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Wellington City Council

Draft Long-Term Plan 2012-22

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Welcome to Wellington City Council's Draft Long Term Plan 2012-22

It explains what we plan to do over the next decade, why we plan to do it, how much it will cost, and who will pay. It's a draft – we're seeking your feedback before the plan is finalised in June 2012

[Insert map of Wellington]

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This draft long-term plan, prepared in accordance with the Local Government Act, covers the 10 years to 30 June 2022. Its legal purposes are: to describe our activities and community outcomes; to provide for integrated decision-making and co-ordinated use of resources; to provide a long-term focus for our decisions; to provide a basis for our accountability to the people of Wellington; and to provide an opportunity for public involvement in our decision-making.

This draft plan reflects our intentions at the time of adoption. Those plans are subject to consultation and as with any budget or plan, the actual results may vary from those forecast.

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A Message from Mayor Celia Wade-Brown

Towards a more resilient city

Last year we adopted the *Towards 2040: Smart Capital* vision for Wellington's future. It builds on our strengths and shows how Wellington can become a more people-centred, connected, eco-city with a dynamic centre. As your Council, we are optimistic about Wellington's future and want to move towards this vision. We propose to do this by investing in priority projects both within the central city and our suburban communities. We also plan to invest, in partnership with others, to strengthen and grow our local economy.

The Canterbury earthquakes and the tsunami in Japan have also reminded us that resilient infrastructure and communities are the foundation of a healthy city. Therefore we are committed to doing what we can to prepare the city to withstand, and then recover from, a natural disaster. Over the next decade, we are proposing to significantly invest in strengthening Wellington's reservoirs, roads, bridges, civic buildings and other assets, in order to increase their chances of withstanding significant earthquakes. We will also work with other building owners and communities to help them become more prepared.

We also recognise that Wellingtonians are feeling the effects of economic recession and uncertainty about employment. Therefore we plan to keep our rates and charges down, while also managing our debt in a sustainable way. Through our draft financial strategy we have set a rates target and limit for the 2011/12 year at 3.8 percent. In later years, the aim is to reduce the rates target so that by 2014/15 it is at the level of household inflation.

Therefore, this draft long-term plan demonstrates the Council is exercising restraint and is focussed on resilience and frugality. To balance our budget, we are also proposing to cut some lower priority spending, and to make modest and reasonable increases in user charges where justified. In some cases we are also proposing to defer, or give further consideration to, capital projects so we can afford those things that we must fund. Beyond this, we are largely proposing to maintain most services at current levels.

Further detail on all these changes are outlined in this plan, which is still a draft proposal, which you can influence. We genuinely want to hear your views on what we are proposing. Please take the time to read these, and have a say on your city's future.

CELIA WADE-BROWN MAYOR

A Message from Chief Executive Garry Poole

Effective management of the city's resources [still to be signed off]

Over the last 10-20 years, the Wellington City Council has made significant investments in the city's infrastructure. This has included the construction of, or improvements to, many facilities including the ASB Sports Centre, the City Gallery, the Wellington Regional Aquatic Centre and the Carter Observatory to name just a few. The development of these facilities has kept the city vibrant and moving forward.

However, each of these investments must be paid for, usually by borrowings. Borrowing to invest in assets means that future ratepayers, who will use and benefit from them, also contribute to their costs. We are mindful that our debt levels have risen in recent years, but they remain at a level that is prudent and financially sustainable. We will continue to manage our finances in a responsible way.

Recent changes in our legislation will see us adopt a new financial strategy, which requires the Council to set limits on future rates increases and borrowings. Having previously set voluntary limits on our borrowing, we have readily embraced these new requirements. However, they have come at a challenging time for us as we face cost increases above the rates of consumer inflation and significant financial commitments to fund earthquake strengthening and our weathertight building liabilities.

In order to address these challenges, the Council will continue to review its activities and make efficiencies. We will investigate and implement opportunities to improve our processes, use technology more and work more in partnership with others. The Council has also established a Councillor financial sustainability working party to review the Council's spending and services and carry out a strategic review of the way it does business. The group will look at the future of the services we provide and consider alternative service models and potential income-generating opportunities. Finally, as chief executive, I will be reviewing the organisation of the Council to ensure it is aligned and best positioned to deliver on our new priorities in the most efficient way.

Together these measures will result in a 5% reduction in our average funded operating expenditure over the next ten years. We are committed to being a Council that is easy to work with and delivers outstanding value for money.

We have outlined these proposals and trade-offs within this draft plan. We welcome your views and so I encourage you to have your say.

GARRY POOLE CHIEF EXECUTIVE

Our roles and responsibilities

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 mayor and councillors are supported in their work by the Tawa and Makara/Ohariu Community Boards.

The elected representatives are supported by the Council's chief executive and 1,400+ staff, who provide advice, implement Council decisions, and look after the city's day-to-day operations.

Responsibilities

We are responsible for community well-being

This means that Councils are responsible not only for core infrastructure such as water supply and transport networks but also for helping the community achieve its aspirations for prosperity, social cohesion, inclusiveness, and safety.

Roles we play

It is left to local authorities, working with their communities, to determine whether well-being is served by Council action, and if so what *type* of action the Council should take.

The range of options open to us includes:

- advocacy – using local knowledge/expertise to encourage others to act or fund services that contribute to well-being
- facilitation – bringing others together or providing guidance so others can act
- regulation – requiring others to act in particular ways, either to comply with legislative requirement or bylaws
- funding – either directly or through partnerships that leverage external funding, or
- providing a service – directly owning assets and providing services such as pools, libraries, roads, and water pipes.

In many cases, these are unique roles that can only be performed by Councils. At other times we are committed to adding value and playing a unique role, rather than taking on things that could be performed by others.

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Determining what action to take

Whether we take action at all, and what type of action we take, depends on a range of factors including:

- legislative requirement
- contractual obligation
- community expectations (see 'community outcomes', next page)
- costs and benefits, risks
- impact on others (for example, if we provide a service will someone else withdraw)
- our strategic direction (see next page).

Accountability

This draft plan is part of an ongoing 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 adopted in June 2009.

In-between these long-term plans, we take a fresh look each year at our work programme, consider whether any changes are needed, and publish an annual plan setting out changes to the long-term plan.

We consult before adopting these plans

Before we adopt long-term plans and annual plans, we seek Wellingtonians' views. Page XXXX explains how to make a submission on this draft long-term plan.

We make ourselves accountable by reporting on how we do for the year

Every September, we 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 perform as expected? Did we contribute to improvements in the overall well-being of Wellington and its residents?

Recent changes to our legislation also require Councils to produce a pre-election report. This report will summarise major projects planned for the following three years and financial information, including a statement that compares rates, rate increases, and borrowing with the quantified limits specified in our financial strategy.

This and our other reports will be made available on our website as well as through our libraries and service centres.

Our work is delivered through seven, interconnected areas of activity

As a Council, and in keeping with legislative requirements, we undertake a range of activities to promote the economic, environmental, cultural and social well-being. We group our diverse activities into seven areas called governance, the environment, economic development, cultural well-being, social and recreation services, urban development, and transport.

Our strategic direction

Our vision is for Wellington to be a smart city – an inclusive place where ‘people choose to live’. In the immediate future, our priorities will focus on earthquake preparedness, enhancing Wellington as place to live and work, and effectively managing the city’s resources.

