

# **APPENDIX 1**

**WELLINGTON CITY COUNCIL ANNUAL PLAN 2008/09**

# APPENDIX 1

This is Wellington City Council's annual plan for 2008/09.

It explains what we're planning to do in the coming year, why we plan to do it, how much it will cost, and how we will pay.

It's our response to the key issues facing the city, and to your feedback. Before we finalised this plan, we listened to the views of the hundreds of Wellingtonians who made submissions on our draft annual plan.

# APPENDIX 1

## OVERVIEW

Message from the mayor	x
Message from the chief executive	x
Your views	x
Our role	x
Snapshot of the city	x
Our work (including new projects for 2008/09)	x
Rates, charges and spending	x

## OUR ACTIVITIES IN DETAIL

### **Urban development**

Urban planning and policy	x
Building control and facilitation	x
Development control and facilitation	x
Earthquake risk mitigation	x
Public space development	x

### **Transport**

Transport planning and policy	x
Transport networks	x
Parking	x

### **Economic development**

City promotions, events and attractions	x
Business support	x

# APPENDIX 1

## **Environment**

Gardens and beaches	x
Green open spaces	x
Water	x
Wastewater and stormwater	x
Waste reduction and energy conservation	x
Environmental conservation attractions	x
Quarry	x

## **Cultural well-being**

Galleries and museums	x
Heritage	x
Community arts and cultural support	x
Arts partnerships	x

## **Social and recreation**

Libraries	x
Recreation facilities and programmes	x
Public health and safety	x
Housing	x
Community support	x

## **Governance**

Maori engagement (including mana whenua)	x
Information, consultation and decision-making	x

## **FINANCIAL FORECASTS**

Funding impact statement	x
Forecast financial statements	x
Significant accounting policies	x

# APPENDIX 1

## APPENDICES

Council-controlled organisations	x
Fees, charges and funding targets	x
Council outcome indicators	x
Mayor and councillors	x

# APPENDIX 1

## A MESSAGE FROM MAYOR KERRY PRENDERGAST

This plan is about building on the city's strengths – it has been adopted following consultation with the public.

In this plan, we're taking some small but potentially significant steps towards our goal of being carbon neutral.

We're investigating some options for turning the Southern Landfill into a producer of sustainable energy. One option is development of a wind farm within the landfill. Another is through the possible conversion of sewage sludge into electricity or LPG by installing a bioreactor.

We're also investigating how Wellingtonians use transport and make transport choices, so we can determine how to encourage more sustainable options such as walking and taking the train or bus.

And we're taking steps to encourage more sustainable building practices such as installation of solar water heating and micro electricity generation systems, both by offsetting resource consent fees and by providing free eco-design advice to builders, architects and homeowners.

We've also committed to some other new initiatives such as making Courtenay Place safer and more vibrant, boosting online promotion of Wellington tourism,

# APPENDIX 1

installing artificial turf on one of the city's well-used sports fields, funding the National Children's Arts Festival and an annual Pasifika Festival, and we've committed funding to make progress on bringing high-speed broadband to the city by 2012.

This year's new projects add to our ongoing work programme, which includes key infrastructure such as the city's water supply and transport and drainage networks, provision of parks and green spaces, plus funding of a wide range of events, recreational and social services, and work to guide the city's building and development. As always, by far our biggest areas of spending are on infrastructure such as the water, drainage and transport networks.

We received more than 400 submissions on our draft annual plan. Your views have informed our decision-making and helped us to alter or confirm our plans accordingly. Thank you to those of you who took the time to have your say about the future of our city.

We can all look forward to another fantastic year of progress towards making Wellington even better.

[signature]

KERRY PRENDERGAST

# APPENDIX 1

## A MESSAGE FROM CHIEF EXECUTIVE GARRY POOLE

Welcome to the Wellington City Council's 2008/09 annual plan.

We are forecasting total operating expenditure of \$329 million, which represents an average real rates increase of 5.18%, after allowing for growth in the ratepayer base.

We acknowledge that rising fuel and food prices are placing pressure on many household budgets, and that higher rates can add to that pressure. While we would have liked to hold the rates increase below 5.18%, doing so would have required cuts to the services we provide.

Although a small number of people who commented on our draft annual plan asked us to defer some work to keep the rates increase down, the balance of opinion was in favour of new projects, and there was opposition to non-urgent deferrals that we had outlined.

It is important to note that, while councillors have committed to some new projects for 2008/09, to a large extent the increase in total rates reflects increasing cost pressures we face in delivering key services such as maintaining the transport network and looking after the city's environment. Like you, we are facing higher fuel and energy costs.

It is also important to note that despite this year's increase, Wellington rates are not high by national standards.



# APPENDIX 1

Finally, in the coming year we will be reviewing our entire work programme as we develop our next long-term plan, which will cover the period from 2009 to 2019.

