. Through no fault of their own, individuals are stuck with leaky homes which can, in the worst circumstances, affect the health and well-being of those living there. Ensuring homes get fixed improves the health and well-being of individuals and reduces the call on the Community's health services. It also ensures the quality of housing stock available to residents in the City.

It is not considered that the actions or inactions of any individuals or group have directly contributed to the requirement to address the resolution of weathertight homes issues.

WHO SHOULD PAY?	
Whole community	100%

Since the activity benefits the community as a whole, the fairest and most effective way to ultimately fund it is from general rates. The quantum of the liability required to be funded will likely necessitate the use of borrowings to spread the cost and ensure that the affordability of any rates funding requirement is considered and managed.

Given the specific nature of the cost it is important that any borrowing and rate funding associated with this activity are transparent and that these funds are effectively ring fenced and only used for the specific purpose of settling weathertight homes claims and the associated interest costs from any related borrowings. There are minimal costs associated with a decision to fund this activity distinctly from other activities.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
Total	100%

Transport

Providing quality connections

We're responsible for Wellington's extensive transport network, and for planning for the city's future transport needs. We see a high-quality transport system as critical to the city's economy and quality of life. Our transport activities include looking after hundreds of kilometres of city roads, as well as accessways, footpaths, cycleways, parking facilities, traffic signs and signals, street lighting and pedestrian crossings. We also manage parking areas and have an ongoing programme of safety promotion.

Operating activities

The funding sources for this area are illustrated in the table below.

ACTIVITY AREA	ACTIVITY GROUPING	ACTIVITY		USER FEES	OTHER INCOME	RATES	GENERAL	RESIDENTIAL TARGETED	COMMERCIAL TARGETED	DOWNTOWN TARGETED
Transport	Transport	7.1.1	Transport planning	0%	0%	100%	100%	0%	0%	0%
		7.1.2	Vehicle network	0%	5%	95%	95%	0%	0%	0%
		7.1.3	Cycle network	0%	0%	100%	100%	0%	0%	0%
		7.1.4	Passenger transport network	0%	65%	35%	35%	0%	0%	0%
		7.1.5	Pedestrian network	0%	0%	100%	100%	0%	0%	0%
		7.1.6	Network-wide control and management	15%	15%	70%	70%	0%	0%	0%
		7.1.7	Road safety	0%	20%	80%	80%	0%	0%	0%
	Parking	7.2.1	Parking	100%	0%	0%	0%	0%	0%	0%

Capital Expenditure

The interest and depreciation costs relating to capital expenditure are incorporated in the operating costs of each activity.

Transport capital expenditure projects are funded through a combination of NZTA subsidies, rates funded depreciation and borrowings.

Transport – activity funding commentary

7.1 Transport

Activity 7.1.1: Transport planning

The mixed modes and changing demands on transportation means that transportation planning becomes increasingly important. The Council's work in this area is closely linked to the work that we carry out under urban development. We also incorporate travel demand management planning as a component part of our overall transport and urban planning work.

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* – the transport network provides people with accessible and safe transport choices, from their homes to shops, for work, recreation and pleasure, including walkways and bikeways.
- *Connected City* – the transport network provides accessible and safe transport choices that connect people with each other and with places locally, nationally and internationally, including for commerce and trade.
- *Eco-city* - a network that is efficient means fewer cars are stuck in traffic meaning less emissions are produced
- *Dynamic Central City* – A network that allows easy movement of people and goods is vital for business and a significant competitive advantage.

WHO BENEFITS?	
Whole community	100%

This activity is of benefit to the whole community.

A well planned transportation network plays an important part in making the city more liveable. It provides for the efficient movement of freight and it allows for people to be better connected, aiding social cohesion.

WHO SHOULD PAY?	
Whole community	100%

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
Total	100%

Activity 7.1.2: Vehicle network

We manage a vehicle network that includes 699 kilometres of urban and rural roads, 1,236 kilometres of kerbs and channels, 76 bridges and large culverts and four tunnels, as well as all related pavements and service lanes. As steward of the roads in a hilly harbour city, we are also responsible for maintaining more than 3,200 retaining walls, sea walls and accessway walls that support and protect transport corridors. Network maintenance activities include planned work as well as responding to unexpected events, such as removing debris and returning roads to service after storms or slips.

Port access is also part of our vehicle network management activities, as the efficient movement of freight to and from the port is an important contributor to the city's economy. We work with port authorities to find appropriate solutions to the movement of freight which minimise negative impacts for other users of the vehicle network.

Community outcome

This activity contributes towards the following outcome

- *People-centred City* – our road network safely and efficiently accommodates more than 40,000 people driving around the city each day, for work and recreation.

WHO BENEFITS?	
Whole community	100%

The city's vehicle network is a vital public asset. Roads are available for all residents and visitors to use. It benefits all residents by providing the means for safe, efficient travel. This benefits the economy and is also important for social reasons. An efficient vehicle network allows people to travel to work, visit friends and family, and get their children to school.

This 'public good' aspect of the vehicle network is reflected in the fact that Council's responsibility for providing and maintaining the network is enshrined in law. Under the current law, we cannot charge anyone for using it. The vehicle network is not in competition with any privately-provided alternative.

The direct beneficiaries of the vehicle network are road users. This includes everyone who drives private cars, as well as businesses that use roads for commercial purposes such as transporting goods. There are also many indirect beneficiaries, including people who do not often leave their homes but receive road-based services like meals on wheels or mail deliveries.

WHO SHOULD PAY?	
Whole community	95%
Other	5%

It could be argued that the commercial sector receives a higher direct benefit than city residents, and that heavy commercial vehicles also cause more wear and tear on the roading network than private cars. However, it's not possible to reasonably assess how much cost and benefit is directly attributable to different groups of road users, and Council currently has no legal means to impose direct costs on road users.

This means that because the community as a whole benefits, the fairest approach is to fund costs in this activity from general rates.

However, a small percentage of our costs are actually funded by the New Zealand Transport Agency (NZTA) through National Land Transport Fund (NLTF) subsidies, which pass on funding from fuel taxes gathered by Central Government. The amount subsidised by NZTA varies from year to year depending on the work programme (which affects eligibility for subsidy) and the amount of funding that NZTA has made available for qualifying activities. This income is leveraged to reduce the rates funding requirement for the vehicle network activity.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	5%
Targeted rate	0%
General rate	95%
Total	100%

Activity 7.1.3: Cycle network

Council has committed to an extensive cycleways improvement programme to improve access for people on bikes in the city and suburbs. Over the past 15 years, six out of ten new commuters have chosen to walk or cycle to work. With as many as 50,000 to 80,000 additional people expected to settle in Wellington by 2043, continuing this trend is vital if we want to minimise the need for costly road capacity improvements.

Cycleways require regular maintenance to remain safe – surfaces need to be smooth, lanes need to be clearly marked, and cycle stands and maintenance stations need to be provided at appropriate parking points. Maintaining cycleways to a high standard is critical if we want more people to see cycling as a safe and attractive transport choice.

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* – our cycle and pedestrian networks accommodate nearly 25,000 walking and cycling commuters each day and provide for easy and affordable movement to and around the city.
- *Eco-city* - the cycle network reflects our commitment to sustainable, safe and efficient transport choices.

WHO BENEFITS?	
Whole community	100%

Cycleways are available to all and provide significant benefits to the whole community, supporting the health, wellbeing and prosperity of the people who live, work, play and invest in our city.

The direct beneficiaries of the city's cycleways are the people who use them. This includes cyclists and pedestrians who use the cycleways as de facto walkways. Cycleways provide these users with both transport and recreational opportunities. There are also many indirect beneficiaries, because as part of a multi-model transport network, cycleways contribute towards reducing the amount of vehicle traffic, which in turn makes the city's roads safer and less congested.

WHO SHOULD PAY?	
Whole community	100%

Because the community as a whole benefits from our provision of the cycleway network, the fairest approach is to fund costs in this activity from general rates.

Identifying and charging individual users would be both inefficient and impractical. It's likely that imposing a user charge would discourage people from using cycleways, meaning that the health, sustainability and transport benefits of cycleways would be lost.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
Total	100%

Activity 7.1.4: Passenger transport network

While Greater Wellington Regional Council (GWRC) is responsible for the provision of public transport services, Council is committed to playing a key role in supporting the city's public transport network. Our aim is to encourage greater use of the bus and rail networks, as this delivers social and sustainability benefits, including improved energy efficiency and reduced pollution.

The Lambton Quay Bus Interchange is owned and operated by Council (this is because legislation in force at the time prevented GWRC from owning this asset). GWRC contributes a capped amount of funding towards the operation and maintenance of the Bus Interchange. Subsidised expenditure includes utilities costs, cleaning, maintenance and security services.

Council provides and maintains the special bus lane markings on roads throughout the city. Council has also committed to a significant programme of local bus priority capex improvements (which will affect this activity through higher interest charges).

Council was previously responsible for managing the cleaning and maintenance of bus shelters, bus stops and bus signs, with costs being reimbursed by GWRC. Responsibility for this work was transitioned across to GWRC in 2016, at which time we removed both the expenditure and the income (GWRC cost recoveries) from the LTP. This change had a net nil impact on the amount of rates funding required for this activity.

Community outcome

This activity contributes towards the following outcome:

- *People-centred City* – our passenger transport network safely and efficiently accommodates people using public transport services to travel around the city each day, for work and recreation.

WHO BENEFITS?	
Whole community	100%

The city's public transport network is a vital public asset which is available for all residents and visitors to use. It benefits the whole community by providing the means for safe, efficient travel. This benefits the economy and is also important for social reasons. An efficient public transport network allows people to travel to work, visit friends and family, and get their children to school.