The focus of this plan	
One vision	Wellington Towards 2040: Smart Capital
Four outcomes	<ul style="list-style-type: none"> A connected city An eco-city A people centred city A dynamic central city
Three priorities	<ul style="list-style-type: none"> An inclusive city where people want to live Resilient city A well managed city
Five important proposals	Growing our economy <ul style="list-style-type: none"> Regional Amenities Destination Wellington Major events and temporary venue Tourism marketing Te Papa funding Attracting long haul airlines Alternative initiatives
	Building resilience to earthquakes <ul style="list-style-type: none"> Water network Strengthening Council buildings Helping others to strengthen Heritage and support grants New fire fighting standards Energy efficiency programme Alternative initiatives
	Transportation <ul style="list-style-type: none"> Securing tunnels, bridges and walls Johnsonville roading improvements Cycling Alternative initiatives
	Maintaining Wellington as place where people want to live <ul style="list-style-type: none"> Central city framework and parks Waterfront projects Clyde quay marina NZ International Arts Festival Grants funding Artificial sportsfields Community facilities <ul style="list-style-type: none"> -Keith Spry pool -Johnsonville Library -Community centres Alternative initiatives
	Balancing our budget <ul style="list-style-type: none"> Making savings now Working smarter Financial sustainability working party Fees and charges

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Long-term vision and community outcomes

WELLINGTON 2040

Towards 2040 is a vision of Wellington as a smart, green city.

Towards 2040: Smart Capital is a long-term vision for Wellington, and a strategy to promote the social, economic, environmental, and cultural well-being of Wellington's communities now and into the future. It was adopted by the Council in September 2011 after extensive community participation.

It's a vision for a city that puts people first – a place that is welcoming and friendly, provides opportunities for all, strong neighbourhoods and communities, and embraces differences and changes.

It's a vision for a smarter and stronger economy – one that is based on knowledge, skill and innovation; that provides a wider range of exciting and rewarding jobs; that leads to greater prosperity, and is based on stronger connections between people and businesses both within the city and around the world.

It's a vision for Wellington as a leading eco-city – one that moves steadily towards a low-carbon future based on 'green' innovations that also provide an economic edge and support an outstanding quality of life.

Above all, it's a vision that positions Wellington for the future – one that's smart and sustainable.

COMMUNITY OUTCOMES

Community outcomes are required by the Local Government Act 2002. 'Outcomes' are goals or aspirations for the city and its communities. They are aimed at promoting Wellington's social, economic, environmental, and cultural well-being now and into the future.

In this long-term plan, our proposed community outcomes reflect the four strategic goals adopted in *Towards 2040: Smart Capital*. Those proposed community outcomes are:

- ***People Centred City***

Wellington's people are the city's greatest asset. Wellington's shape and character will continue to reflect the people who live in, work in, and visit the city. The city will be healthy, vibrant, affordable and resilient, with a strong sense of identity and 'place' expressed through urban form, openness and accessibility.

- ***Connected City***

Wellington will be a connected city, with easy access to regional, national and global networks. Connections will be physical, allowing for ease of movement of people and goods; virtual, in the form of world-class ICT infrastructure; and social, enabling people to connect with each other and with their communities.

- ***Eco City***

Developing Wellington as an eco-city means proactively responding to environmental challenges. It is important that Wellington takes an environmental leadership role, as capital city of clean and green New Zealand. Our many natural assets give the city a head start and opportunities as part of a green economy.

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- ***Dynamic Central City***

Wellington will be a city with a dynamic centre – a place of creativity, exploration and innovation. The central city will be a vibrant and creative place, helping Wellington to offer the lifestyle, entertainment and amenity of a much bigger city. The CBD will continue to drive the regional economy.

These proposed community outcomes will guide decisions about which services we provide and which activities we support over the next 10 years. In *Part 3: Our Activities in Detail*, you'll find explanations of how each activity supports community outcomes.

We will work with other organisations to further these community outcomes

The city's success in achieving these outcomes isn't a matter for the Council alone – it's a matter for all Wellingtonians.

We will work with government agencies, businesses, and a wide range of other organisations and groups to further these community outcomes. Depending on the circumstances, we will work in partnership with other organisations, or we will provide funding, or we will provide services, or we will play a facilitating role. As examples: we work with the Police on city safety; and our partnership with the government is helping us to upgrade our social housing complexes.

Part 3: Our Activities in Detail explains which key organisations we work with in relation to each activity.

We will monitor and report on progress towards these community outcomes

We will report on progress against community outcomes each year in our Annual Report. The results for community outcome indicators are drawn from a variety of sources, including surveys of city residents, Statistics NZ, Greater Wellington Regional Council, and others.

Our three year priorities

In this plan we want to address the immediate issues we face while also taking steps towards our long-term vision. We will also effectively manage the city's resources by working smarter. Consequently we are proposing to focus our efforts on the following three priorities.

Priority 1: Wellington – an inclusive place where people choose to live

Our economic future depends on our ability to attract and retain people, and employment opportunities, in our city. To do this, we will maintain our investment in those things that make Wellington a great place to live, while increasing our investment in activities that will grow the economy and make Wellington an even more attractive place to work, invest in and visit. By doing these things, we are taking the first steps towards achieving our community outcomes.

Priority 2: Resilient city

To maintain and enhance our city's resilience, we will prioritise investment in earthquake strengthening the city's key infrastructure and work with businesses and communities so that, as a

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city, we are better prepared for and can swiftly recover from such an event.

Priority 3: A well-managed city

We are committed to providing effective services that are good value for money. To achieve this priority, we will focus on simplifying our processes, making the best use of technology, working in partnership with others, managing demand ahead of investing in new assets, and looking for opportunities to reduce costs or generate income. This will help us stay within the parameters of our financial strategy by keeping rates affordable and managing our debt levels.

Our proposals

What's important to you?

To develop this plan, we have talked to a lot of people, undertaken research, and followed what people have said on issues being discussed in public. From all this, we think the key issues for people living and working in Wellington are:

1. The economy and jobs

The global financial environment is unstable. Some local businesses are struggling. People are concerned about getting or keeping their jobs. This has created a lot of uncertainty. It is important to all of us that Wellington's economy adapts to this changing environment. We want good quality jobs that keep people in the city, and we also want to attract and develop new businesses that will flourish here. There are great examples of creative and innovative businesses that are doing this and we want to see more.

2. Earthquake preparedness

The recent earthquakes have changed people's thinking about the likelihood of natural disasters and how to prepare for them. Wherever people lose their lives, we always think about what we can do to prevent it happening again. We are all now focussed how we can be better prepared for earthquakes and natural disasters.

3. Transport

This is an issue that people always want to talk to us about. People are concerned about parking, public transport, congestion and cycling. Different people have different views about these issues. However, everyone realises that how we move around the city is critical to our economy, quality of life, and environment.

4. Maintaining what's special about Wellington

People are passionate about Wellington and love all the great things there are to do here. They tell us that they like living in a creative, diverse, environmentally sustainable and inclusive city. We want these things about our city maintained, not see our city go backwards during these difficult times.

5. The cost of living / balancing our budget

The uncertain economic environment is making people very careful about how they spend money. People are concerned about the rising cost of basic things such as food, transport and housing. Our surveys have told us that people want Council rates to remain affordable. To do this, Councils have been challenged to budget carefully and keep rate increases down.

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Key proposals

These proposals set a course that will enable Wellington to thrive in a fast-changing world. We have balanced the need for immediate action to mitigate the potential impact of natural disasters while taking the first steps towards our 2040 vision. Have we got the balance right?

In developing this draft plan, we considered a large number of proposals for new activities, increased investment, and potential savings. We assessed these against our proposed new community outcomes and priorities. The following section summarises our proposals. It covers what we plan to do and items that we don't think are priorities at this time.

These are draft proposal – we want to hear your views on them. Have we got our priorities right? Should we be doing more to stimulate growth in the city? We you like to see other agencies delivering some of these services – should the Council play a different role? Are there alternatives to funding these activities or are you happy that rates cover the cost? Remember, every decision has an impact on rates.

Here, we have grouped the proposals by 'what's important to you'.

1. Growing our economy

There is uncertainty in the economy. The global financial environment is unstable. Some local businesses are struggling, central government is down-sizing, and people are concerned about getting or keeping their jobs.

There are also opportunities. The world is more connected than ever. The way that business is transacted is changing. The ability for people, businesses and investment to move around the world is easier – the choices open to them is greater than ever. And the offering of cities is at the heart of location choices.