As part of this review, we will be asking residents to take a close look at the work we do, and give us a clear indication of where we should draw the line between affordability and quality of service. We hope, from that feedback, to be able to develop a programme that meets residents' aspirations for the city.

This is a key challenge - one that needs your input.

[Signature]

GARRY POOLE

# APPENDIX 1

## YOUR VIEWS

We listened to your views before completing this annual plan.

**We received 438 written submissions on our draft annual plan.**

In addition, 68 people met councillors in person to comment on our plans for the year, and we carried out a public opinion survey to get the views of a wider cross-section of Wellington residents.

All submissions were read and analysed, and all were provided to councillors. They were also made publicly available.

Everyone who makes a submission receives a response from the Council regarding the main points raised in their submission.

**Most submitters supported the Council's proposed new projects.**

Just over half of the comments we received were about proposals for new projects. For almost all of the proposals, the balance of submissions was in favour of the

# APPENDIX 1

Council going ahead and funding the project.

Where the Council was proposing to defer or reduce spending in order to keep rates down, the balance of opinion was opposed to these changes.

## **We've made changes as a result of your feedback.**

Our Strategy and Policy Committee – which is made up of elected councillors and the mayor – considered your feedback in mid June. It provided recommendations to Council, which made its final decisions in late June.

The programme outlined in this document is not the same as the one outlined in the draft plan. The changes include:

- We've committed \$200,000 to make progress on our vision of bringing high-speed broadband to the city by 2012. Our proposal is likely to involve a regional approach to the Government's \$500 million Broadband Investment Fund.
- We've decided to hold marina fees at current levels, rather than increase fees as we had proposed in our draft annual plan.
- We've decided not to provide funding for a feasibility study into establishing an orchestral scoring stage in Wellington.
- We've budgeted for a new eco design advisor service to help designers, builders and homeowners with information about making homes more energy-efficient and sustainable. The budget for this project is \$70,000 a year.

# APPENDIX 1

- We're increasing resources to allow us to respond to legal challenges to planning decisions. We're budgeting an additional \$430,000 for this work.
- We're budgeting an extra \$60,000 per year to better inform neighbours of adjacent landowners (that have applied for resource consents on residentially zoned sites) about planned developments.
- We've agreed for Wellington Waterfront Ltd to draw-down their funding earlier than originally planned. The additional funding will be repaid in full once the commercial proceeds from waterfront developments are secured.

During the consultation period we also received many requests for funding support. Requests were made to: increase the number of public swimming pools; provide more sportsfields with artificial surfaces, upgrade existing community facilities and establish new ones, help community groups with relocation costs, upgrade Cobham Drive foreshore area, restore the Shipwright building at Shelly Bay, restore sand dunes on the South Coast, upgrade Kelburn Parade and many many more.

Councillors considered all funding requests in detail but did not support them being funded in 2008/09. Like you, we are facing increased inflationary cost pressures and have worked within tight budgetary parameters to deliver this plan and an acceptable rates rise. Any accommodation of the funding requests would have increased the rates rise for 2008/09. In some circumstances, funding requests will be considered further as part of the development of the next long-term plan.

# APPENDIX 1

## OUR ROLE

Our job is to look after Wellington, now and into the future.

**Under the Local Government Act, we have two key roles. 1. To promote the well-being of Wellington and its people. 2. To facilitate democratic local decision-making.**

The Wellington City Council is made up of 15 elected representatives – the mayor and 14 councillors. It's their job to make bylaws, set the city's overall strategic direction, and approve budgets, policies and plans aimed at achieving that direction. A key part of their role is to listen and take the pulse of the community before making decisions.

The elected representatives are supported by the Council's chief executive and 1,450+ staff, who provide advice, implement Council decisions, and look after the city's day to day operations.

**We aim to manage the city in line with community aspirations.**

After public consultation during 2005 and 2006, we set 13 long-term goals (or "outcomes") for Wellington – that the city will become more liveable, develop a stronger sense of place, and become more compact, eventful, inclusive, actively

# APPENDIX 1

engaged, sustainable, safer, healthier, better connected, prosperous, competitive, entrepreneurial and innovative.

The projects we fund – both the new projects explained over the next few pages and our ongoing work programme explained in the *Our activities in detail* section of this report – aim to fulfil these community expectations.

## **This annual plan is part of a longer-term planning process.**

The Local Government Act requires us to plan in three-year cycles. Every three years, we publish a *long-term plan* setting out our intentions for the decade ahead – what we'll do, how we'll do it, how much we'll spend, who will pay, the levels of service we'll provide, and how we'll measure the quality and effectiveness of our work. Our last long-term plan was in 2006; our next will be in 2009.

In-between these long-term plans, we take a fresh look each year at our work programme and consider whether any changes are needed – such as revisions to our budgets or new projects to help deal with issues or challenges facing the city. After public consultation, we publish an *annual plan* (this document).