While individual users of public transport receive the most direct benefit, there are also many indirect beneficiaries. As part of a multi-model transport network, public transport services contribute towards reducing the amount of vehicle traffic, which in turn makes the city's roads safer and less congested. Encouraging the use of public transport also has wider sustainability benefits for the community, including improved energy efficiency and reduced pollution.

WHO SHOULD PAY?	
Whole community	35%
Other	65%

Because the community as a whole benefits, the fairest approach is to fund costs in this activity from general rates.

However, Council receives a share of the revenue generated from Adshel advertising on bus shelters and pedestrian canopies in the city. This income is leveraged to reduce the rates funding requirement for the passenger transport activity.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	65%
Targeted rate	0%
General rate	35%
Total	100%

Activity 7.1.5: Pedestrian network

Over the past 15 years, six out of ten new commuters have chosen to walk or cycle to work. With as many as 50,000 to 80,000 additional people expected to settle in Wellington by 2043, continuing this trend is vital if we want to minimise the need for costly road capacity improvements.

Maintaining a safe and connected pedestrian network is an important part of our transport strategy. We maintain more than 893 kilometres of footpaths as well as pedestrian (street) furniture such as canopies, seats, bollards and fountains.

Community outcome

This activity contributes towards the following outcome:

- *People-centred City* – our cycle and pedestrian networks accommodate nearly 25,000 walking and cycling commuters each day and provide for easy and affordable movement to and around the city.
- *Eco-city* - the pedestrian network reflects our commitment to sustainable, safe and efficient transport choices

WHO BENEFITS?	
Whole community	100%

The pedestrian network is available to all and provides significant benefits to the whole community, supporting the health, wellbeing and prosperity of the people who live, work, play and invest in our city.

The direct beneficiaries of the city's pedestrian network are the people who use them. Footpaths and access ways provide these users with both transport and recreational opportunities. There are also many indirect beneficiaries, because as part of a multi-modal transport network, the pedestrian network contributes towards reducing the amount of vehicle traffic, which in turn makes the city's roads safer and less congested.

WHO SHOULD PAY?	
Whole community	100%

Because the community as a whole benefits from our provision of the pedestrian network, the fairest approach is to fund costs in this activity from general rates.

Identifying and charging individual users would be both inefficient and impractical. It's likely that imposing a user charge would discourage people from using footpaths and accessways, meaning that the health, sustainability and transport benefits of cycleways would be lost.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	0%
Targeted rate	0%
General rate	100%
Total	100%

Activity 7.1.6: Network-wide control and management

Network management is crucial in a modern, efficient vehicle network.

Our traffic control system includes 117 sets of traffic lights, closed circuit television cameras and a central traffic computer system which allows us to optimise traffic flows to ensure the safe, efficient and balanced flow of traffic. This minimises safety risks, congestion, delays and pollution.

Road markings and signs provide information and guidance to drivers and assist with traffic flow, traffic control and traffic safety, especially at night and in poor weather conditions. This significantly enhances safety for all users of our transport networks, and also supports efficient parking management.

Other network management activities include the administration of National legislation and Council's bylaws and policies relating to the non-ordinary, temporary use of the transport network.

We manage Corridor Access Requests (around 6,000 per year) for works in the Transport Corridor (now mainly utility works approvals under the National Code of Practice for Utility Access to Transport Corridors), as well as monitoring, inspecting and auditing these works to ensure compliance during the work and reinstatement.

We also review and approve Temporary Traffic Management Plans (around 1,000 per year), as well as managing delegations for self-approvals, which are administered in line with NATA's Code of Practice for Temporary Traffic Management.

Other network management activities include issuing and managing licences and permits for other uses of the transport network, such as for construction loading zones, trading, sandwich boards, events, busking, street appeals, temporary signage and overweight vehicles.

Community outcome

This activity contributes towards the following outcomes:

- *People-centred City* - our road network safely and efficiently accommodates more than 40,000 people driving around the city each day, for work and recreation. Our pedestrian and cycle networks deliver the same outcomes for more than 25,000 walking and cycling commuters each day.
- *Connected City* - the network provides transport choices that connect people with each other and with places locally.
- *Eco-city* - the network reflects our commitment to sustainable, safe and efficient transport choices

WHO BENEFITS?	
Whole community	100%

Traffic control, signs and marking work allows for better traffic flows. Controlling traffic flows allows us to manage the diverse and competing demands of motorists, pedestrians, cyclists and public transport users. It improves the safety and efficiency of our transport system, which delivers social and commercial benefits by improving connections between communities and the city.

Network management activities optimise accessibility and utilisation of the transport network for a wide variety of activities and users, while minimising the adverse effects on other users of the network. This enables the city to remain internationally competitive by accommodating world class activities and events and promoting vibrancy, innovation and ongoing development of the city and its infrastructure.

WHO SHOULD PAY?	
Whole community	70%
User charges	15%
Other	15%

The cost of administering network management activities such as Corridor Access Requests, Temporary Traffic Management Plans, and other approvals or licences for uses of the transport network is largely recovered through user charges. Note that we are constrained by legislation as to what costs we are able to recover for this work. Also note that both the costs and the revenue for this work is a relatively small percentage of the total cost for the network control activity.

Because the community as a whole benefits, the fairest approach is to fund the remaining costs in this activity from general rates.

However, a small percentage of our costs are actually funded by the New Zealand Transport Agency (NZTA) through National Land Transport Fund (NLTF) subsidies, which pass on funding from fuel taxes gathered by Central Government. The amount subsidised by NZTA varies from year to year depending on the work programme (which affects eligibility for subsidy) and the amount of funding that NZTA has made available for qualifying activities. This income is leveraged to reduce the rates funding requirement for the network control activity.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	15%
Other revenue	15%
Targeted rate	0%
General rate	70%
Total	100%

Activity 7.1.7: Road safety

Delivering a safe road network is a fundamental goal of our Transport strategy. Providing and maintaining safety assets such as street lighting, safety fences and rails, as well as leading road education and promotion activities, significantly enhances safety for all users of our transport networks.

Community outcome

This activity contributes towards the following outcome:

- *People-centred City* – our road network safely and efficiently accommodates more than 40,000 people driving around the city each day, for work and recreation. Our pedestrian and cycle networks deliver the same outcomes for more than 25,000 walking and cycling commuters each day.

WHO BENEFITS?	
Whole community	100%

Work funded by this activity reduces accidents and promotes the safety of the transport network. The benefits are felt by the whole community, including road users (private and commercial), pedestrians, cyclists, residents and tourists.

Street and pathway lighting improves safety and personal security through increased visibility. Safety fences and rails protect pedestrians from lateral falls of more than 1 metre, provide assistance to pedestrians negotiating hilly paths, highlight hazards for drivers, and act as protective barriers to ensure the safe and convenient use of the transport network.

WHO SHOULD PAY?	
Whole community	80%
Other	20%

Because the community as a whole benefits, the fairest approach is to fund costs in this activity from general rates.

However, a small percentage of our costs are actually funded by the New Zealand Transport Agency (NZTA) through National Land Transport Fund (NLTF) subsidies, which pass on funding from fuel taxes gathered by Central Government. The amount subsidised by NZTA varies from year to year depending on the work programme (which affects eligibility for subsidy) and the amount of funding that NZTA has made available for qualifying activities. This income is leveraged to reduce the rates funding requirement for the road safety activity.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	0%
Other revenue	20%
Targeted rate	0%
General rate	80%
Total	100%

7.2 Parking

Activity 7.2.1: Parking

The Council provides short-term, metered roadside car parks in the city centre. We aim to have a high turnover of these parks. We also operate coupon and resident parking in areas to give city dwellers on the fringe of the central business district some relief from the daily influx of commuters.

Community outcome

This activity contributes towards the following outcome:

- *People-centred City* - central city car and motorbike parking is important for shoppers, people working in the city, visitors to the city, and people coming in to the city for recreational activities. It is also necessary to allow for goods to be picked up and delivered throughout the city. The provision of car parking helps make Wellington a liveable, prosperous city.

WHO BENEFITS?	
Whole community	25%
Individuals	75%

The direct beneficiaries of the Council's parking services are clearly those people who use car parks. These benefits are private and exclusive. Two people cannot use the same car park at the same time and it is appropriate to charge people for using car parks. The Council's parking services operate in competition with other private sector providers.

It might also be argued that retailers benefit directly from the Council's provision of car parks. However, there is no practical way of assessing whether people are using car parks to go shopping or for other purposes such as recreation.

The community as a whole also receives benefits from the Council's parking activities. On-street car parking is time limited to encourage a high turnover of parks, as this helps bring people into the city and benefits the commercial sector. All ratepayers benefit from the income derived from this activity, as it offsets the cost of providing the vehicle network.

WHO SHOULD PAY?	
Individuals	100%

Since the principal benefit from the Council's parking services is to identifiable individuals it is appropriate for them to bear the costs through user charges.

While it might be argued general ratepayers should meet 25 percent of the costs, reflecting the benefit to the community as a whole, this would be inappropriate for a number of reasons. First, the level of demand for car parks suggests people using them believe they represent good value. As the principal benefit is to these individuals, it is appropriate to set user charges at a level the market will accept. Second, the Council's parking services operate in competition with private car park operators and setting lower fees would unfairly disadvantage those operators and potentially reduce the supply of off-street parking in the city. Third, the individuals using car parking spaces also benefit through being able to use ratepayer-funded roads and footpaths, and their contribution through parking fees offsets the cost of providing these services.