These findings are what drove us to develop our *Towards 2040: Smart Capital* vision. We want our city and people to prosper now and into the future. To this end, we adopted a Digital and a new Economic Development Strategy during the early stages of this planning process. Through this strategy work, we identified where there were gaps in the provision of services and considered options around what role the Council should play in growing the local economy.

In one regard, this includes everything that is contained in our plan: the provision of local infrastructure – ie roads that provide for the exchange of goods; an urban environment that makes the city efficient to move around; facilities and services that are expected of modern cities; and steps to ensure we are working smarter – that we are 'open for business'.

More specifically it includes ensuring we have a presence internationally so that people and investors are aware of what the city offers and that this in turn results in a decision to visit, locate or invest here. We have been effective at this in the past and believe to not continue this work would impact on the city's prosperity long term.

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Regional Amenities Fund: Statement of Proposal – Local authorities in the Wellington region are proposing to establish a Regional Amenities Fund. More detail on this can be found in the “other proposals’ section of this summary.

Destination Wellington - We want to create jobs and support economic growth in the city. Destination Wellington is a programme of business investment and attraction activities that will be undertaken in partnership with Grow Wellington, New Zealand Trade & Enterprise, the new Ministry of Business, Innovation and Employment, Wellington Employers’ Chamber of Commerce, Kea (international business network) and other key stakeholders. Its purpose will be to attract increased levels of investment, talent and new business to the CBD and wider Wellington City area. We are planning to deliver this programme through a specialist delivery agency rather than in-house. This addresses a gap in service provision identified in the Council’s Economic Development Strategy and in the review of the Wellington Regional Strategy. It will ensure the ongoing competitiveness of the City in an increasingly competitive global market for investment and talent. This will cost \$1 million in 2012/13 and \$1.9 million per annum from 2013/14 onwards.

FIFA Under 20 Mens World Championships 2015 - We propose to bid for this event and host a range of games in the city. The costs are associated with bid preparation and liaising with football clubs and FIFA. We are planning to spend \$2.54 million in total on this event over the next four years.

The Hobbit world premiere - Wellington will host the world premiere of *The Hobbit* in late November 2012 by staging a parade, hosting guests, and staging a festival. This will cost \$1.1 million in 2012/13.

Positively Wellington Tourism – Australia marketing - We propose to continue to contribute to this marketing campaign, but at a reduced level than the \$1 million we have provided annually in the last three years. Visitor numbers from Australia have grown in recent years on the back of a successful marketing campaign. Our proposed funding of \$800,000 is contingent on matching funding being secured from third party parties.

Positively Wellington Venues – replacement venue for Town Hall -We propose to fund Positively Wellington Venues to refurbish the TSB Arena and Shed 6 on the waterfront as replacement venues for the Town Hall while it is being earthquake strengthened. The refurbished waterfront venues would not only meet the temporary need but also cater for additional demand for convention space, which PWV plans to generate. This will require capital funding of \$4 million in 2012/13.

Te Papa funding - We propose to reduce our funding to Te Papa so that we can direct those resources to other priority activities to grow our economy. From 2012/13 we plan to fund Te Papa

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\$1 million annually, a reduction of \$1.25 million from our current funding. We also plan to develop a clear agreement on how our funding will be used. Te Papa is an iconic and uniquely Wellington institution that is visited by 1.3 million visitors each year – with 350,000 of visitors from outside the city and just under 500,000 from overseas. We greatly value this attraction and want it to stay in the city. However, having funded Te Papa since it moved to its waterfront location, we now wish to reallocate a proportion of this significant funding to other economic development activities.

Long-haul airline attraction - We plan to continue supporting the attraction of a long-haul carrier to Wellington. A feasibility study into the creation of a long-haul attraction fund is in the early stages of development. Its findings will inform the 2013/14 Annual Plan. In the event that an opportunity arises before this time the Council would give consideration to it.

In previous years, we have funded Positively Wellington Tourism \$200,000 per annum to support the attraction of a long-haul service. We are proposing to cease that funding from 2012/13.

Proposals deferred or not included in the draft plan

Positively Wellington Tourism and the Wellington Zoo Trust requested funding increases matching the rate of consumer inflation to cover the increased costs they are facing. We decided to not provide inflation related funding increases to any of our CCOs in this draft plan. This recognises that Council has not required its CCOs to make the level of internal efficiencies and savings that it has required of internal Council business units.

For a full list of the activities we are undertaking to strengthen Wellington's economy, please read the activity statements later in this document.

Questions to consider in providing your feedback on this section:

- ***Do you think it is appropriate that the Council leads and/or invests in these projects?***
- ***Which of these projects do you think we should prioritise and why?***
- ***What do you think of our proposal to reduce funding to Te Papa?***

2. Building resilience to earthquakes

We are proposing to undertake projects, across Council's activities, to maintain and enhance our city's resilience and address the immediate concerns of Wellingtonians. We believe it is essential that we address this issue, both to ensure the continuing safety of people in our city, and to give them confidence that, we are prepared for, and can recover from, a natural disaster.

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Resilience of the water network - We are proposing additional funding to assess the seismic strength of water reservoirs, pump stations, telemetry systems and critical pipeline fittings/fixtures, and plan appropriate remedial work. This will cost \$465,000 of operational funding over the next ten years.

We are also proposing a programme of capital projects including, the installation of mobile water tanks at key locations and completing the installation of auto shut-off valves on reservoirs. These valves are triggered through the sudden loss of stored water following an earthquake. We will also continue to assess existing water reservoirs in terms of seismic strength and in order to inform our reservoir renewal priorities. This will cost \$3.3 million over the next three years and \$1.2 million over the following seven years.

Earthquake strengthening Council's buildings - We propose to undertake further detailed assessments of some of the city's key earthquake prone assets. This, together with managing the programme of work, will cost \$2.04m in operational funding over the next 3 years and \$4.26m over the following 7 years.

As a result of these assessments we plan to earthquake strengthen Council's portfolio of properties. This programme of activity is both, to meet legislative requirements, and ensure the safety of structures for users and the general public. Key buildings to be strengthened in the first three years include The Town Hall and the Council office buildings on Wakefield Street. The programme will cost \$34.3m over the next 3 years and \$13.5m over the following 7 years.

We also need to provide alternative Mayoral and Councillors facilities and temporary accommodation for Council staff while The Town Hall and our office buildings are being strengthened. The costs relate to relocating Mayoral and Councillor facilities, council's operations and staff, as well as paying for suitable alternative accommodation and will total \$5.8m in total over the next 3 years.

Helping others to earthquake strengthen - We want to help make the city safer and more resilient in a major earthquake event. To do this we need to better understand the variety of building structures in the city, investigate partnership models that help building owners obtain funding for strengthening work, consider how we can take a precinct approach to heritage buildings, and investigate potential new technologies for strengthening (in partnership with government and other agencies). This will require funding of \$1.5 million over the next 5 years.

Heritage grants -We propose to continue to provide the heritage grants pool for the next three years. The focus of the fund will be on remedying earthquake-prone features or obtaining conservation plans/initial reports from engineers. It will require funding of \$329,000 per annum for the next 3 years.

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Grants to support community preparedness - We propose to increase our social and recreation grants pool by \$25,000 and to expand the grants criteria to include community/neighbourhood resilience projects.

New standards for fire fighting - We propose to upgrade parts of the water network to meet new standards for fire fighting. This will require funding of \$2.2million over the next three years and \$2 million over the following seven years.

Energy efficiency programme - Our proposed work in this area over the next three years will include:

a) Supporting *Warm Up New Zealand: Heat Smart* programme which supports improved home insulation and heating. This programme also attracts government funding and will cost \$50,000 per annum for the next 3 years.

b) Extending the existing *Home Energy Saver Programme* which provides for free energy assessments and the preparation of tailored action plans for Wellington households. It will cost \$50,000 per annum for the next 3 years.

c) Carrying out further sea level rise risk assessments for developed parts of the city, and establishing a Climate Adaptation Strategy for managing these risks. This will require funding of \$100,000 per annum for the next 3 years.