## **We'll make ourselves accountable by reporting on how we do for the year.**

Every year, we also publish an annual report. This sets out how we performed against the long-term plan or annual plan for the year. Did we do all we said we'd do? Did we meet our budgets? Did we do as good a job as we should have? Did we contribute to improvements in the overall well-being of Wellington and its residents? The report is made available on our website and through libraries and service centres, and a summary is sent to all Wellington households.

# APPENDIX 1

## SNAPSHOT OF THE CITY

	<i>Wellington city then</i>	<i>Wellington city now</i>	<i>Did you know?</i>
<i>Population</i>	In 2001, Wellington city had a population of 167,187 – 39.1% of the region's population.	Wellington city has an estimated population of 190,500 – 40.5% of the region's population.	Wellington's population is expected to grow to 231,700 by 2031.
<i>Employment</i>	In 2001, 108,910 people were employed in Wellington.	137,260 people are employed in Wellington city.	Property and business services employs more Wellingtonians than any other industry.
<i>Earnings</i>	In 2004, the average employee earned \$25.93 per hour.	Wellington city employees earn an average of \$29.40 per hour.	Wellington city employees have the highest average hourly earnings of all major cities in New Zealand.
<i>Transport</i>	In 2001, 30% of people used public transport, 52% drove and 14% walked.	34% of Wellingtonians who travel into central Wellington on a weekday use public transport, 45% use a car and 10% walk.	Wellington city has the largest proportion of residents who use public transport of all major cities in New Zealand.

# APPENDIX 1

<i>House prices</i>	In the March 2005 quarter, the average home cost \$315,800.	In the December 2007 quarter, the average home cost \$431,000.	Wellington city average home prices are the second most expensive in New Zealand, behind Auckland.
---------------------	---	--	--



## OUR WORK

including new projects for 2008/09

### URBAN DEVELOPMENT

Our urban development work includes enhancing the waterfront and city and suburban centres, developing public spaces such as urban parks and squares, looking after heritage sites, assessing and issuing building and resource consents, ensuring earthquake-prone buildings are strengthened, and planning for the city's future development.

The significant growth expected in Wellington over the next 20 years creates some challenges. We're aiming to respond to those challenges in ways that are sustainable and preserve the city's special character.

A key priority through to 2009 and beyond is to improve land use and transport by focusing development along a 'growth spine' stretching from Johnsonville in the north, to the central city, and Newtown and Kilbirnie in the south. Other priorities include improving the way we manage infill development in residential areas, and improving the quality of the city's urban design.

# APPENDIX 1

## **New project: promotion of sustainable building**

Significant amounts of energy are used in the city's homes and buildings – to run appliances, heat water, and provide lighting and heating. Many buildings would benefit from design features such as better insulation, solar water heating, and better design to make use of the sun's warmth.

To promote sustainable design and building:

- We're employing an eco-design advisor to provide free advice on ways to make buildings more energy efficient and sustainable.
- We're offsetting building consent fees for new and retrofitted residential dwellings that make use of sustainable building features including solar or heat pump water heating, wood pellet stoves with 'wetbacks', and micro electricity generation.

## **New project: heritage patent slip**

The 17-tonne, 4.5 metre cog was the main driving wheel at the former Evans Bay patent slip, which was Wellington's main ship maintenance facility from 1872 until it closed in the early 1970s. When the slip was closed in 1985, the cog was mounted on a concrete pad, where it remained until it was removed for the recent redevelopment of Cog Park.

Now that redevelopment of the park is complete, we will restore the cog and mount it on a concrete-and-wood platform – displaying the cog in a way that will give an impression of how it would have looked in use.

# APPENDIX 1

## **New project: earthquake-prone buildings**

For the past two years, we have been assessing older buildings in the city and taking steps to deal with those identified as earthquake-prone – for example, by requiring owners to carry out strengthening work. This work is legally required, and involves assessment by engineers, liaison with building owners, and sometimes efforts to enforce requirements to bring buildings up to appropriate safety standards.

This year, we're increasing our budget for assessing and dealing with earthquake-prone buildings.

## **New project: resource consent fees waiver on heritage buildings**

Heritage buildings add to the city's character. Preserving them makes a difference to the city's appearance and to our sense of identity as Wellingtonians.

Heritage buildings are listed in our District Plan, which places restrictions on demolition, renovation and other changes that might affect the building's heritage value.

To encourage restoration of heritage buildings, we already provide grants to developers and others to ensure that heritage buildings and assets contribute to the city's character.

Starting this year, we will also waive some resource consent fees on listed heritage buildings. This initiative acknowledges that protecting a heritage building by listing it in the District Plan can impose costs on building owners by restricting

# APPENDIX 1

what they can do with the building.

## **New project: planning and resource consents**

The District Plan contains restrictions on building and land use in the city. These restrictions aim to prevent environmental harm, ensure developments are appropriate for their surroundings (for example, buildings don't breach height restrictions), and protect neighbours from adverse effects such as noise or water runoff.