This activity recovers significantly more revenue, through enforcement and meter charges than the operating costs. The Council believes this is appropriate as it supports our transport and retail policies. These policies aim to improve access to on-street parking and increase turnover of parking.

OUR FUNDING TARGETS: OPERATING EXPENSES	
User charges	100%
Other revenue	0%
Targeted rate	0%
General rate	0%
Total	100%

Investment and Liabilities Management Policies

GENERAL POLICY OBJECTIVES

The Council's general policy objectives relating to its investment and liability management are to:

- Minimise the Council's overall costs and risks associated with its borrowing activities and the general management of its other liabilities.
- Manage its borrowings and cash assets on a "net debt" basis in order to reduce the overall net cost to the Council.
- Optimise the return on its investment portfolio and other financial assets.
- Manage the Council's exposure to adverse interest rate movements.
- Borrow and invest funds and transact risk management instruments within an environment of control and compliance.
- Regularly review and consider the performance of the Council's financial assets and investments. Where appropriate, the Council will dispose of under performing assets or those assets and investments that are not essential to the delivery of services and activities set out in the Council's Long Term Plan (LTP).

More detail on the Council's investment and borrowing policies, operating procedures and associated internal controls is contained in the Treasury Management Policy.

INVESTMENT POLICY

Policy Statement

The Council operates on a "net debt" basis, and does not separately maintain significant long term cash investments. The general policy with respect to surplus short term cash is to invest any short term surplus cash or to utilise it to reduce borrowings.

The Council currently maintains an equity interest in Wellington International Airport Limited (WIAL) and an ownership and financial interest in ground leases and investment properties. The Council will continue to review the level of investment as well as the return it receives on these investments.

Where appropriate, the Council may choose to dispose of investments/financial assets that no longer meet our investment objectives.

Investment Mix and Associated Objectives

The Council categorises its investments into 5 broad categories:

(a) Cash and Cash Equivalents

The Council may invest funds with approved registered banking institutions. These investments generally mature in less than one year, and are held primarily for working capital/liquidity purposes or the pre-funding of debt maturing within twelve months.

(b) Income generating commercial debt instruments

These are principally loans to other organisations (on commercial terms) which deliver a cash-flow return to the Council.

(c) Income generating commercial equity investments

Equity investments arise from the Council owning or controlling an equity holding (e.g. shares) in another entity. The Council currently maintains a 34 percent shareholding in Wellington International Airport Limited (WIAL).

(d) Income generating commercial property investments

Investment properties are the Council's ground leases and land and buildings held primarily for investment purposes. The Council periodically reviews its continued ownership of investment properties by assessing the benefits of continued ownership in comparison to other arrangements that could deliver similar benefits. Any assessment is based on both the strategic benefit of the investment/ownership to the City and in terms of the most financially viable method of achieving the delivery of Council services.

(e) Non income generating investments

This includes loans to other organisations, and equity investments in Council Controlled Organisations. The Council may consider the provision of loans to Community groups but only in exceptional circumstances. The Council's non income generating investments are held for strategic or ownership reasons.

In addition to the above investment categories, the Council may assume financial risk associated with providing contributions, guarantees and underwrites, where these meet the Council's strategic objectives and outcomes. Such undertakings require a Council resolution.

New Zealand Local Government Funding Agency Limited

Despite anything earlier in this policy, the Council may invest in shares and other financial instruments (including borrower notes) of the New Zealand Local Government Funding Agency Limited (LGFA) and may borrow to fund that investment.

The Council's objective in making any such investment is to:

a. obtain a return on the investment; and

b. ensure that the LGFA has sufficient capital to remain viable, meaning that it continues as a source of debt funding for the Council.

Because of this dual objective, the Council has invested in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments. If required in connection with the investment, the Council may also subscribe for uncalled capital in the LGFA and be a Guarantor.

Investment Acquisition/Addition/Disposal

With the exception of the day to day investment of short term cash and cash equivalents, all new investments, additions to existing investments, and/or disposals of existing investments must be approved by the Council. The day to day management and investment of short term cash and cash equivalents may be made by Council officers in accordance with the Treasury Management Policy. The Council will continue to maintain its current level of investment in WIAL until it considers that it is strategically, financially and economically prudent to dispose of the investment.

Proceeds from the sale of investments will be used to repay existing borrowings, unless the Council specifically directs that the funds be put to another use.

Reporting

Investments in CCOs

Monitoring of the Council's equity investment and ownership interest in Council Controlled Organisations (CCOs) is undertaken by the Council Controlled Organisations Subcommittee. The Subcommittee reports to the City Strategy Committee and is responsible for:

- communicating the Council's priorities and strategic outcomes to Council Controlled Organisations (CCOs)
- ensuring delivery through the development of Statements of Intent and integration of CCO outcomes with the Council's Long-term Plan and Annual Plan funding processes and decisions, and
- monitoring the financial performance and delivery on strategic; and
- outcomes of the Council's CCOs.

All other investments

The City Strategy Committee is responsible for monitoring all other investments and providing recommendations to the Council in regard to strategies, policy and guidelines in relation to those investments. The City Strategy Committee will receive and review the quarterly Treasury report contained within the consolidated quarterly report.

Risk Management

The Council's principal exposure on its financial investments is credit risk. Credit risk is minimised by the Council investing in approved institutions with satisfactory credit ratings which are assessed and reviewed by independent credit rating organisations. Limits are spread amongst a number of counterparties to avoid concentrations of credit exposure.

Assessment and management of specific risks associated with the Council's investment in WIAL, LGFA and investment properties will be performed on a regular basis. Any significant changes in the risk profile for these investments will be reported to the City Strategy Committee.

Investment Ratios

For the purposes of setting its Borrowing and Investment Ratios, the Council defines investments as assets which are cash or readily convertible to cash (either through fixed repayment and maturity profiles, or through sale or exchange) and assets which are held primarily for investment purposes (either for capital growth, commercial rental or interest). This is likely to include:

- Cash and cash equivalents (e.g. term deposits),
- Income generating commercial debt instruments
- Income generating commercial equity instruments
- Income generating commercial property instruments

LIABILITY MANAGEMENT POLICY

In broad terms, the Council manages both current and term liabilities.

Current liabilities

Current liabilities reflect those obligations, expressed in monetary terms, which the Council has to meet within relatively short timeframes, at a maximum within the next 12 months. In respect of its day to day obligations for both operational and capital expenditure, the Council's policy is to pay these liabilities in full by the due date. This eliminates any credit exposure or risk. Current liabilities also include the maturing portions of any term liabilities that are due for repayment within the following 12 months.

Term liabilities

Term liabilities represent the Council's obligations which, in general terms, are not immediately payable, i.e. not due within the following 12 months. Borrowings comprise the majority of the Council's term liabilities.

The Council approves the borrowing programme for each financial year as part of the LTP or Annual Plan. Additional borrowings may be approved by Council on a case by case basis. The Council primarily borrows to fund its new and upgraded capital expenditure programme. In approving new borrowings the Council considers the impact of the level of borrowings on its overall borrowing limits and impact on rates and rates limits.

Policy objectives

The Council primarily borrows to pay for the upgrading of existing assets and the construction/purchase of new assets. These assets generally provide new or enhanced benefits to Wellington for many years. Borrowing is therefore considered the most cost-effective and equitable way to fund these assets as it spreads the cost of the asset over the future generations of ratepayers who will benefit from the use of the asset. In addition, Council borrows to meet the costs associated with settling liabilities arising with respect to weathertight homes issues, and the borrowings are repaid from future rates revenues. Accordingly, borrowings have a strategic benefit of making the cost of the asset investment or weathertight homes liabilities affordable to today's ratepayers. Borrowings are maintained at a prudent level, in accordance with the Council's overall financial strategy and specific borrowing limits.

Power to borrow

The Council borrows as it considers appropriate and in accordance with the provisions of the Local Government Act 2002 and its Treasury Management Policy. The Council approves the level of new borrowing in general terms as part of the LTP or Annual Plan. The Council delegates the authority to officers to raise the approved borrowing during the financial year as and when the funding is required. Any additional borrowing beyond that approved in the LTP or Annual Plan must be approved by the Council.

INTEREST RATE RISK MANAGEMENT LIMITS

Borrowings issued at variable (floating) interest rates expose the Council to a cash flow interest-rate risk. The Council manages its cash flow interest-rate risk by using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.

Council debt/borrowings must be within the following fixed/floating interest rate risk control limits:

DEBT INTEREST RATE POLICY PARAMETERS (CALCULATED ON ROLLING MONTHLY BASIS)		
DEBT PERIOD ENDING	MINIMUM FIXED RATE	MAXIMUM FIXED RATE
Year 1	50%	80%
Year 2	45%	80%
Year 3	40%	80%
Year 4	35%	75%
Year 5	30%	70%
Year 6	20%	65%
Year 7	10%	60%
Year 8	0%	55%
Year 9	0%	50%
Year 10	0%	45%
Year 11	0%	40%
Year 12	0%	35%
Year 13	0%	30%
Year 14	0%	30%
Year 15	0%	30%
Year 16	0%	30%

"Fixed Rate" is defined as an interest rate repricing date beyond 3 months forward on a continuous rolling basis.

The “Fixed Rate” percentage is based on the projected gross debt level on a rolling forward basis. Gross debt is the amount of total borrowing. This allows for pre-hedging in advance of projected physical drawdowns of new debt. When forecasts are changed, the amount of fixed rate cover in place may have to be adjusted to comply with the policy minimums and maximums. In the event of one-off significant changes caused by asset sales/purchases or capital expenditure in advance of the forecast, then a 3 month period of adjustment is permitted.