Water reservoir – Prince of Wales Park - We are proposing to construct a new 35 million litre reservoir on the Prince of Wales Park. This will serve the Wellington Hospital's emergency needs and provide bulk water supply to meet the needs of the city's growing inner city population. We had planned to start this project in 2013/14 but now plan to begin work in 2015/16. The Greater Wellington Regional Council will contribute \$4.5m to this project because of the increased storage it will provide. Over two years, it will cost us an additional \$5.25 million after the Regional Council's contribution.

Tasman St reticulation upgrade - We were planning to upgrade the existing 450mm diameter water main to a 900mm diameter along this street. This is to provide a link from the proposed Prince of Wales Park reservoir to the central city. The design work was completed in 2011/2012 and in the previous long-term plan the project was programmed to start in 2012/2013. We now plan to do this work in 2015/16 at a cost of \$562,672 in 2015/16.

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Proposals deferred or not included in the draft plan

We had proposed to undertake earthquake strengthening and reactive maintenance work on the Basin Reserve's Museum Stand. The cost of this work was estimated at \$1.5 million. We have decided to defer this work for the time being due to financial constraints. The stand, which is not well-used by spectators, will be closed until work is undertaken. The Cricket Museum will be unaffected by this closure.

For a full list of the activities we are undertaking to build resilience and protect the city's environment, please read the activity statements later in this document.

Questions to consider in providing your feedback on this section:

- *Do you think we have appropriately prioritised the projects above?*
- *What role do you think the Council should play in assisting individual property owners to strengthen earthquake-prone buildings?*
- *What could the Council do to assist individuals and communities to better prepare for an earthquake or other natural disaster?*

3. Transport

The transport network is made up of the private vehicle network, the public transport network and networks for cycling and walking. There are options around relative priority and investment of each network. Our approach is to continue investing in mixed modal network that delivers transport options for all residents and visitors to the city.

We are not the only government body that manages and invests in Wellington's transport infrastructure. The Greater Wellington Regional Council (GWRC) funds most and manages some of the city's public transport services. The New Zealand Transport Agency (NZTA) manages the state highway network as well as funding some of the work we do on the local network of roads, bridges, walls, tunnels and cycle ways. Some of the projects below also increase the resilience of the city to natural disasters. Key transport activities in this plan include:

Tunnels and bridges improvements -We propose to strengthen or rebuild many tunnels and bridges throughout the city. Many of these structures are old, with a few over 100 years old. They require either strengthening or rebuilding to comply with the current building code, and to withstand earthquakes and increased traffic loadings. Over the next three years, this work will include: completing the Hataitai Bus Tunnel strengthening work; investigation, design and tender for the Northland Tunnel strengthening (construction to be completed in 2015/16); and undertaking Aotea Quay Bridge strengthening works. We have budgeted \$3.2m over the next 3 years and \$9.5m over the following 7 years for this work.

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New walls on the road corridor -We propose to build new retaining walls on road corridors and along the coast. Preliminary assessments have identified some 4,000 locations where there are unsupported embankments above and below roads. We plan to spend \$5.65m over the next 3 years and \$15.9m over the following 7 years in this area.

Minor safety projects - We want to address black spot crash locations and undertake minor safety projects to reduce crashes at sites throughout Wellington. The minor safety work programme is aligned to NZTA Safer Journey 2010-2020 criteria that address accident black spots where fatal and serious crashes have occurred. This work involves smaller projects, most of which are low cost but have high benefit for the community. We will spend \$2m over the next 3 year on projects and \$6.5m over the following 7 years.

Johnsonville roading improvements - We have allocated funding for roading improvements in Johnsonville starting in 2016/17. The timing of our proposed roading improvement programme in Johnsonville may need to change in the future to ensure it aligns with the development of Johnsonville Mall. We have budgeted \$7.1m for this work.

Cycle safety - We would like to improve the safety of cyclists travelling in our city. Projects include improving general safety at high risk intersections, providing directional signs on key cycle routes, and making improvements on routes to and from schools. We plan to spend \$300,000 per annum in this area.

Cycle networks - We propose to create new cycling routes across the city. Firstly, we will complete a shared walking/cycling path through Tawa from Takapu Station to Kenepuru Station, at which point Porirua City Council will continue the path onward to Porirua Station. Secondly, we will investigate and, if we receive NZTA funding, create a safe walking/cycling path for commuters between Island Bay and the City. Thirdly, we will investigate and, if we receive NZTA funding, continue to invest in The Great Harbour Way walking and cycling route, which runs around Wellington harbour from Fitzroy Bay in the east to Sinclair Head in the west. We intend to invest \$1 million per annum from 2012/13 until 2018/19 on cycle networks.

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Proposals deferred or not included in the draft plan

To manage costs in the transport area we have deferred a number of capital upgrade projects including the following:

- *Northern suburbs* – we were planning to construct a number of linking roads in the northern suburbs of the city. These included: the linking of John Sims Drive; the McLintock St extension and, Ohariu Valley Rd to Westchester Drive. We are deferring these because the expected population growth in these areas has not occurred. We will review the need for these roads on a regular basis. This has resulted in \$12.8 million in capital funding not transferring from the current long term plan into this plan.
- *Adelaide Road improvements* – it is proposed that this project be deferred until 2020/21. This encompasses widening of arterial routes and major intersection improvements to improve the capacity and efficiency of this party of the network, and amenity improvements. This will defer \$7.2 million of capital funding.
- *Aro Street improvements* – it is proposed that this project be deferred from the scheduled start date of 2014 until 2020/21. The works relate to roading and amenity improvements in and around Webb and Aro Streets.

For a full list of the activities we are undertaking to improve the city's transport network, please read the activity statements later in this document.

Questions to consider in providing your feedback on this section:

- ***Do you think the projects above are a priority for new funding?***
- ***Which of the following types of project do you think we should prioritise for funding?***
 - Projects that improve the safety of pedestrians***
 - New walkways***
 - Projects that improve the safety of cyclists***
 - New cycling routes***
 - Projects to improve roadside parking***
 - Projects that improve the capacity of existing roads for cars***
 - Projects that improve safety at intersections***
 - New roads in areas of potential population growth***

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i) *New bus shelters*

j) *New bus lanes*

k) *Education campaigns and programmes targeting road users*

4. Maintaining and enhancing our vibrant, creative, liveable city

By undertaking the projects below (and those in the 'Growing our economy' section above), we believe we will be taking the first important steps towards our new community outcomes and our *Towards 2040: Smart Capital* vision.

Central City Framework and Parks – We're planning a range of projects to implement our Central City Framework. The priority projects we propose to undertake in the next few years include:

- *Parliamentary precinct* – We propose public space enhancements and improved connections timed to align with the National Library reopening this year and ahead of the 150 year commemoration of the capital city. We're proposing to spend \$500,000 of capital funding in 2012/13 and \$1.0m in 2013/14 on this work.
- *Laneways* – We're proposing to make improvements to Opera House Lane and Eva Street. The work is timed to coincide with the redevelopment of an adjacent building in 2012/13. We're proposing to spend \$500,000 of capital funding in 2012/13 and \$516,000 in 2013/14 on this work.
- *Memorial Park* – We're proposing to co-invest with government and other parties including the Australian Government (2013/14) to make improvements to this park. We're proposing to contribute \$2.122m of capital funding to this work in 2013/14.
- *Victoria Precinct* – We're proposing to make public space enhancements and connections from Dixon St. to Ghuznee St. This work will be timed to take advantage of a unique opportunity to leverage off private developments in the area in 2014/15 and 2015/16. We're proposing to spend \$639,000 of capital funding in 2014/15 and \$2.09m in 2015/16.
- *Inner city park* – As the inner city population increases, we're keen to ensure that there are sufficient green spaces where people can congregate and relax. We're proposing to spend \$3.3 million in 2015/16 to provide an additional park in the central city.