In 2008/09, we're increasing staff numbers in our planning team, so that we can better inform residents about resource consent applicants on neighbouring properties, and so that we can improve monitoring of property owners' compliance with resource consent conditions.

We are also budgeting for increased legal costs associated with changes to District Plan requirements and to appeals against resource consent decisions.

## **New project: anti-graffiti squad**

In 2007/08, we trialled an anti-graffiti squad tasked with eliminating graffiti from the city's public spaces and, if owners consent, also from private property facing public areas. The squad also had the job of making certain areas unattractive for graffiti, for example by installing murals. We have committed to extending the trial through 2008/09 before making a decision about whether to make the anti-graffiti squad a permanent service.

# APPENDIX 1

## TRANSPORT

We look after 670km of streets and roads, as well as footpaths, cycle lanes, traffic signals, car parks and so on.

We also: support public transport through bus priority measures such as bus lanes, letting buses go first at traffic lights, and providing bus shelters; work suburb by suburb to improve traffic safety; and plan to ensure the city's transport network meets future needs.

Our transport system is generally performing well – Wellington's streets are safe by national standards, we're relatively high users of public transport, and most residents believe the city is easy to get around.

However, we do face challenges such as ensuring the transport network can keep up with growing demand, and reducing harmful environmental effects such as noise, water and air pollution.

For the period to 2009, key priorities include managing demand on the transport network, advocating for investment in the city's state highway network, further developing our bus priority measures, and improving access to the port and ferry terminals.

### **New project: household travel survey**

One effective way of reducing Wellington's carbon emissions and roading

# APPENDIX 1

congestion is to shift from private cars to other forms of transport, such as buses, trains, cycles, and walking. Though Wellingtonians are already high users of public transport by national standards, almost half of us still use our cars to get to work.

To encourage greater use of other forms of transport, we first need to understand the reasons for Wellingtonians' current transport choices and what barriers there might be to change. We're planning to gather this information through a comprehensive survey, which will inform our long-term planning on transport including efforts to encourage cycling and walking.

## **New project: access to Hataitai Park**

We are planning several changes to improve access to and through Hataitai Park. The changes include: traffic lights and pedestrian access at the main entry at the intersection of Ruahine and Goa Streets, a reconfigured roading network within the park, and increased parking. The proposals will make the park more accessible for walkers/cyclists and for public transport, and reduce traffic congestion within the park.

## **ECONOMIC DEVELOPMENT**

We work to attract major events such as the World of WearableArt Awards and the International Sevens. We also fund tourism promotions, and support attractions such as Te Papa and conference venues such as the Wellington Convention Centre.

To support businesses, we provide free weekend parking in the city and advocate

# APPENDIX 1

for the city's interests to central and regional government and to regional economic development agency Grow Wellington.

Key economic development challenges are to make the city more internationally competitive, foster innovation and entrepreneurship, and lift Wellington's sustainable economic growth.

The key priority for the period to 2009 is to strengthen the city's status as a centre of creativity and innovation.

## **New project: high-speed broadband**

High-speed broadband is essential infrastructure for any city that aspires to provide world class services to its businesses and residents. The Council has adopted a vision of making high-speed broadband available throughout the city by 2012.

The Government also aims to support improved broadband and, in its 2008 Budget, provided \$500 million to support urban broadband projects. In 2008/09, we will carry out planning and feasibility work to develop options for supporting the development of high-speed broadband throughout the region, possibly including a regional application for government support.

## **New project: online tourism marketing**

People spend more and more time online, and are increasingly likely to use online sources when they're making travel decisions and buying tickets. We've budgeted additional funding for Positively Wellington Tourism to step up its online presence,

# APPENDIX 1

turning its website – [www.wellingtonnz.com](http://www.wellingtonnz.com) – from a static site to a fully interactive experience where users can research, plan and book trips to Wellington and interact online with other visitors to the city.

The project includes a new online booking system, clearer links between [www.wellingtonnz.com](http://www.wellingtonnz.com) and other Wellington tourism websites, and new content and applications to integrate the site with online social media.

We are also increasing Positively Wellington Tourism funding to provide for increased staffing costs and trustee fees.

## ENVIRONMENT

We look after the city's 34+ square kilometres of reserve land, as well as beaches, coastline, and botanical gardens. We fund the Zoo and the Karori Sanctuary.

We also: provide water supply, stormwater and sewage disposal; provide recycling and waste disposal services; offer grants for environmental initiatives; run the Kiwi Point Quarry; and promote energy efficiency and sustainability.

The environment is by far our biggest area of spending.

Though Wellington enjoys a stunning natural environment, we also face some significant challenges. Like other cities, we need to find ways of becoming more sustainable – to address broad issues such as climate change – by producing fewer greenhouse gas emissions, dumping less waste, using resources such as water and energy more efficiently, and protecting biodiversity and ecosystems.