Liquidity

The Council minimises its liquidity risk by avoiding concentration of debt maturity dates and by maintaining committed borrowing facilities at a level that exceeds 115% of the existing external net debt level. The Council will only drawdown or borrow against these facilities as required.

Where special funds are maintained to repay borrowings, these investments are held for maturities not exceeding borrowing repayment dates.

The Council avoids exposure to liquidity risk by managing the maturity of its borrowing programme within the following maturity limits:

BORROWING MATURITY PROFILE LIMITS		
PERIOD	MINIMUM	MAXIMUM
0 to 3 years	15%	60%
3 to 5 years	15%	60%
5 years plus	15%	60%

Credit exposure

The Council borrows from approved institutions with satisfactory credit ratings. Borrowings are managed to ensure the Council is not exposed to material concentrations of credit risk. Limits are spread amongst a number of counterparties to avoid concentrations of credit exposure.

Local government funding agency

Despite anything earlier in this Policy, the Council may borrow from the New Zealand Local Government Funding Agency Limited (LGFA) and, in connection with that borrowing, will enter into the following related transactions to the extent it considers necessary or desirable:

a. contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA (for example borrower notes that may convert into redeemable preference shares).

b. provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself

c. commit to contributing additional equity (or subordinated debt) to the LGFA if required

d. secure its borrowing from the LGFA, and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue.

e. Subscribe for shares and uncalled capital in the LGFA

Borrowing repayment

The Council will repay borrowings from a combination of excess depreciation over and above renewals, sale of surplus or underperforming assets, operating surpluses, and any rates specifically set to repay borrowings, including those associated with settling weathertight homes liabilities, or from the renewal of borrowings.

Specific borrowing limits

In determining a prudent level of borrowings the Council assesses the level of net borrowing against the Council’s operating income.

Total Council Net Borrowings will be managed within the following macro limits:

RATIO	LIMIT
Net borrowing as a percentage of income	<175%
Net Interest as a percentage of income	<15%
Net Interest as a percentage of annual rates income	<20%
Liquidity (Term borrowing + committed loan facilities to existing external net debt)	>115%

Security

Council borrowings are secured by way of a Debenture Trust Deed (representing a charge over Council rates revenue). This security relates to any borrowing and to the performance of any obligation under any incidental arrangement. However, if it is considered advantageous, the Council’s borrowings and other financial arrangements may be undertaken on an unsecured basis, or secured by way of a charge over its physical assets.

Credit rating

To provide an independent assessment of the Councils’ credit quality, Council maintains a credit rating with an independent rating agency.

Carbon price risk

Council maintains a stock of NZU credits and is projected to remain a net holder of carbon credits for the foreseeable future. Within this context, Council manages its annual carbon liabilities through surrendering existing holdings and purchasing NZUs in the spot/forward market, where required. The Treasury Management Committee is responsible for carbon strategies/decisions and the CFO has responsibility for implementing the strategies.

Rates Remission Policy

INTRODUCTION

In accordance with section 85 of the Local Government (Rating) Act, 2002:

i. A local authority may remit all or part of the rates on a rating unit (including penalties for unpaid rates) if -
   a. the local authority has adopted a remissions policy under section 109 of the Local Government Act 2002, and
   b. the local authority is satisfied that the conditions and criteria in the policy are met.

ii. The local authority must give notice to the ratepayer identifying the remitted rates.

CIRCUMSTANCES WHERE A REMISSION MAY APPLY

Rural open space remission

Remission statement

The Council may grant a 50 percent remission of Base general rate on land classified as rural under the District Plan where the rating unit is rated under the Base differential and used principally for farming or conservation purpose

Policy objective

To provide rates relief for rural, farmland and open spaces.

Conditions and criteria

Land used principally for farming or conservation purposes.

A rates remission of 50 percent of the Base general rate will be granted to rating units that are classified as rural under the District Plan and used principally for farming or conservation purposes. Under this policy, ‘principally for farming or conservation purposes’ is defined as where:

i. the rating unit (or property) exceeds 30 hectares in area; and

ii. 50 percent or more of the rateable capital value of the property is made up of the land value; and

iii. the principal use of the land is for conservation, agriculture, horticulture, pastoral or silviculture purposes, or for the keeping of bees, poultry or other livestock excluding commercial dog kennels or catteries.

Remissions on land used principally for games or sport

Remission statement

Where the Council considers a rating unit is used principally for games or sport, it will apply a 50 percent remission of Base general rate where the rating unit:

i. has a club licence under the Sale and Supply of Alcohol Act 2012; and

ii. would otherwise qualify as 50 percent non-rateable under Part 2, Schedule 1, of the Local Government (Rating) Act 2002; and

iii. the property is rated at the Base differential.

Policy objective

To reduce the adverse financial impact of the Local Government (Rating) Act 2002 on land used principally for games or sports, occupied by clubs that hold a club licence and no longer qualify as 50 percent non-rateable.

Conditions and criteria

This policy specifically excludes chartered clubs and clubs holding permanent charters.

Remission of targeted rates on property under development or earthquake strengthening

Remission statement

The Council may remit part or all of the commercial sector targeted rate, Business Improvement District targeted rate and downtown targeted rate on land classified under the Council’s commercial, industrial and business differential as defined within our Funding Impact Statement Rating Mechanisms, where the property is deemed to be ‘not fit for purpose’ due to the property being under development or due to the existing building being earthquake strengthened.

The Council may remit part or all of the Base sector targeted rate on land classified under the Council's Base differential (including residential) as defined within our Funding Impact Statement Rating Mechanisms, where the property is deemed to be 'not fit for purpose' due to earthquake strengthening.

Policy objective

To provide rates relief for property temporarily not fit for purpose due to the property undergoing development or earthquake strengthening and therefore not receiving the benefits derived by contributing to the commercial, residential or downtown targeted rates.

Conditions and criteria

To enable the remission statement above, 'not fit for purpose' is defined in this policy as where:

i. the property (rating unit) will not hold sufficient consents to permit occupation; and

ii. the property (rating unit) will not be used for any purpose, apart from the construction of buildings, premises or associated works, or earthquake strengthening works; and

iii. the property (rating unit) will not generate any revenue stream.

The above criteria apply to, and must be met by, an entire rating unit as identified in the Council's rating information database (RID) and apply only for the period the building is not 'fit for purpose'.

Remission of metered water rates

Remission statement

The Council may grant a remission on a water targeted rate (with water meter) where excess water consumption has occurred due to a leak beyond the point of supply on the ratepayer's property. The excess water consumption may only be remitted to the level of the current Greater Wellington Regional Council bulk water rate.

Policy objective

The objective of this remission policy is to provide a measure of rates relief where a water leak has been detected on the ratepayer's property with a water meter, and prompt remedial action to repair the leak has been undertaken. The ratepayer remains responsible for water leaks, the pipes and the usage of water on their property in accordance with the Water Services Bylaw.

Conditions and criteria

A remission of the water targeted rate (with a meter) may be granted for excess water consumption where the leak is the rate payer's responsibility (beyond the point of supply). Excess water consumption will be calculated as the difference between actual metered usage on the latest reading and the average daily metered usage over the last four readings prior to the leak. The full water rate will be charged on the average daily usage over the last four readings and the excess water consumption (as calculated above) will be charged at the current Greater Wellington Regional Council bulk water rate. Where sufficient information is not available on historic readings, excess water consumption will be calculated as the difference between the latest reading prior to the fault being remedied, and the average daily metered usage over the last three monthly readings after the fault is remedied. This remission should only be applied for if:

i. the leak occurred on a metered water property; and

ii. excess water consumption has occurred through a broken or leaking pipe; and

iii. evidence is provided that the fault has been remedied within a reasonable time period and prior to the application for a remission.

In the event of a recurrence of a water leak, Council would require the ratepayer to get a condition assessment of the pipes on the property prior to any decisions to remit a subsequent remission.

Remission of rates for buildings removed from the earthquake prone buildings list

Remission statement

The Council may grant a remission on a property's rates where the property was on the Council's Earthquake Prone Building List and the ratepayer has taken action to remove that building from the list (either by strengthening that building to above 33 percent of the New Building Standard (NBS) or by removing the building from the site).

The ratepayer may qualify for this remission for a period of rating years after the removal of the building from the Earthquake Prone Building list[2], or up until the building is sold (whichever comes first).

The terms of remission that apply are as follows:

a. a remission period of 3 years for all buildings (not applicable to the heritage remissions below) that are removed from the earthquake prone list; or

2 As maintained by Wellington City Council

b. a remission period of 5 years for all buildings removed from the earthquake prone list that are listed on the Wellington City District Plan Heritage List; or

c. a remission period of 10 years for all buildings as per (b) and are identified by Heritage New Zealand as Category I on the New Zealand Heritage list; or

d. a remission period of 8 years for all buildings as per (b) and are identified by Heritage New Zealand as Category II on the New Zealand Heritage list.

The ratepayer must apply for this remission within 12 months of the removal of the building from the earthquake prone building list (by issuance of a code of compliance for work performed).

For earthquake-prone buildings that have been seismically strengthened to > 33 percent NBS the following will apply:

a. the remission application will be accepted after the code of compliance has been issued for the building following completion of the seismic strengthening project;

b. the remission shall equate to the rates (general rate, downtown targeted rate, commercial industrial and business sector or base sector targeted rates, stormwater network and sewerage rates) payable due to any rating valuation uplift[3] that may arise from seismic strengthening works; if there has been no rating valuation uplift on the property as a result of seismic strengthening work then no remission will apply.