Waterfront projects - Wellington Waterfront Ltd. is proposing to undertake the following capital works in the coming years:

- *The Promenade* – improve the connection from the Meridian building through to Shed 21 and the railway station

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- *Wharf pile maintenance* - complete the third stage of the waterfront-wide pile repair and refurbishment programme
- *Waitangi Precinct* - redevelop the Overseas Passenger Terminal and adjacent public space
- *Taranaki Street Wharf Precinct* - install a diving platform in the cut-out space by the Free Ambulance building in 2012/13.
- *Frank Kitts Park precinct* – continue to oversee the design development of the whole of Frank Kitts Park and work with the Wellington Chinese Garden society regarding their fundraising initiatives
- *Queens Wharf Precinct* – carry out new public space development in 2014/15

The three year Draft Waterfront Development Plan is included in the appendices to the full draft plan on page xx.

Clyde Quay Marina – we’re proposing to carry out some public access improvements to this facility so it can be more easily accessed and enjoyed by the public. We’re proposing to spend \$208,000 in 2012/13 carrying out this work.

New Zealand International Arts Festival - We are proposing to continue funding the Festival Trust at the level of \$950,000 per annum (not \$750,000 as proposed in the 2009-19 LTCCP) in recognition of the cost and sponsorship pressures it faces. Held every two years, the country’s premier arts festival attracts world class dance and opera companies, performers, singers, visual artists and theatre groups. The festival generates substantial funding from sponsors and ticket sales but it also offers a range of free events in the city.

Grants funding increase - We are proposing increases to our grant funding pools to respond to financial pressures faced by applicants and to enable groups to deliver on our strategic priorities:

- a) We are proposing to increase the cultural grants funding pool by \$150,000 per year. This will allow us to implement our new Arts & Culture Policy and enable us to respond to pressures on the pool, with applicants in total regularly requesting 3.5 times more funding than is available.
- b) We are also proposing that, from 2012/13, we will inflation adjust grants to organisations with three-year contracts funded through the grant pools. Inflation adjusting three-year contract grants will help ensure service levels delivered by the organisations can be maintained. This will cost \$69,695 in 2012/13, \$141,062 in 2013/14, \$214,142 in 2014/15 and increasing amounts in future years because the inflation adjustments are applied on an annual and compounding basis.

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Artificial sportsfields - We're proposing to continue with our roll-out of more artificial surfaces throughout Wellington in the coming years. Artificial surfaces are not affected by wet weather and are more durable than grass fields meaning more games can be held on any given weekend – even in very wet weather. We're proposing to construct the following artificial surfaces in the coming years

- 2013/14 Alex Moore Park
- 2014/15 Grenada North/Tawa area
- 2016/17 Western Suburbs (site to be confirmed)

We're proposing to allocate \$5.2 million in capital funding to plan and construct these artificial surfaces in the coming years. There is an expectation of external funding support of \$400,000 for the artificial surfaces in both Grenada and the western suburbs.

Community Facilities

We are proposing to fund a series of upgrade projects in line with our Community Facilities Policy.

In 2010, Council adopted a Community Facilities Policy which included a strategic review of our libraries, pools, and community centres. It also included an implementation plan which established a programme of priority facility upgrades over ten years for consideration in this long-term plan. We have decided to fund the following projects in this draft plan.

Keith Spry swimming pool in Johnsonville - We plan to improve this pool to meet the needs of a growing population in this area. This work will include replacing the existing roof, constructing new teaching and leisure pool space as well as building new changing facilities. This will cost a total of \$2.6 m in 2012/13

Johnsonville Library - To also meet the needs of the growing population in the Northern Suburbs, we are proposing to build a new library next to the Keith Spry pool in Johnsonville. This location was decided on after extensive analysis and consultation with the community. The projected cost will be \$18.5m over 3 years starting in 2015/16.

Community centres

We're proposing to upgrade a number of community centres in the coming years to ensure they serve the community's needs. The following upgrades are proposed:

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- *Aro Valley Community Centre* – planning work will start in 2016/17 with construction in 2018/19. We're proposing to spend just over \$1.3 million in capital funding to complete the upgrade
- *Newtown Community and Cultural Centre* – planning work will start in 2016/17 and construction over the following two years. We've allocated just over \$3.6 million over those three years to carry out the work.
- *Strathmore Community Base* – planning work to upgrade this facility will start in 2017/18 and works are programmed over the following two years. We've allocated \$1.4 million of capital funding to carry out this work
- *Kilbirnie Community Centre* – we're proposing to carry out planning work in 2021/22 (\$61,000) for upgrading this facility.

Proposals deferred or not included in the draft plan

- In 2012/13, we had anticipated doing some public space improvements in Miramar. This was aimed at improving safety and providing a focal point at the corner of Miramar Ave and Park Road. We were also exploring improvements in other growth centres starting in 2013/14.

However, while all suburbs will be refreshed at different times as we renew park equipment, street furniture and other assets, we have decided not to commit to significantly upgrading suburban centres at this stage due to constraints on our budgets.

We have prioritised projects based in the central city because that is the heart of the region's economy and because all Wellingtonians regularly experience the city centre. We will consider investing in suburban centres where there are major partnership opportunities or significant growth occurs.

The current upgrade work planned for Bay Road in Kilbirnie will be completed.

- We had planned a project that would 'green' Taranaki Street by providing trees in a centre strip and other improvements. It would be similar to what we have done along Jervois Quay and cost \$3.6 million. We have decided not to do this project within the timeframe of this plan.
- We considered including capital funding of \$17.1 million to build a new 35 metre deep water pool at the Wellington Regional Aquatic Centre in Kilbirnie. This would have provided additional space for water sport groups and would have enabled Wellington to host more national and international sporting events. It was proposed that an additional \$4 million would have been contributed by external parties towards the total costs. We decided not to fund this project because of the financial constraints we face and because we are already investing in the

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development of new pool space. Some of this space is yet to become available but should meet the demand for community, school and 'learn to swim' activities.

- We had planned a refresh of the Central Library building at a cost of \$8.4 million in capital spending but have not included this work in the draft plan. With changes in community expectations, new technologies and recognising that some of our existing library facilities are old and may require earthquake strengthening in the future, we are proposing to undertake a review and consider options for how we can best deliver a modern library service in the future. The review's findings will be presented to the Financial Sustainability Working Party (see below) and inform future annual plan decisions.
- We were also proposing to fund a number of capital upgrade projects in our gardens and reserves. These included an upgrade of both the Treehouse (\$350,000) and the Annexe (\$380,000) within the Botanical Gardens, the installation of external lift access to the Truby King House (\$85,000), as well as upgrades to the curator's house (\$225,000) and entrance at Otari Wilton Bush (\$315,000). Due to financial constraints, we are not planning to include these projects in this long-term plan.

For a full list of the activities we are undertaking to enhance our vibrant, liveable city, please read the activity statements later in this document.

Questions to consider in providing your feedback on this section:

- *Do you think it is appropriate that the Council leads and/or invests in the above projects?*
- *Which of the above projects do you think we should prioritise and why?*
- *Have we got the focus right between community facilities and public space improvements?*
- *Are we doing enough to sustain investment and development in the central city?*

5. Balancing our budget

The uncertain economic environment is making people very careful about how they spend money. People are concerned about the rising cost of basic things such as food, transport and housing. Our surveys have told us that people want Council rates to remain affordable. To do this, Councils have been challenged to budget carefully and keep rate increases down.

The Council is facing significant financial pressures. We have to meet the costs of some projects that we cannot delay, such as earthquake strengthening and funding weathertight building liabilities (\$68.3 million over the first 8 years of this plan). Along with this, some of our costs are increasing well above the rate of inflation. Examples of this are fuel, bitumen (an oil-based roading material) and insurance, which in the 2012/13 budget is \$9.6 million, an increase of \$3.1 million on 2011/12.

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The Council is responding to these pressures by:

- making savings where possible now
- working smarter
- establishing a *financial sustainability working party* to drive efficiencies and savings in the mid to long-term
- ensuring fees and charges are set at a level that appropriately recognises the benefit received by users of services.