# APPENDIX 1

Over the period to 2009, key priorities include promoting water and energy efficiency, improving protection of streams, developing a coherent plan to address biodiversity issues, and strengthening our partnerships with stakeholders to increase environmental awareness, community participation, and the achievement of environmental goals.

## **New project: Karori Sanctuary visitor centre**

The Karori Sanctuary is planning a new 'Gateway' incorporating a visitor and education centre, shop, café and conservation displays. The centre, to be funded through Council and government loans, has been delayed by more than two years – partly because it took the Sanctuary longer than expected to secure government funding for the project, and partly because design work for the centre was held up when a geotechnical survey found unexpected issues with the stability of a bank behind the site.

The 'gateway' will provide the Sanctuary with additional revenue. The delay means the Sanctuary needs operational funding to sustain its current operations until the gateway opens. We are providing this 'bridging' funding over the next two years.

## **New project: pest and weed control**

Our Biodiversity Action Plan aims to protect and enhance biodiversity by providing habitat for native plants and bird life, restoring and preserving streams and other ecosystems, and planting.

A key part of this work is our Pest Management Plan – in which we work to get rid of weeds and pest animals such as possums, rabbits, and goats and ferrets from

# APPENDIX 1

key native ecosystems and other areas of land across the city. In this work, we are supported by the efforts of thousands of community volunteers.

We've committed additional funding to implement the Pest Management Plan, protecting native plants and wildlife, and reducing the risk that we'll need to carry out costly restoration work and remedial weed and pest control in future years.

## **New project: micro wind farm at Southern Landfill**

Carey's Gully, the site of the Southern Landfill, has potential as a wind farm for several reasons. The site has a similar wind profile to the Brooklyn wind turbine. There is electricity transmission infrastructure in the gully, and private sector interest in building a wind farm there. And wind technology has developed to a point where it is not only environmentally sustainable but also cost-effective way to generate electricity.

During 2008/09, we will carry out a feasibility study to determine whether a wind farm is technically and commercially viable, and would comply with planning and other laws, as well as determining who should own and operate it.

## **New project: converting sewage into LPG or electricity**

The Council late last year decided not to continue to compost sewage sludge at the Southern Landfill. Reasons included smell from the composting plant, cost, lack of market for the compost, and the emergence of new and potentially more sustainable ways to deal with the sludge.

We're now planning to investigate options for future disposal of sewage sludge.

# APPENDIX 1

Installing a bioreactor plant to convert sewage to electricity or LPG is one of the options that will be considered. Another is a joint Wellington–Porirua sewage drying plant.

## **CULTURAL WELL-BEING**

We fund the city’s popular art galleries and museums, operate Toi Poneke – the Wellington Arts Centre, and support the NZ International Arts Festival, the St James Theatre and the NZ Symphony Orchestra.

We also provide cultural grants, support community events and festivals, and run the City Archives.

Wellington’s arts and culture scene is thriving. Our key goal is to maintain this strength, and to ensure that all Wellingtonians can participate in the city’s cultural life.

Over the period to 2009, our key priorities include: protecting and enhancing local ‘sense of place’; enhancing the area at the top of the Cable Car; strengthening our partnerships with arts organisations; and engaging more effectively with grass-roots arts and culture communities.

### **New project: National Arts Festival for Children**

Capital E’s National Arts Festival for Children, held every two years, is a fortnight-long programme of dance, drama, music, story-telling, puppet theatre, circus and

# APPENDIX 1

more.

Since it was first held in 2003, the festival has become an integral part of Wellington's arts calendar. Last year, it attracted a total audience of 38,000.

Despite its popularity, the festival is not currently part of Capital E's core programme. Capital E therefore does not have any ongoing funding to run it.

We have committed to provide ongoing funding for the festival. The majority of the festival's \$450,000 annual budget will come from other sources including box office, community grants/sponsorship, and Creative New Zealand grants.

## **SOCIAL AND RECREATION**

We provide homes for people whose needs are not met by state housing or the private housing market, fund projects to help homeless people, support community organisations, and provide community centres and halls.

We also work to protect public health and safety through projects such as monitoring the city centre, banning liquor consumption in public in parts of the city, licensing food and liquor outlets, animal control, regulating other public health risks, providing toilets and cemeteries, and preparing the city to deal with emergencies such as earthquakes.

Our recreation work includes: providing libraries, playgrounds, swimming pools, recreation centres, sports fields and marinas; running recreation programmes; and reducing the costs of using sport and recreation facilities for people who have

# APPENDIX 1

community services cards.

Key challenges include providing for a population that is growing in size and diversity, and catering for a wider range of recreation activities.

Over the period to 2009, priorities include increasing the value of community facilities to their communities, promoting social cohesion and sound social infrastructure, and promoting participation in sport and recreation, particularly for youth.

## **New project: City safety and Courtenay Place**

We have committed to a five-year vision for Courtenay Place and surrounding streets, which will improve safety and address alcohol-related issues while helping the precinct to continue as the city's premier entertainment district.