The valuation uplift from seismic strengthening works will be calculated as:

Final Improvement Value $ per m^2(A)	-	Initial Improvement Value $ per m^2(B)	x	Initial floor area of earthquake prone building(C)

A = This is the total improvement value portion of the revaluation of the whole rating unit (after issuance of the code of compliance and after removal of building from the Earthquake Prone Building List) divided by the floor area at the time of issuance of the code of compliance, after removal of the building from the Earthquake Prone Building List.

B = This is the total improvement value portion of the rateable value of the earthquake prone building at the time the building consent for earthquake strengthening work is approved, divided by the floor area of the earthquake prone building at the time the building consent for earthquake strengthening work is approved.

C = This is the floor area of the earthquake prone building at the time the building consent for earthquake strengthening work is approved.

The valuation uplift amount that has been calculated using the above methodology will be used to calculate the rates remission for the duration of the remission. The valuation uplift amount will not be re-calculated to take into account any future changes to the building's valuation post the first valuation assessment carried out after removal from the Earthquake Prone Building List (by issuance of a code of compliance). For clarity, changes in land value are excluded from the above calculations and any remission calculation.

For earthquake prone buildings that have been removed from the site the following will apply:

a. the remission application will be accepted after evidence of the building removal has been provided to Council and the building has been removed from the earthquake prone building list; and

b. the remission will be calculated as 10 percent of the rates (general rate, downtown targeted rate, commercial industrial and business sector or base sector targeted rates, stormwater network and sewerage rates) payable on the property, on the valuation post removal of the earthquake-prone building from the site, for each of the three years following the acceptance of the remission application.

Policy objective

The objective of this remission policy is to minimise the rates impact of valuation increases arising for ratepayers who have taken positive action to address the structural safety of their earthquake-prone buildings, or remove their unsafe buildings.

Conditions and criteria

A remission of rates may apply under the following conditions and criteria:

i. the building must have been on the Earthquake Prone Buildings list;[4]

3 Rating valuation adjustments will occur either as part of the Council's three-yearly city wide revaluation cycle, or through adjustments that occur in between cycles where improvement works have taken place resulting in a measurable value change. Ratepayers will be notified of any valuation change in both circumstances. Under both circumstances rates are not impacted until the next rating year commencing 1 July. Officers reserve the right to use their discretion in determining valuation changes that may arise from, and relate to, seismic strengthening under this policy.

4 As maintained by Wellington City Council

ii. the ratepayer must have taken action to remove their building from this list either through seismic strengthening or building removal;

iii. the remission must be applied for within 12 months of the building being removed from the Earthquake Prone Buildings list and will relate to the following specified number of rating years only (the ratepayer does not need to re-apply in subsequent years). The terms of remission that apply are as follows:

   a. for all buildings (not applicable to the heritage remissions below) that are removed from the earthquake prone list, the ratepayer may apply for this remission for a total period of 3 years; or

   b. for all buildings removed from the Earthquake Prone Building List that are listed on the Wellington City District Plan Heritage List, the ratepayer may apply for this remission for a total period of 5 years after the removal of the building from the Earthquake Prone Building List; or

   c. for all buildings as per (b) and are identified by Heritage New Zealand as Category I on the New Zealand Heritage list, the ratepayer may apply for this remission for a total period of 10 years after the removal of the building from the Earthquake Prone Building List; or

   d. for all buildings as per (b) and are identified by Heritage New Zealand as Category II on the New Zealand Heritage list, the ratepayer may apply for this remission for a total period of 8 years after the removal of the building from the Earthquake Prone Building List.

iv. the remission will not be available retrospectively for buildings already removed from the Earthquake Prone Building List prior to this policy being implemented;

v. the remission is only available to a ratepayer who has taken action to remedy their building. It will not be available to a third-party purchaser of the building even if a sale took place within the remission period applicable to that building being removed from the Earthquake Prone Buildings list; and

vi. for earthquake prone buildings that have been removed from the site, evidence must be provided to Council of the building removal and the building must have been removed from the Earthquake Prone Building List.

Valuation changes

Wellington City Council is currently on a three-yearly valuation cycle for all properties in the city. The next city-wide valuation will occur as at 1 September 2018 and will be used to calculate rates for the next three rating years commencing 1 July 2019.

Rating valuations are also subject to adjustments at any time between the valuation cycles when there has been a measurable value change, usually triggered by consented improvement works.

Ratepayers will be notified when the capital value of their property has changed. Rates will be calculated using the new capital value from the next rating year commencing 1 July.

Application

This remission may be applied for at any time during the year. If approved by Council officers the remission will take effect either from the next rating year (1 July), or will be backdated to take effect from the start of the current rating year at the nomination of the ratepayer and agreement of Council officers. The remission will cease after the specified number of years from the agreed effective start date, or up until the building is sold (whichever comes first).

Remission for natural disasters and emergencies

Remission statement

In order to provide relief to ratepayers where a natural disaster or other type of emergency affects one or more rating unit's capacity to be inhabited, used or otherwise occupied for an extended period of time, Council may remit all or part of any rate or charge where it considers it fair to do so, based on the criteria below. Individual events causing a disaster or emergency are to be identified by Council resolution. Council may develop further guidance as to how it implements the criteria below at that time depending on the nature and severity of the event and available funding at the time. Council will exercise its discretion depending on the nature and severity of the event. Note that Greater Wellington Regional Council rates will still apply.

Policy objective

The objective of this remission policy is to provide a measure of rates relief where a natural disaster or other type of emergency affects one or more rating units' capacity to be inhabited, used or otherwise occupied for an extended period of time.

Conditions and criteria

The Council may remit all or part of any rate or charge assessed in relation to a particular rating unit where:

i. a natural disaster or other type of emergency has affected its capacity to be inhabited, used or otherwise occupied for an extended period of time

ii. Council considers it fair to do so and has identified the individual event causing a disaster or emergency through Council resolution

iii. it meets any further guidance provided by Council as to how Council will implement the above criteria for the particular event, depending on the nature and severity of the event and available funding at the time

Remission for new residential greenfield developments

Remission statement

The Council may grant a remission on a new residential greenfield development of 30 or more allotments (or dwellings where it is proposed that the dwellings will be unit-titled) in the following Special Housing Areas:

- Lower Stebbings
- Lincolnshire-Woodridge
- 30 White Pine Avenue, Woodridge
- The Reedy Land, 28 Westchester Drive, Glenside

The ratepayer may qualify for this remission for a period of 2 years after a section 224(c) certificate and new titles are issued, or until the allotment or title is sold (whichever comes first).

The remission shall equate to the approximate increase in rates (general rate, Base sector targeted rate, and stormwater network rate) payable due to the increase in land value that may arise from a residential greenfield subdivision.

The remission may be applied for once a section 224(c) certificate and new titles have been issued, and only within the duration of the Housing Accord which ends on 30 June 2019. The remission will apply for two rating years and the ratepayer does not need to reapply in year two.

The remission will be calculated on the uplift in rates from subdividing greenfield land into residential lots. The amount is calculated as the land value of each allotment (after title is issued) less the equivalent land value for the allotment before subdivision. The ‘equivalent’ value before subdivision is calculated as $20 per m2 multiplied by the allotment area.

Policy objective

The objective of this remission policy is to minimise the rates impact of valuation increases arising for developers from new residential greenfield developments in the Special Housing Areas, to promote the supply of land for housing.

Conditions and criteria

A remission of rates may apply under the following conditions and criteria:

i. the new residential development must be within the following Special Housing Areas[5]

   a. Lower Stebbings

   b. Lincolnshire-Woodridge

   c. 30 White Pine Avenue, Woodridge

   d. The Reedy Land, 28 Westchester Drive, Glenside

ii. the development must be of 30 or more allotments (or dwellings where it is proposed that the dwellings will be unit titled)

iii. the remission must be applied for within the duration of the Housing Accord. No application will be eligible for this remission after 30 June 2019

iv. the remission will apply to the general rate, Base sector targeted rate, and stormwater network rates

v. the remission will not be available retrospectively for residential greenfield developments that are already completed

vi. the remission will apply for a maximum of two years; commencing when the new allotment titles are issued and ending two years later, or when the new allotment or title is sold (whichever comes first)

Remission for first home builders

Remission statement

The Council may grant a rate remission on a new residential dwelling (including apartments) on a separate rating unit, where construction is completed after 01 July 2017 within the boundaries of Wellington City Council.

The remission will be up to a maximum of $5,000 (including GST). To qualify for this remission, the applicant must meet the following criteria:

- be a New Zealand permanent resident or citizen;
- this will be their first home and
- the home must be a new build.

The earliest the remission can be applied for is after a building code compliance certificate has been issued by the Council for the rating unit. The remission will

5 As defined by the legislative instrument ‘Housing Accords and Special Housing Areas (Wellington) Order 2014’

end once the $5,000 (including GST) has been remitted or when the rating unit is sold (whichever comes first).

The remission shall apply to all Wellington City Council rates assessed on the rating unit. Note that Greater Wellington Regional Council rates will still apply.

Applications must be received prior to the commencement of the rating year the remission is being applied for (1 July).

Policy objective

The objective of this remission policy is to assist new first home builders and promote the supply of housing in Wellington city.