Making savings now

Like households and businesses, we need to continually review our expenditure and activities, to ensure they contribute to our priorities as an organisation. On behalf of the community, we want to be able to invest in new or existing activities that are of high strategic value. We should also then reduce our investment in other areas where funding is unnecessary or less strategic.

In this long-term plan, we are proposing to make the following savings, in addition to those already outlined in the previous sections.

- *Our Wellington page*

We're proposing to reduce the weekly Our Wellington page in the *Dominion Post* from 1-½ pages per week to one page per week. This will have a modest impact on our communications, which we will seek to supplement by making greater use of alternative communication tools such as our website. \$50,000 savings per year will be generated.

- *Public Art Fund*

We are proposing to reduce the Public Art Fund permanently to \$200,000 per annum. The fund, which supports the commissioning and installation of art in public spaces, is distributed by the Public Art Panel – a group of professional contemporary arts advocates. The Council supports projects undertaken by the Wellington Sculpture Trust through this fund.

In the 2009-19 long-term plan, the Public Art Fund was reduced to \$100,000 per year, from \$300,000, for three years as a budget savings. The Smart Wellington and new Arts and Culture Strategies identify goals that public art can directly contribute to, for example 'highlighting the relationship of mana whenua to the city' and 'reflecting the diverse communities based here'. Officers believe that such projects can be supported through the reduced funding level.

- *Gateway sculpture*

We are proposing to no longer proceed with the Gateway Project – a proposed gateway sculpture *Te Matau a Maui – the Hook of Maui and Receding Waters*. This project could not

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proceed due to technical and funding issues that could not be resolved. Subsequently, the Wellington Sculpture Trust ran a process to select an alternative sculpture, which included a second open call for proposals. This process did not identify a proposal that would meet all the criteria. Wellington Sculpture Trust will return \$200,000 to Council that had been previously granted to it for this project.

- *Reducing opening hours at low use times for swimming pools*

We are proposing to reduce opening hours at the Spray facility in the Wellington Regional Aquatic Centre at times of low use. It is proposed that the facility will open at 9.00am instead of 8.00am and close at 6.00pm instead of 8.00pm. This will provide savings of \$26,000 savings per year.

- *Grants reductions*

We are proposing to cease and reduce some grants pools having considered how well they are prescribed and whether applications could fit the criteria of other grant pools. The following is proposed:

- stop funding Sports Development Grants (\$50,000 per year) and the Sporting and Cultural Representatives Grants (\$15,000 per year) – applicants can apply to the social and recreation grants pool instead
- reduce the environmental grants pool from \$80,000 a year to \$40,000.

- *City safety programme*

In the coming months we'll review our Walkwise service. The contract term for the service expires in July 2012 and cannot be rolled over for another term. The review will be comprehensive and will consider all options on how to meet our city safety objectives including using volunteers and groups such as Māori wardens to deliver the service. We're anticipating annual savings of \$150,000 from 2012/13 as a result of the review.

Our chief executive is also planning to revisit the structure of our organisation to ensure it is configured to deliver on this plan in the most efficient way.

Working smarter

We are continually looking for ways to improve how we manage our costs and deliver our services. For example, we have reduced costs by refining the list of suppliers we use and joining with others to buy services and products in larger quantities. We are planning to save an additional \$1 million this year from working this way. We have also provided more of our services online. For example

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lawyers can now request and receive rates information to finalise property transactions electronically. We are also looking at how we can work in partnership more to deliver services, particularly with other councils in the Greater Wellington region. For example, local authorities are planning to amalgamate the region's emergency management offices into a single organisation from 1 July 2012 to coordinate emergency management services for the region.

For this long-term plan, we are proposing to review a number of services to assess their strategic value and determine whether they can be delivered more cost effectively. We would value your feedback on these proposals at this early stage in the review processes.

- ***More efficient waste management***

During 2011 all eight local authorities in the Wellington Region agreed to adopt a consistent and, where possible, a joint approach towards managing waste. This regional collaborative approach is now described in the Wellington Region Solid Waste Minimisation and Management Plan. As part of that work, we're investigating with Porirua City Council opportunities to manage waste activities together – possibly through the establishment of a joint Council Controlled Organisation. The findings from the investigation are not yet complete, and any proposal to establish a Council Controlled Organisation to manage waste jointly with Porirua will be subject to further consultation before a final decision will be made.

- ***Review of refuse bins***

In 2012/13, we are proposing undertake a comprehensive review of the city's refuse bins. The review will look at the total number of bins and whether they can be reduced, their location and the type of bins used.

As part of the review, we plan to trial the use of wheelie bin stations as a replacement for the 'eye-bins' currently installed in public places. These bins would be able to hold more rubbish, be easier to empty and reduce health & safety risks posed to staff.

The findings of the review will inform the 2013/14 Annual Plan and be further consulted on with the community at that time. It is estimated that the review could result in annual savings of up to \$500,000 per year from 2014/15. In 2012/13 we have budgeted \$200,000 in new capital expenditure to undertake a trial of new bins and \$800,000 to implement the outcome of the review.

- ***Review of waste collection services***

In 2012/13 we are also proposing to undertake a review to determine Council's future role in the provision of waste collection services. The Council's yellow rubbish bag business is in slow decline. Sales have reduced over the last decade. The decline is due to kerbside recycling being more popular, which diverts more waste. Private operators have also made significant inroads into the rubbish collection market. The findings of the review will inform the 2013/14 Annual Plan and be further consulted on with the community at that time.

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- ***Parking charges***

We considered increasing our hourly parking charges by \$0.50 per hour from 2012/13. We decided against this in favour of undertaking a review to consider the following proposals.

We're proposing to introduce four parking zones in the CBD with different fees. They are:

- Zone 1: Lambton – premium parking fees
- Zone 2: Te Aro – daytime and evening parking charges
- Zone 3: Fringe CBD – low parking fee to encourage park and ride/cycle/walk
- Zone 4: All other areas to retain existing fee structure.

The parking fees within these zones are proposed to be based on the following criteria:

- Increase or introduce fees where the occupancy exceeds 95% for extended periods including weekday evenings
- Reduce fees where the occupancy is less than 20% for extended periods
- Retain existing fees and hours of operations elsewhere
- No changes to the free parking (2 hour time limit) for Saturday and Sunday
- Introduce a minimum fee of \$1
- Allow the use of unexpired payment time and park anywhere in the CBD where the fee is similar or less than paid for
- Parking fees across the city range from a minimum of \$1.00 (minimum charge) to a maximum of \$4.00 per hour.

- ***Regional water services***

Wellington City Council and Hutt City Council have been asked to consider requests from the Porirua City and Upper Hutt City Councils to become shareholders in Capacity Infrastructure Services Ltd, our existing three-waters service management company. All shareholder customers will then aim to move to a common outcomes-based business model. Under these proposals, each Council will retain ownership of its water assets, but the proposals will take a large step towards the goal of eventual full regional water services integration and provide opportunities for efficiency gains longer term. Hutt City Council approved these proposals on 13 March 2012. On 5 April 2012 we considered a Strategy and Policy Committee report on these proposals. The outcome of this was not available at the time of printing, but the full report is available on our website under that meeting date. The proposal has yet to be considered by either Upper Hutt City or Porirua City Councils.

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- *ECO City – a new trust to manage Zealandia, the Zoo, the Botanic Garden and Otari-Wilton Bush.*

We're proposing to establish a Council Controlled Organisation to manage Zealandia, the Zoo, the Botanic Garden and Otari-Wilton Bush. Together these places tell Wellington's story of caring for the natural environment. The new model would provide greater efficiencies by allowing them to share services such as finance, IT systems and marketing and facilities management. There will also be better opportunities for destination marketing, membership systems and cross-selling to visitors and members - and it can all be promoted locally, regionally and internationally through the Council's marketing arm, Positively Wellington Tourism. It is a draft proposal and a separate and concurrent consultation is being run on this proposal. See our website for more information.