The vision includes: a wider range of venues and more outdoor café seating; and a streetscape which accommodates late-night crowds while also providing for daytime and evening activities such as dining, movies, street theatre, live music and markets; and steps to address safety issues and reduce alcohol-related harm.

Specific plans include:

- A 24/7 central city liquor ban
- more Walkwise officers at key times
- installation of three new closed circuit TV cameras in Courtenay Place and two in other parts of the central city
- upgraded street lighting

# APPENDIX 1

- a late-night taxi stand and queuing system
- summer concerts in Courtenay Place Park
- redevelopment, over the next few years, of the Courtenay Place streetscape
- implementation of bus priority measures.

## **New proposal: Nairnville Park artificial surface**

Nairnville Park is a recreation 'hub' for northern Wellington with three sports fields, a recreation centre, playground, skateboard ramp and netball court. High levels of use have harmed the turf on the sports fields: in the past two seasons, fields have had to close a number of times to allow turf to recover.

In 2008/09, we will install artificial turf on the park's upper sports field. Installing artificial turf will:

- allow use to increase significantly
- allow for use in all weathers
- provide a better quality playing surface
- be cost effective – despite the installation costs, artificial turf costs less per hour of use than natural turf
- help protect other Nairnville fields from over-use
- enable the recreation centre to provide new programmes.

## **New project: Basin Reserve practice wicket**

The Basin Reserve is one of the country's premier test cricket grounds. We have agreed to consider providing funding support in 2009/10 to help the Basin

# APPENDIX 1

Reserve Trust build 11 practice wickets at the south-western corner of the ground, behind the Sir Ron Brierley Pavilion. While off-site practice wickets are not currently required at test cricket grounds, it is likely they will be required in future.

Building these practice wickets will allow players to practice while a match is in progress, and enhance the main field (where outdoor practice wickets are currently located).

## **New project: Pasifika Arts Festival**

We held the inaugural Absolutely Positively Pasifika Festival in February 2008. The festival acknowledges the important contribution Wellington's Pacific people make to the city's vibrant community life and the success of the festival has prompted calls for it to be held annually. We have committed funding to make the Absolutely Positively Pasifika Festival to be an annual event.

## **New project: a new floor for Thistle Hall**

The first floor of Thistle Hall on Cuba Street needs to be replaced to bring it up to appropriate safety standards. The hall has high levels of public use for dance, tai chi and other activities. Along with a new floor, we will carry out other changes to comply with the Building Act, including installation of a lift and toilets.

## **GOVERNANCE**

Our governance work includes running local elections, holding meetings of the

# APPENDIX 1

Council and its committees, producing policies and strategies to guide our work, seeking feedback on our proposals from members of the public, producing annual plans and annual reports to make ourselves accountable to residents, engaging with Maori and stakeholder groups, and providing information about our services and activities.

The key challenges we face are to increase participation levels and build trust and confidence in civic decision-making.

Our priorities for the period to 2009 include improving the transparency and quality of processes for public involvement in civic decision-making, and increasing participation rates in democratic processes.

## **Review of our work programme**

In the coming year, we'll undertake a comprehensive review of our work programme as we develop a new long-term plan for the city.

As part of this review, we'll be taking a fresh look at issues likely to face the city in the coming decade. We'll seek public views on our work and the city's future direction. And we'll ask for feedback on where to draw the line between providing high quality services and ensuring those services are affordable.

The long-term plan will set a general direction for 10 years and a detailed programme for three.

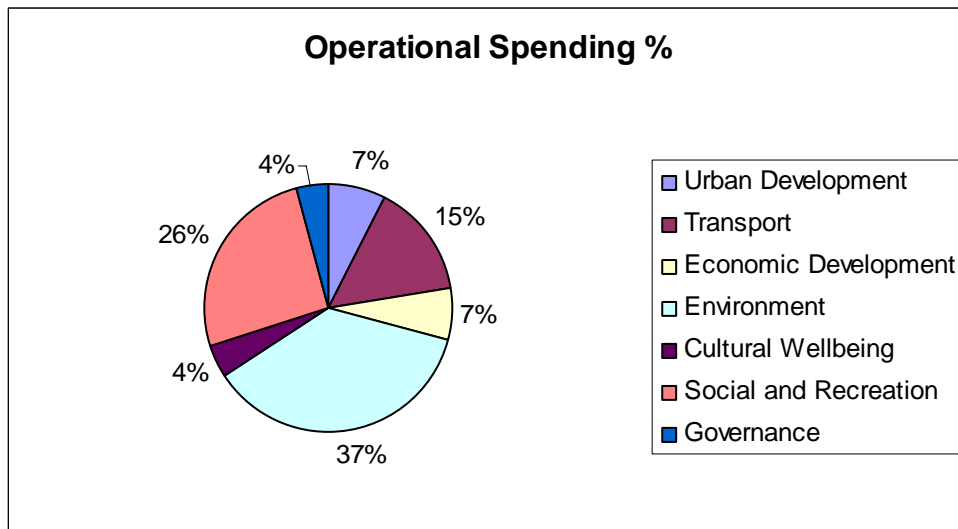


## RATES, CHARGES AND SPENDING

### OPERATIONAL SPENDING

We're forecasting total operational spending of \$329 million during 2008/09.