Conditions and criteria

A remission of rates may apply if all of the following conditions and criteria are met:

i. the new residential dwelling must be within the Wellington City Council district;

ii. the new residential dwelling must be on a separate rating unit;

iii. the ratepayer must be a New Zealand permanent resident or citizen and provide evidence of this;

iv. the property must be the first residential dwelling owned by the applicant;

v. the property must be a new residential dwelling (including apartments);

vi. the ratepayer uses the property as their primary residential dwelling;

vii. the property must be either built for the first owner or purchased within six months of construction;

viii. the ratepayer must provide evidence that they own the property;

ix. application can be made by the ratepayer after a building code compliance certificate has been issued by the Council for the rating unit;

x. the remission will not be available retrospectively for residential dwellings (including apartments) that are already completed before 1 July 2017;

xi. once granted, the remission will apply for a set period; commencing from the start of the following rating year and ending when the total amount of Wellington City Council rates remitted on the property reaches the $5,000 (including GST) limit or when the rating unit is sold (whichever comes first); and

xii. trusts, businesses and companies are not eligible for the remission.

Special circumstances remission

Remission statement

It is recognised that not all situations in which it may be appropriate for the Council to remit rates will necessarily be known in advance and/or provided for in specific rating policies. In circumstances where the rating policy is deemed by the Council to unfairly disadvantage an individual ratepayer, the Council may grant a one-off remission of part or all Wellington City Council rates assessed for a rating unit. Note that Greater Wellington Regional Council rates will still apply.

Policy objective

To provide for the possibility of a rates remission in circumstances that have not been specifically addressed in other parts of the Council's Rates Remission and Postponement Policies.

Conditions and criteria

The Council may remit part or all of the rates assessed in relation to a particular rating unit where:

i. the rates on that rating unit are disproportionate to those assessed in respect of comparable rating units; or

ii. the rating policy is determined by the Council to unfairly disadvantage an individual ratepayer.

The approval of the remission does not set a precedent that application of the usual rates unfairly disadvantages other ratepayers.

APPLYING FOR A RATES REMISSION

All applications must be in writing and set out the reasons for the request using the Wellington City Council 'Application for Remission' form.

Each remission application is applicable to a single rating year, except the Remission of Rates for Buildings Removed from the Earthquake Prone Buildings List, the Remission for New Greenfield Developments and the Remission for First Home Builders, which may apply to multiple rating years.

Applications must be received prior to the commencement of the rating year the remission is being applied for (1 July), with the exception of the following remission applications which may be received after the start of a rating year:

i. the Special Circumstances Remission;

ii. the Metered Water Rates Remission;

iii. the Remission of Rates for Buildings removed from the Earthquake Prone Buildings List and

iv. the Remission for New Greenfield Developments.

No applications will be backdated beyond the current rating year.

All applications for a remission on a rating unit that has previously received a remission or remissions, must be re-submitted annually for consideration of further remissions prior to the commencement of the rating year (1 July), with the exception of the Remission of Rates for Buildings removed from the Earthquake Prone Buildings List, the Remission for New Greenfield Developments and the Remission for First Home Builders.

The determination of eligibility and approval of any remission is at the absolute discretion of Wellington City Council.

If Council is satisfied that the relevant criteria in the policy are met, it will give the applicant ratepayer notice of the remitted rates.

Applications made for a remission will be considered on their own merits on a case-by-case basis. Any previous decisions of the Council do not create a precedent.

Approval of a remission does not set a precedent that application of the usual rates unfairly disadvantages other ratepayers.

RATES PENALTY REMISSION

Policy objective

To enable the Council to act fairly and reasonably when rates have not been received by the due date and a penalty has been applied.

Conditions and criteria

Upon receipt of an application from the ratepayer, or as identified by the Council, the Council may remit all or part of a penalty where it considers that it is fair and equitable to do so.

Matters that will be taken into consideration by the Council include the following:

i. this is the first time a penalty is applied during a prior three year period and either:
   a. the payment of the full amount of rates due within 14 days of due date; or
   b. the ratepayer enters into a suitable agreement with the Council for the payment of rates within a reasonable timeframe; or

ii. there was an extraordinary event leading to the late payment of the instalment and either:
   a. the payment of the full amount of rates due within 14 days of due date; or
   b. the ratepayer enters into a suitable agreement with the Council for the payment of rates within a reasonable timeframe; or

iii. the ratepayer has agreed to pay future rates by direct debit.

The Council reserves the right to impose conditions on the remission of penalties.

Applying for a rates penalty remission

A Rates Penalty Remission application must be in writing, setting out the reasons for the request with enough information and proof for officers to evaluate the request. No special remission form is required. The written request will be accepted by post, fax or email (rates@wcc.govt.nz).

NON-RATEABLE LAND

In addition to rates remissions, some types of property are not rateable or are partly non-rateable under Schedule 1 or Schedule 2 of the Local Government Rating Act (2002). For details of non-rateable property uses refer to this legislation and the Council's website.

REMISSION OF RATES ON MĀORI FREEHOLD LAND

The Council's objectives in relation to rates remission and postponement apply equally to Māori Freehold land. Therefore the rates remission and postponement policies applicable to Māori Freehold land are identical to those.

Rates Postponement Policy

POLICY OBJECTIVE

To assist ratepayers experiencing extreme financial hardship that affects their ability to pay rates.

CONDITIONS AND CRITERIA

For residential and other land rated at the Base differential:

The postponement of rates in cases of financial hardship is a last resort to assist residents who own their own home, after all other avenues to meet rates commitments have been exhausted.

The financial hardship must be caused by circumstances beyond the ratepayer's control. Criteria for the postponement of rates for residential ratepayers in cases of hardship are as follows:

i) the applicant is unable to pay their rates bill because of personal circumstances;

ii) the applicant has tried all other avenues (including seeking a reverse mortgage from their bank) to fund their rates;

iii) the applicant has no significant assets (other than their family home); and

iv) the applicant accepts a legal charge to the Council over the property.

Approval of rates postponement is for one year only.

The applicant must reapply annually for the continuation of a rates postponement using the Council's 'Application for Postponement' form. An application fee of $200 (including GST) will be charged and added to the total value of rates postponed on the first successful postponement application granted on each rating unit.

Applicants will be provided with information that clearly sets out the long term effect of postponing rates on their estate. Annually on 30 June interest will be charged in arrears on rates postponed, at a rate equal to the Council's average cost of borrowing at that date.

For land rated at the Commercial, Industrial and Business differential

The postponement of rates is a last resort to assist commercial, industrial and business ratepayers after all other avenues to meet rate commitments have been exhausted.

The financial hardship must be caused by circumstances outside the business' control.

Criteria for the postponement of rates for commercial, industrial and business ratepayers in cases of hardship are as follows:

i) the applicant is unable to pay their rates because of business circumstances,

ii) the applicant has tried all other avenues (including obtaining a loan from their bank) to fund their rates;

iii) the net value of an applicant's property (after the value of all mortgages on the property and the total value of the rates postponed) exceeds 10 percent of the market value of the property i.e. the Council will not postpone rates where there is a significant risk that the rates will not be paid at some time in the future; and

iv) the applicant accepts the Council's legal charge over the property.

Approval of rates postponement is a one-off event. A one-off application fee of $200 (including GST) will be charged on all successful postponement applications. Rates postponed on commercial, industrial or business property must be paid in full by the start of the Council's next financial year (1 July).

Annually on 30 June interest will be charged in arrears on rates postponed, at a rate equal to the Council's average cost of borrowing at that date.

Significance and Engagement Policy

INTRODUCTION

Wellington City Council (the Council) is responsible for making decisions on behalf of its communities. The Council considers community views and preferences when making decisions and has flexibility about how to engage with its communities[6]. Council gathers information about the views and preferences from Wellington's diverse communities in many ways and uses this information to inform its decisions.

The Council aspires to actively engage with and work collaboratively with its communities within the decision making roles. Engaging early and well, enables better decisions by ensuring that final decisions take into account or have regard to the views of the community and those affected by the decision. At times (and subject to unique circumstances), engagement activities may need to go beyond the Council's standard approach.

The purpose of this policy is to explain how the community might be engaged in various types of decisions. This policy is required under the Local Government Act 2002 (the Act). It includes:

- The general approach to determining the degree of significance of proposals and decisions(Parts 2, 3 and 4 of the Policy);
- The criteria used to determine the extent to which proposals and decisions are of significance (Schedule 1);
- Information on when, how and to what extent communities can expect to be engaged in decision-making processes and other matters; (Parts 5 and 6); and
- A list of strategic assets owned by Council (Part 10 and Part 11).

MAKING IT WORK IN PRACTICE

There are some key questions for Council officers to answer in making this work in practice. Some decisions require the use of the Special Consultative Procedure under the Act. See Part 7 of this policy about the requirements for these decisions.