- *Toi Pōneke – the Wellington Arts Centre*

We are proposing to undertake a review of this arts centre to see how it delivers on the new Arts and Culture Strategy and whether the current building is fit for purpose. The lease on the current buildings in Abel Smith Street is due for renewal in 2015 and therefore it is timely to review the provision of this service.

Any changes resulting from the review will be subject to further consultation with the community.

- *Other potential efficiencies and savings*

In addition to the efficiencies and savings listed above we will:

- look further at efficiencies from CCOs - from cost sharing of back office functions to further consolidation
- monitor the leaky home liability and this may enable a lower funding requirement which could result in reducing the impact down from 0.75% of rates additional funding each year
- review our exposure to interest rates - there may be potential for further hedging to occur to reduce our cost of capital in the out-years.

We will also continue to review our internal processes and costs. As a priority we will investigate ways to streamline our processes, use technology better and work in partnership more, particularly with other Council's in the region.

Financial Sustainability Working Party

As part of an ongoing commitment to keep costs low and achieve long term savings the Council has established a financial sustainability working party. The focus of its work will include:

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- i. A review of options in terms of the renewal budgets for our assets. The cost of assets is a major component of the budget and contributor to the cost pressures that we face. At present the proposed budget for renewing our assets is projected to total \$979 million for the 10 years of this draft plan. A review of the options, impacts and potential risks of reducing this budget will be undertaken.
- The future need for assets and their ongoing strategic alignment.
- The future capital programme, service levels, alternative service models, w holdings and potential income-generating opportunities.

The working party will report to the Strategy and Policy committee who will make any decisions and have these reflected as part future annual or long term plans.

In making any decisions the Council will:

- consider the need to appropriately maintain assets so that an unsustainable future financial liability does not result
- comply with legislation
- ensure the potential adverse impacts on the health and safety of staff and the public are adequately mitigated
- outline levels of service impacts and any associated monitoring framework to ensure that changes are sustainable and do not cause unacceptable impacts or disruption to the services that the assets support.

The work of the financial sustainability working party is aimed at achieving financial savings that are contained in the years 2013/14 – 2021/22 of this draft plan. Those savings equate to 5% of average funded operating expenditure over the ten years.

Fees and charges

Like all businesses, we face increasing costs for fuel, electricity and the other things we need to provide services and operate facilities. From time to time we pass these cost increases on to users through increased fees and charges. Decisions about charges are based on who benefits and, therefore, who should pay for a service. For example, private building owners mostly benefit from the services we provide around building consents and so pay most of the costs of us providing this service through the fees we charge. A full explanation on how we determine who pays for services is provided in our Revenue and Financing Policy which is included in Part 3 of this long-term plan.

For 2012/13, we are proposing to increase user charges in a number of areas. The majority of these increases are minor and reflect cost pressures on the underlying service provided by the Council.

Areas where we are proposing to increase fees include:

- | | |
|---|--|
| ▪ Sewage collection and disposal network | ▪ Synthetic turf sports fields |
| ▪ Recycling and waste minimisation & disposal | ▪ Burials and cremations |
| ▪ City archives | ▪ Public health |
| ▪ Libraries | ▪ Building regulation and facilitation |
| ▪ Sports fields | ▪ Development control & facilitation |

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The level and extent of proposed fee increases vary and are outlined in greater detail in Part 4 of this draft long term plan document. Here is a summary of the some of the proposed changes:

- Recycling and waste minimisation & disposal – The majority of the fee increases proposed in this area are for the landfill fees (6%) and yellow rubbish bags (13%).
- Sewage collection and disposal network - Increases are proposed for trade waste charges in line with the increasing cost to maintain the wastewater network.
- Libraries – We are proposing to reduce the cost of some low rental DVDs to \$2 to encourage higher usage.
- Sports fields- As part of a three year programme to ensure 10% of the costs of running the sports fields is paid by users (per our policy) we are proposing an increase of 18%. This is the last year of significant increases.
- Synthetic turf sports fields – We are proposing an increase of 10% on fees for the
- National Hockey Stadium in recognition that the surface has been replaced.
- Burials and cremations – We are proposing an average increase of 2% to cover increasing operating costs.
- Public health - Fee increases averaging 2.5% have been proposed to current services to cover inflationary increases across all user fees that are not legislatively set.
- Building regulation and facilitation - Fee increases averaging 2.5% have been proposed to current services to cover inflationary increases. Fees for new services have also been proposed and some higher fee increases have been proposed to reduce non-compliant behaviour.
- Development control & facilitation - No fee increases are being proposed, but building consent assessments against the District Plan is proposed to be charged on a time taken basis rather than the current fixed fee.

Other proposals

Regional Amenities Funding- summary of proposal

We are proposing to join with other Councils in the Wellington region to establish a Regional Amenities Fund. The Fund would be used to top up funding for facilities, events and organisations that have regional benefits primarily in the arts, culture and environmental attractions and events sectors.

Through this activity the Fund ensures that regionally significant entities can be developed or sustained in the Wellington region to contribute to the region's quality of life.

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The total fund would start at \$1 million in 2012, then rise to \$2 million in 2013/14, and grow by \$250,000 annually to reach a cap of \$3 million in 2017/18.

It is proposed that a distance differential be used by councils to contribute to the fund. This recognises that currently most regional amenities are located in Wellington City which is a benefit to the city, and that services provided by the amenities may not be shared evenly given the distance between them and the outlying council areas.

Wellington city's share would be \$594,000 in 2012/13; \$1.188m in 2013/14; \$1.337m in 2014/15; \$1.485m in 2015/16; \$1.634m in 2016/17 and each year through to 2021/22.

The amount available for the fund is amount would be reviewed every three years when council's prepare their long-term plan. Each Council would determine how to meet regional amenity funds from the rates available – including which type of rates would be used to meet these costs.

Funding applications would be reviewed by an independent selection panel of six external experts, whose members are appointed by regional Mayoral Forum. Recommendations from the selection panel decisions need to be approved by the Mayoral Forum.

More detail on this proposal is available on page **XX** of this long-term plan.

To make a submission-send a letter, write an email, make an online submission, or use the form from this document. You can come and talk to a panel of councillors between 21 and 24 May 2012. Submissions can be: mailed to Long-term Plan, Wellington City Council, PO Box 2199, Wellington, emailed to Longtermplan@Wellington.govt.nz, made online at www.Wellington.govt.nz. Submissions will be accepted anytime from 16 April to 5pm on Monday 18 May 2012.

Belmont Reserve Management

We are proposing to enter into a formal agreement with the Greater Wellington Regional Council for them to manage Council land adjacent to Belmont regional Park.

Belmont Reserve is a 105 hectare area of land adjacent to the Belmont Regional Park and accessed off Horokiwi Road. Greater Wellington Regional Council currently manage Belmont Reserve and include the land in their Parks Network Plan (a combined management plan for all of their parks and reserves) as part of Belmont Regional Park. The regional park is managed to protect landscape, ecology and heritage values and provide for outdoor recreation.

Both the regional council and our own reserve management plans provide consistent management objectives for the land and were developed in consultation between the councils and with the public. The proposed management agreement will formalise the existing situation rather than result in new or unexpected management practices. The values of the reserve will remain appropriately managed. There will be no long-term financial implications to entering into the agreement.

See page **XX** of this draft long-term plan document for more information and for a map of the land.