Operational spending provides for all of our day-to-day operations and services – things like waste disposal, water supply, operating the transport network, issuing building and resource consents, maintaining parks and gardens and so on.



Of our operational spending, 37% relates to the Environment strategy area. This includes spending on water supply, wastewater and stormwater, and parks and reserves. Other significant areas of operational spending include transport, and social/recreation services.

# APPENDIX 1

## RATES

**The average real rates will increase by 5.18%, after allowing for growth in the ratepayer base in 2008/09.**

The Council funds operational spending from a combination of general rates, targeted rates, user charges, grants/subsidies, and other income (such as dividends).

The Council sets targeted rates to fund costs associated with the Council's water, sewerage and stormwater systems. Separate targeted rates are set for Marsden Village, Downtown, and Tawa driveways.

There are two categories of general rates: the base general rate, and the commercial sector general rate. The Council has a rates differential in place that decides the share of general rates paid by residents and businesses. We are gradually reducing this differential over time. In 2007/08, the commercial sector general rate was 4.2 times higher than the base rate for a property of the same value. We are reducing this differential so that the commercial sector will contribute 3.8 times more general rate than the residential ratepayer for a property of the same value in 2008/09. By 2011/12, we aim to reduce this differential to 2.8:1.

# APPENDIX 1

**When we decide whether to fund a service from rates or other sources, we consider a wide range of factors including who benefits.**

Decisions about how to fund a service are guided by our Revenue and Financing Policy. Under the policy, for each activity we consider the following criteria:

- who benefits – individuals, an identifiable part of the community, or the whole community
- whether the people or groups who benefit could be excluded from the service if they don't pay, and whether excluding them would be fair and equitable
- whether the benefits will extend to future generations as well as current ones
- the 'polluter pays' principle – that people and groups should pay for harm they directly cause
- overall impact on social, economic, cultural and environmental well-being.

We then agree the proportion of funding that each sector will contribute to pay for each activity. For instance, tourism promotion is funded through the downtown levy (the retailers, restaurants, bars, hotels and other businesses located in the downtown area who benefit from visitors' spending), while our city safety programme, which benefits everyone, is funded through the general rate.

**The rates increase for 2008/09 is lower than we had previously forecast.**

In our amended 2006–2016 long term plan, we had forecast a rates increase of 7.1% for 2008/09. The lower-than-previously-forecast figure reflects our efforts to manage the city's finances efficiently and prudently, together with growth in the ratepayer base of the city. While we have committed to some new projects, we've

# APPENDIX 1

also sought operational efficiencies and rescheduled some of our work programme to keep the rates increase below previously forecast levels.

**The actual rates changes affect each household or property differently, depending on changes in capital value.**

The rateable capital value for the average residential property has increased by 13% to \$532,000 over the past year. The rates on this property for 2008/09 will be about \$1,836. Rates for your property will be higher or lower than this depending on the value of your property. It is important to note that an increase in the capital value of properties in the city does not mean that the Council automatically collects more rates. We set the overall level of rates to cover the operating expenditure of the Council less any external income (from sources other than rates) we receive. We then use, in most cases, the capital value of all properties to allocate the rates requirement.

The final rates increase for an individual property will depend on:

- the overall increase in the Council's rateable budget
- any changes in the rates differential or uniform rates applying to that property
- the growth in the number of rateable properties in the city (e.g. due to construction of new houses, apartments and business premises)
- the change in a particular property's capital value compared to the average change in capital value for other properties.

# APPENDIX 1

## Indicative residential property rates (without a water meter)

2008/09 Capital Values \$	2008/09 Rates \$
200,000	831
300,000	1,134
400,000	1,437
500,000	1,740
600,000	2,043
700,000	2,346
800,000	2,649
900,000	2,952

## Water rates

This year we are increasing the per cubic meter charge for ratepayers who have a water meter installed.

The last increase in the metered water charge was in 2004/05. This year we are increasing the charge for those ratepayers with a water meter installed from \$1.37 per cubic meter to \$1.58 per cubic meter to ensure that those with a water meter continue to pay their fair share of the costs of the water activity.

## REVENUE AND FINANCING POLICY

We have committed to make the following changes to our Revenue and Financing Policy:

- Building Control and Facilitation (i.e. building consents) – we are increasing the proportion of this activity to be funded through user charges from 60% to 65%
-

# APPENDIX 1

- Arts and Cultural Festivals – we are decreasing the proportion of this activity funded from non-rates revenue from 25% to 20%.