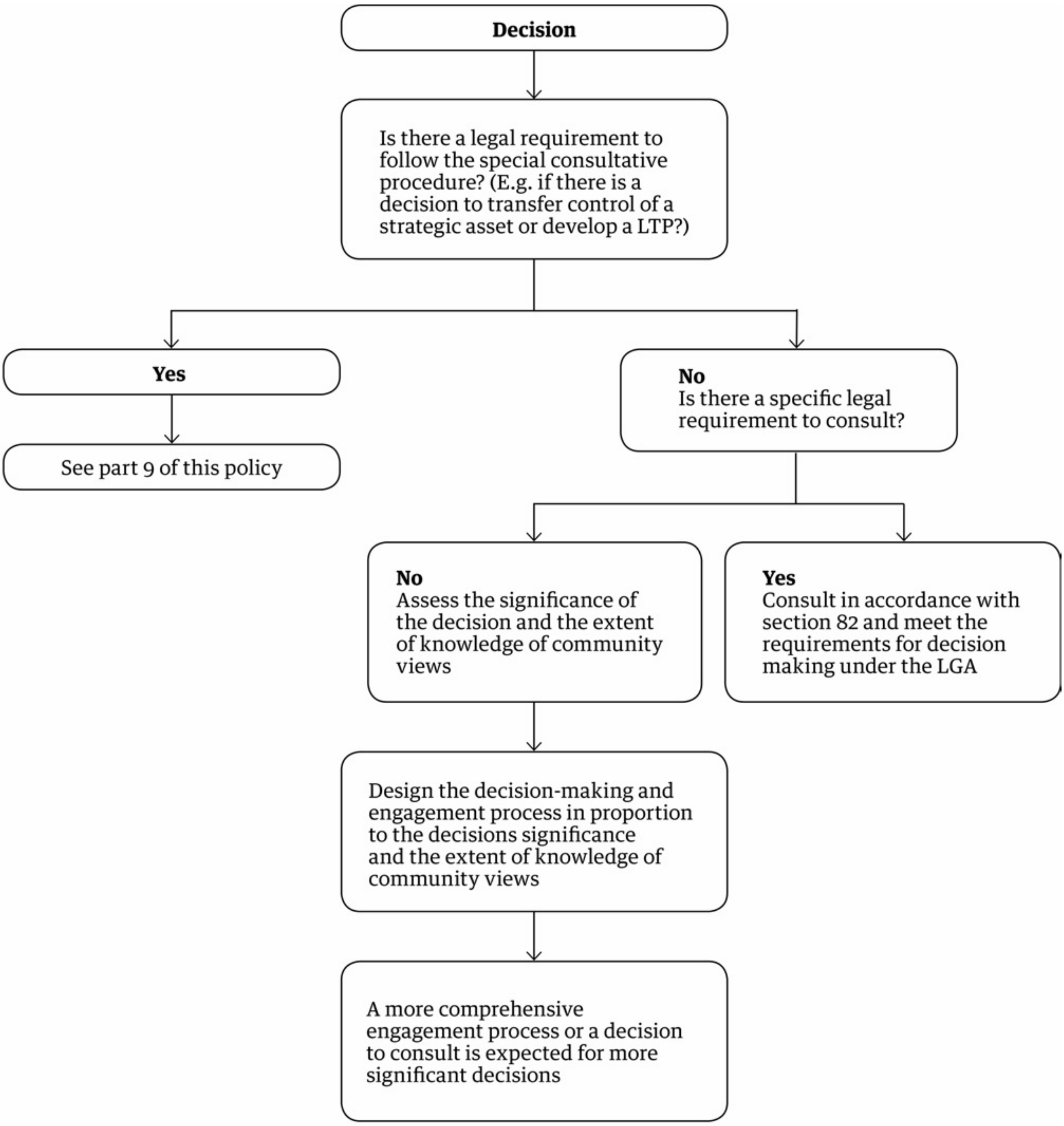
For all other decisions, Council is required to:

- Identify the objective – what is being sought to be achieved and why?
- Identify all reasonably practicable options for achieving the objective
- Assess their advantages and disadvantages
- Design the decision-making and engagement process taking into account:
  - Sufficient knowledge of community views on the matter? If not, further engagement/consultation is appropriate.
  - Significance (see Schedule 1)

If Council has decided to consult, or is otherwise legally required to, ensure that consultation complies with consultation principles (see Part 8).

This can be illustrated in the following flowchart.

6 Unless the special consultative procedure must be followed, which prescribes a process.



1. General approach

Consultation vs engagement

Consultation involves obtaining public feedback on proposals; it is one form of engagement. The Council regularly consults communities through process such as the long-term plan which determine Council's strategic direction as well as how it sets budgets and prioritises projects.

The Council will consult the community on significant decisions, following the principles set out in section 82 of the Act (see Part 9). Council can also decide to consult at any time on a decision, where it considers that appropriate. For most Council decisions, there is no express requirement to consult the public, but we will consider people's views and preferences.

Engagement is a broader and ongoing process of sharing information with the community and seeking its feedback, with the purpose of involving the community in the process of decision making. This process may include a more formal consultation process to meet legal requirements. Our approach to engagement is set out in section 6.

There is a general expectation of officers that for more significant decisions they will have a communication and engagement plan which will apply the principles of IAP2 engagement spectrum. Business units should work with engagement staff on how this can be applied to specific decisions.

The details of this are not included in this policy.

Assessment criteria

The Council must determine the level of significance of a decision based on criteria identifying the level of significance and the likely impact of the decision on the current and future wellbeing of the city. It must also take into account any persons likely to be particularly affected by or interested in the decision and the capacity of the Council to perform its role, as well as the financial and other costs of doing so.

The criteria for assessing the degree of significance

The Council's criteria for assessing the degree of significance of a decision are:

- the level of importance to Wellington City
- the level of community interest
- the consistency of the proposed decision with existing policy and strategy; and
- the impact on the Council's capacity and capability.

The key factors to consider under each criteria are set out in Schedule One: The criteria and factors for assessing significance below. When a decision is indicated as "high" on two or more criteria it is likely to be highly significant.

2. Factors that guide the Council's decision making process

Decisions of high significance in the Long-term Plan

Decisions assessed to be of high significance to the Council and the community should normally be included in the Long-term Plan (LTP) process. This will ensure that they are linked to community outcomes, proposed in context with other major decisions, and put before the community within this planning and consultation process and timing.

Making decisions of high significance outside of the Long-term Plan

There will be decisions of high significance that must be made outside of the Long-term Plan process. The Council will ensure an appropriate engagement and decision-making process is followed and that this is addressed in a report to the Council. The Council will use the special consultative procedure when it is legally required to. Part 8 sets this out in more detail.

Reporting of decisions

All reports by officers to Council or a Council Committee which are seeking a decision will include a statement addressing the issue of significance. If the proposal is considered to be of high significance the report will describe how the relevant sections of the Act and this policy have been addressed.

When might the Council not carry out engagement?

There may be occasions when the Council may not follow this policy, for example where failure to make a decision urgently would result in unreasonable or significant damage to property, risk to people's health and safety, or the loss of a substantial opportunity to achieve the Council's strategic objectives. The Act sets out a process for the Council to follow if the Council has a good reason to make a decision outside of this policy.

Other Council decisions and levels of reporting

For decisions of low or medium significance, the Council will comply with sections 76 to 82 of the Act. For decisions to be made under delegated authority and for which there is no Council or committee report, the Council will not necessarily formally document the assessment of significance or the Council's compliance with sections 76 to 82.

The Council will ensure that, in fulfilling the above requirements, the level of attention, consideration, disclosure, and engagement taken is in proportion to the significance of the decision.

The Council will continue to make available all information regarding the decisions it makes in response to all written and verbal submissions from individuals and groups in the community.

Schedule 1: The criteria and factors for assessing significance

RATING	CRITERIA	KEY FACTORS TO BE CONSIDERED	ENGAGEMENT[7]
High	*When a decision is indicated as high on two or more criteria it is likely to be highly significant.*		
Eg: The Long-term Plan, decisions to transfer strategic assets to or from Council or to significantly alter the level of service provided by the Council of a significant activity (including to stop or start a new group of activity), major new roads, Local Alcohol Policy.	Importance to Wellington City	• Any decision that would significantly alter the level of service provided by the Council of a significant activity (including a decision to commence or cease such an activity) • Extent of costs, opportunity costs, externalities and subsidies • Uncertainty, irreversibility, and the impact of the decision in terms of the community's sustainability and resilience	Large-scale publicity and promotion. This may include an informal phase followed by more formal forms of engagement. Promotion though a range of channels and events, potentially including hui, a focus on online activities, newsletters and publications.
	Community interest	• High levels of prior public interest or the potential to generate interest or controversy • Large divisions in community views on the decision • A moderate impact on a large proportion of the community or a high impact on a moderate number of persons	
	Consistency with existing policy and strategy	• Decisions that are substantially inconsistent with current policies and strategies	
	The impact on Council's capacity and capability	• High capital or operational expenditure • A financial transaction with a value of greater than 10% of rates revenue in the year of the decision	
Medium *Eg:Works on main roads and action plans*		• Relationship to factors under high and low significance criteria	If the Council chooses to conduct engagement, targeted engagement with the affected audience, online engagement with surveys or social media, information through libraries or service centres, or promotion through local media.
Low *Eg: Redevelopment of community halls, park improvements, footpath and road works*		• Affects a limited number of individuals, to a low degree • Has very little public interest • Low consequence for Wellington City • Low impact on the Council being able to perform its role • Able to be reversed • Is a strong logical step from a prior decision	If the Council chooses to conduct engagement it might include localised promotion (eg display boards and local media) briefings, the website or social media. Targeted engagement, for example through service users where appropriate. Information online and in local libraries and service centres, surveys and open days may be appropriate.

7 The type and nature of the decision will guide how Council will go about communicating and engaging with its communities. Council will consider the extent to which community views and preferences are already known in designing the engagement process. This table provides an indicative guide to this.

3. The Council's approach to engagement

Early engagement

The assessment of the significance of proposals and decisions, and the level of community engagement, will be considered in the early stages of a proposal before decision making occurs and, if necessary, reconsidered as a proposal develops. The aim is to engage early so that the decision-making process is well informed by those impacted by any decision.

Informed engagement

The Council uses the International Association of Public Participation (IAP2) spectrum and decision-orientation approach which indicates different engagement approaches on a spectrum from providing information through to community empowerment.

IAP2'S PUBLIC PARTICIPATION SPECTRUM

The IAP2 Federation has developed the Spectrum to help groups define the public's role in any public participation process. The IAP2 Spectrum is quickly becoming an international standard.