These changes will be formalised into the Revenue and Financing Policy when the long-term plan is revised next year.

## USER CHARGES

### **We're also changing fees and charges for some of our services.**

We are raising fees in a number of areas this year. The majority of these increases are minor and reflect cost pressures. Increasing fees by a little each year ensures that ratepayers are not over-subsidising services the Council provides, and helps to avoid larger increases in future. Activities where fees will increase from 1 July include:

- Development control and facilitation (resource consent fees etc.)
- Sandwich boards
- Landfill charges (recycling levy)
- Sports fields
- Burials and cremations.

In response to submissions on our draft annual plan, we have decided not to increase marina fees during 2008/09.

A full list of changes to fees and charges is included in the appendices

Decisions about user charges and ratepayer funding of each service are made in

# APPENDIX 1

accordance with our Revenue and Financing Policy, and depend on a range of factors including who benefits from the service (see above).

## **Trade waste charges**

This year we are introducing a trade waste charging regime, under which businesses that discharge trade waste into the sewer will pay charges that better reflect the cost of transporting, treating and disposing of this waste. This change will provide an incentive for these businesses to reduce the levels of trade waste they produce.

The Council will not collect any more money overall from the introduction of these charges. Instead, commercial ratepayers will pay a little less in sewerage rates.

## **CAPITAL SPENDING**

### **We're continuing to invest in the city's infrastructure.**

Capital spending pays for property, plant and equipment. This includes buying, building, developing and upgrading assets such as buildings, roads, bridges, water and stormwater pipes, and so on.

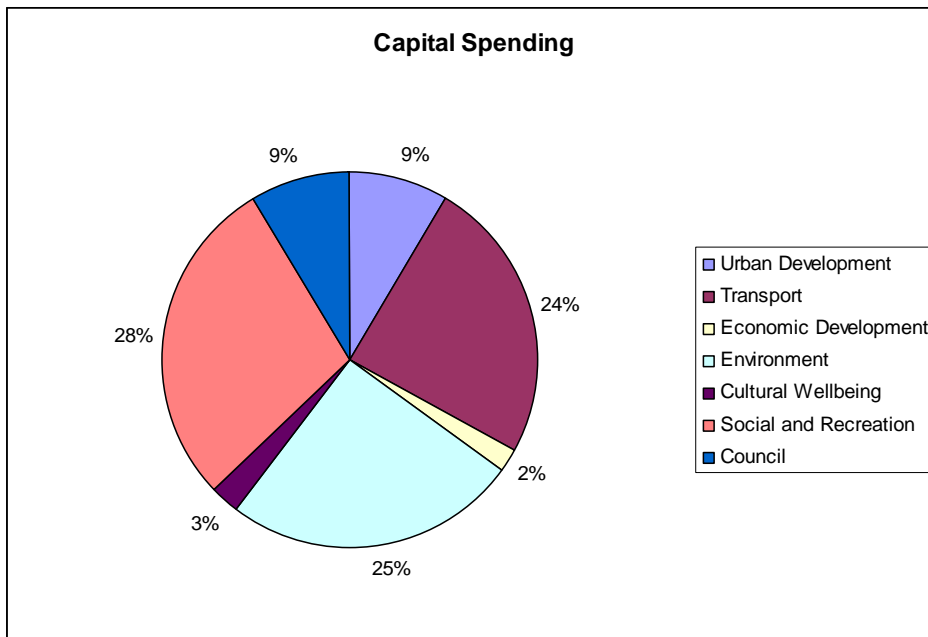
We fund capital expenditure from depreciation, borrowings, reserves and bequests, NZ Transport Agency and other subsidies, and development contributions. For asset renewals, the main funding source is depreciation. For new assets, the main funding source is borrowings.

# APPENDIX 1

We aim to manage our borrowing within the following targets:

- total Council borrowing is less than 10% of equity and less than 150% of income
- net interest is less than 15% of income and less than 20% of rates income
- liquidity is greater than 110%.

We're forecasting capital spending (excluding carried forward expenditure and loans to other organisations) of \$118 million for 2008/09. That's an increase of \$19 million from 2007/08, but compares favourably with our previous forecast for 2008/09 of \$145 million. This change reflects the reprioritisation of some capital works we'd budgeted for in our 2006–16 long-term plan.





# APPENDIX 1

## VARIANCES FROM LONG TERM PLAN

Each year we review the underlying assumptions and costs that make up each activity. For each activity we consider the impact of a number of factors, including:

- changes in direct costs
- updated forecasting assumptions (including changes to the forecast timing of projects)
- the allocation of indirect and organisational costs/efficiencies
- the appropriateness of inflation and CPI adjustments
- changes affecting our opening position (eg updated borrowings forecasts).

This means that the proposed costs for each activity may differ from those we had originally forecast for 2008/09 in our 2006–16 long term plan. Changes to service levels are explained in the Our Activities in Detail section of this document.