INCREASING IMPACT ON THE DECISION →

	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
PUBLIC PARTICIPATION GOAL	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision making in the hands of the public.

The IAP2 Spectrum allows for different levels of engagement depending on the decision; it does not intend for all of the levels of engagement captured on the spectrum to be applied.

How does the Council engage?

The Council actively seeks to improve opportunities for engagement and ensure that final decisions take into account or have regard to the views of the community and those affected by the decision. The Council will monitor and report on how public input has influenced decisions. The Council works with communities on a number of levels including as customers, stakeholders, citizens, ratepayers, subject matter experts and partners. It views engagement as a genuine dialogue with its diverse communities to help Council make better decisions. Council has working relationships with groups including:

- mana whenua, iwi and Māori organisations
- community and business organisations
- government and education sectors
- residents and ratepayers.

The Mayor and Councillors have a responsibility to ensure there is effective community engagement. The Council's Community Boards are also responsible for communicating with local communities to help inform and communicate local communities' views.

As well as consulting on certain decisions we will seek to establish ongoing relationships with our communities to provide opportunities for matters to be raised which are not currently under consultation. We may do this in a variety of ways such as having a presence at markets and public spaces, through our ongoing conversation channels, front line staff, workshops and community events. The following is a list of channels the Council uses to have conversations with the community:

- Facebook
- Annual plans
- Twitter
- Reception
- Committee meetings
- Festivals
- Forums
- Libraries
- Long-term plans
- Radio
- Website
- Councillors
- Events

- Research panels
- Community boards
- Newspapers
- Surveys
- Frontdesk
- Community centres

In any engagement programme, the Council will consider how to meet the needs of our communities in respect of language, accessibility and cultural expectations. When the Council identifies a group that it believes should be involved but which is less able to participate due to capacity or skills required it may provide assistance to enable the group to participate.

We will involve participants who can provide information and expertise the Council may not otherwise have access to.

The Council will work with groups that represent a community or sector recognising that early engagement can facilitate improved mutual understanding between groups with different aspirations and perspectives.

Engagement with Māori

The Council acknowledges the unique status of Māori and the wider Māori community and is committed to ensuring that it provides opportunities for Maori to contribute to in the decision-making process. The Council is committed to providing relevant information to inform Māori contribution and improve Māori access to the Council's engagement and decision-making processes, as set out in section 81 of the Act.

The Council will work with the city's two mana whenua iwi, the Port Nicholson Block Settlement Trust and Te Rūnanga o Toa Rangatira Incorporated, to ensure their contributions are represented and their status is publicly recognised. Council recognises that early engagement with iwi is often the most effective - in particular for those decisions which have greater significance.

The Council affirms its obligations to involving Māori in decision-making processes as set down in the Act, which includes recognition of the Treaty of Waitangi.

4. Policy review

The Council will review the Significance and Engagement Policy every three years or as required. This will be amended and confirmed through public consultation if necessary, separately or as part of the Long-term Plan.

5. Special Consultative Procedure (SCP)

The special consultative procedure requires the Council to prepare a statement of proposal and make this publically available (and make the summary or a full proposal widely available). It must allow feedback of at least 1 month. Council must ensure people are given an opportunity to present their views to Council through spoken interaction (or using sign language).

The Council must use the special consultative procedure for some plans and processes including:

- adopting or amending a Long-term Plan;
- adopting, amending, or revoking bylaws of significant interest to or impact on the public (for all other bylaw matters Council will consult following the principles in section 82 of the LGA);
- adopting, amending or revoking a Local Alcohol Policy; and
- setting rates.

Unless already explicitly provided for in the Long-term Plan, we will seek to amend the Long-term Plan using a special consultative procedure, when proposing to alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of Council, including commencing or ceasing such an activity; and when transferring the ownership or control of strategic assets, as listed in Part 11.

In these circumstances the Council will develop information that meets the requirements of section 82A of the Act, making this available to the public, allowing submissions for a period of at least 1 month, and will consider all submissions prior to making decisions.

6. Principles of consultation

When carrying out consultation, Council will follow these principles of consultation (from section 82 of the Act)

a) identify people who will or may be affected by, or have an interest in, the decision;

b) provide them with reasonable access to relevant information in an appropriate format on the process and scope of the decision;

c) encourage people to give their views;

d) give people a reasonable opportunity to present their views in an appropriate way;

e) listen to, and consider those views, with an open mind; and

f) after the decision, provide access to the decision and any other relevant material.

Where the Act requires Council to consult on a particular draft policy or decision, Council will prepare and make available:

- a description of what it intends to do, and why;
- an analysis of the practical options (with advantages and disadvantages); and
- a draft of the policy or relevant document (or details of the changes to any policy or document).

7. Strategic assets

The Act requires that any decision that significantly alters the level of service provided by the Council of a significant activity (including a decision to commence or cease such an activity) or transfers ownership or control of a strategic asset to or from the Council must be explicitly provided for in the Long-term Plan and can only be consulted on in the Long-term Plan, in accordance with section 93E of the Act[8].

Legal framework Strategic assets are defined in section 5 of the Act as: "...an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community; and includes:

a) *any asset or group of assets listed in accordance with section 76AA(3) by the local authority; and*

b) *any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy; and*

c) *any equity securities held by the local authority in:*

   I. *a port company within the meaning of the Port Companies Act 1988:*

   II. *an airport company within the meaning of the Airport Authorities Act 1966."*

Section 76AA (3) of the Act requires that the Council "must list the assets considered by the local authority to be strategic assets." These assets are determined to be important to achieving the Council's community outcomes. In addition, assets or groups of assets are listed as strategic if the Council ownership or control is essential to the long-term provision of the associated service.

Group or Whole-of-Asset Approach

The Council takes a group or whole-of-asset approach[9] i.e. it means the group assets as a whole and not each individual asset within the group. Without limiting the application of this provision to other assets, the following examples of the application of this policy to group assets are given:

- "Water supply network assets" means those group assets as a whole and not each individual pipeline, reservoir, and pump station. The Council does not consider that the addition or deletion of parts of that group asset (being a part of the group asset as a whole) will affect the overall group asset's strategic nature.
- "Roading assets" and "reserve assets" mean those group assets as a whole. Therefore, if the Council acquires land for a new road (or the formed road itself) or new reserve lands as a result of subdivision, those additions are part of the day-to-day business of managing the roading and reserves assets.
- Decisions that involve the transfer of ownership or control of an element of a group strategic asset where the remaining assets of the group still enable the Council to meet its strategic outcome will not on their own be regarded as a strategic asset. Examples include:
  - decisions to facilitate the development of the waterfront in accordance with the Waterfront Framework (April 2001) or other similar policy for the waterfront
  - disposal of former roads, provided that the Council has followed the road stopping processes under the Public Works Act 1981
  - disposal of individual reserves, provided that the Council has followed the procedures in the Reserves Act 1977 or the Local Government Act 2002 for areas managed as reserve but not covered by the Reserves Act. The Wellington Town Belt Act 2016 does not allow removal of land from the Wellington Town Belt except under the provisions of the Public Works Act 1981.

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8 Section 93E of the Local Government Act 2002 covers the additional content of consultation documents for adoption or amendment of a Long-term Plan where section 97 applies to proposed decision.

9 Does not apply to equity securities in Wellington International Airport Limited

8. Schedule of Strategic Assets

Assets the Council owns that are strategic assets under section 5 of the Local Government Act 2002:

- equity securities in Wellington International Airport Limited[10]
- the public rental housing held by the Council to maintain affordable housing

Assets the Council has determined to be strategic assets:

- the sewage collection, treatment and disposal system, including the sewer network, pump stations and treatment works
- the land drainage system, including the stormwater pipe network, waterways, and retention areas.
- the water supply system, including reservoirs, pump stations and reticulation
- the roading network, including the public transport infrastructure system and pedestrian networks
- the shareholding in Wellington Cable Car Limited
- the library service
- swimming pool facilities
- the ASB Sports Centre and network of recreation centres
- community centres
- waterfront land and assets held on trust by Wellington Waterfront Limited for the Council
- all of the land and buildings in the area within the Civic Square Heritage Area, as defined in the Design Guide in the District Plan (Volume 2 - Character Area Design Guides)
- the Wellington Town Hall
- the Michael Fowler Centre
- the buildings and collections of the Wellington Museum, City Gallery, Colonial Cottage Museum, Wellington Cable Car Museum and the Carter Observatory
- St James Theatre, Opera House, and the Embassy Theatre
- artwork and literature collections, including public art and collections held by libraries
- reserves lands, including the Wellington Town Belt, land held under the Reserves Act and land used for parks, cemeteries, gardens, sports fields and recreational areas
- the core data set used to deliver Council services
- the Council's brand, Absolutely Positively Wellington - Me Heke ki Pōneke
- Wellington Zoo
- the assets of Zealandia – the Karori Sanctuary Trust that are owned by the Council
- Kiwi Point quarry
- Southern Landfill.

10 The Council's group or whole-of-asset approach does not apply to these assets

Directory

The call centre and website are your first points of contact for all Council services, including building and resource consents, complaints and queries, liquor licensing, animal control, food safety, parks and recreation facilities, Council meetings and consultation, cemeteries, landfills, transport issues, rubbish and recycling collection, parking, rates, events, archives and community services.

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ISSN: 1171-2279

Published by Wellington City Council,
101 Wakefield Street, Wellington, New Zealand.

Cover:
Cuba Dupa 2016
Photo: Amandala Photography
amandala-photography.com

J006197

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