Plimmer Bequest forward programme

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The Charles Plimmer Bequest - bequeathed income from his residual estate to the Council for the benefit of the citizens of Wellington – is used primarily to beautify areas of the city. The following projects are proposed over the next few years:

- *Watts Peninsula* – we’re proposing that \$150,000 be used to plan for and support the development of a park at Watts Peninsula in 2012/2013. Work will be part of the first stage of the opening of the Defence Force land as a park and destination for Wellingtonians and visitors
- *Grasslees Reserve in Tawa*- we’re proposing \$650,000 for the redevelopment of Grasslees Reserve in Tawa in 2012/2013 and 2013/2014. The redevelopment of this community park along with associated playground and toilet renewal will create a high quality community park within a recreation hub close to Tawa centre and linked by the new Tawa Shared Pathway Work will include development of a new bridge linking the sections of the park, work to better relate the stream to the park, updated play spaces and development of a new picnic and horticultural area.
- *Alex Moore Park Community Walkway* - we're proposing that \$380,000 be used to develop a community walkway and associated tree planting around Alex Moore Park in 2015/2016. This will compliment the proposed construction of an artificial turf on the Park in 2013/2014.
- *Children’s Garden* – we’re proposing that \$750,000 be used to part fund the development of the Children’s Garden at the Wellington Botanic Garden in 2013/14 and 2014/2015 subject to obtaining external funding for the balance of the construction and operating costs. The work will deliver a self directed interactive demonstration garden of horticulture for the home garden that will teach principles of plants and plant growth to children in fascinating, stimulating and challenging ways. The garden will tangibly demonstrate that all living things are dependent on plants.

Summary of our work

OUR WORK AT A GLANCE

We group our work into seven areas. Describing our work in this way provides coherence to our work and ensures we retain a clear sense of direction.

Governance

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

Cost per resident next year based on what we plan to spend:

\$0.21 per day

\$77.19 for the year

Environment

We look after the city's 34+ square kilometres of reserve land, as well as beaches, coastline, and botanical gardens. We provide funding support to the Zoo and Zealandia.

We also: provide water supply, stormwater and sewage disposal; provide recycling and waste disposal services; offer grants for environmental initiatives; and promote energy efficiency and sustainability. The environment is by far our biggest area of spending.

One of our long-term goals is for Wellington to be an 'eco city', one that has an environmental leadership role and responds proactively to environmental challenges. Our aim is for Wellington to move steadily towards a lower carbon future based on 'green' innovations that also provide an economic edge and support outstanding quality of life.

Though Wellington enjoys a stunning natural environment, the challenges we face are significant. We need to make our network infrastructure more resilient, and 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.

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Cost per resident next year based on what we plan to spend:

\$1.92 per day

\$701.26 for the year

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 the Carter Observatory and conference venues such as the Wellington Convention Centre.

To support businesses, we advocate for the city's interests to central and regional government. We maintain links with other markets through sister city relations. Our initiatives complement the regional economic development programme provided by the regional development agency Grow Wellington.

A key aspect of our 2040 vision is for Wellington to have a smarter and stronger economy – one that is based on knowledge, skill and innovation; that provides a wider range of exciting and rewarding jobs; that leads to greater prosperity, and is based on stronger connections between people and businesses both within the city and around the world.

We continue to work towards this vision while recognising the constraints imposed by the global economic slowdown.

Cost per resident next year based on what we plan to spend:

\$0.25 per day

\$92.71 for the year

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, and other institutions.

We also provide cultural grants, and support community events and festivals

A key aspect of our 2040 vision is for Wellington to be a 'people-centred' city – one that is welcoming and friendly, and embraces diversity and change. This doesn't just mean maintaining our edge as New Zealand's arts and culture capital, it also means ensuring that the city remains friendly and vibrant, and continues to have a strong sense of identity expressed through its urban form, openness and accessibility.

Cost per resident next year based on what we plan to spend:

\$0.23 per day

\$83.27 for the year

APPENDIX ONE

Social and recreation

We provide some 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 playgrounds, swimming pools, recreation centres, sports fields and marinas; running recreation programmes; and reducing the costs of using sport and recreation facilities for people eligible for our Leisure Card subsidy scheme. We also provide libraries throughout the city.

A key aspect of our 2040 vision is for Wellington to be a 'people-centred' city – that is, a city that puts people first, is healthy and safe, welcoming and friendly, provides opportunities for all, has strong neighbourhoods and communities, and embraces diversity and change.

Key challenges include providing for a population that is growing in size, getting older, and getting more diverse, and catering to demand for more and better facilities.

Cost per resident next year based on what we plan to spend:

\$1.32 per day

\$481.43 for the year

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 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 approach is to improve land use and transport by focusing development in key centres or 'hubs'.

Our 2040 vision is for a people-centred city that is vibrant and resilient, has strong communities and a powerful sense of identity and 'place' expressed through urban form, openness and accessibility. A key aspect of that vision is a dynamic central city – an attractive place for creativity, exploration and innovation.

Cost per resident next year based on what we plan to spend:

\$0.35 per day

\$127.71 for the year

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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.

A key aspect of our 2040 vision is for Wellington to be a 'connected city – one that is easy to move around. We also aim to be an environmental leader, which means promoting transport options that minimise energy use and emissions.

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 effects such as noise, water and air pollution.

Cost per resident next year based on what we plan to spend:

\$0.74 per day

\$269.90 for the year

Key facts

- The city's population is 200,100 (*Statistics New Zealand as at 30 June 2011*)
- Total operating expenditure 2012/13 \$375million
 - Income from general rates 35%
 - Income from targeted rates 30%
 - Income from fees and charges 20%
 - Income from other areas 15%
- Equity per resident in 2012 \$31.326 million
- Forecast equity per resident in 2022 \$35.570 million (*based on forecast population level of 216,478*)
- Rates limit in 2012: 3.8%
- Proposed rates increase in this draft plan 2012: 4.44% before allowing for growth in the ratepayer base.

Did you know

- 2.7%: the average annual reduction in rates increases compared to the past ten years
- 5%: the amount of efficiencies that will be found in the next decade equated to the average funded operating expenditure
- \$979 million: the cost of renewing the city's core assets till 2022
- 3,043: kilometres of pipes are maintained by the Council
- 327: kilometres of walkways are offered in the city
- 2.5million: visits to the city's libraries each year
- \$2,564: average cost of residential power per annum in the region (*Statistics New Zealand*)
- \$2,012: the average spend on telecommunications per annum in the region (*Statistics New Zealand*)
- \$1,972: the annual rates on an average residential (\$521,000) house in Wellington City
- This equates to 2.3% of the average household income¹ in the city (¹*Statistics New Zealand*).

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Further details about what we plan to do are available in the 'Our Activities in Detail' section of this draft long-term plan.

APPENDIX ONE

Financial Overview

FINANCIAL STRATEGY AT A GLANCE

New to this long term plan is our Financial Strategy. It is intended to guide the decisions we make now and in the future to deliver a financially sustainable city in the long term. One in which its citizens can afford to live in the near future, and also in 50 and 100 years from now. In many ways, our strategy is formalising our current practice and compliments our existing financial policies. The Financial Strategy is founded on the following five guiding principles:

- *Fairness and Equity*
- *Willingness to pay*
- *Value for Money*
- *Risk management and assessment*
- *Good financial governance and stewardship*

The strategy outlines how we will balance investment in our city strategy with prudent and sustainable financial management of the Council's resources. The Council currently has a sound financial position; however we are facing significant financial challenges over the next 10 years because of the costs of earthquake strengthening our assets, our weathertight homes liability and increasing costs for insurance.

Through setting limits on our rates and borrowings we will require prioritisation of expenditure decisions together with review of existing services and their delivery. A Financial Sustainability Working Party has been established to aid in this process, the outcomes of which will be consulted on through our annual plan processes. The parameters we propose to set for our rates levels and rates increases are:

Rates limits:	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Rates increase target ¹	3.8%	2.9%	2.4%	2.4%	2.5%	2.5%	2.6%	2.6%	2.7%	2.6%
Rates increase limit ²	3.8%	3.5%	3.2%	3.3%	3.4%	3.3%	3.4%	3.7%	3.9%	3.9%
Rates limit (\$'000) ³	240,161	249,671	258,834	268,592	279,121	289,616	300,853	313,459	327,220	341,618

We have set targets and limits separately to be clear about our intentions. Targets are the level that is **intended to be achieved**. Limits are the level it is **not intended to be breached**.

The parameters we propose to set for borrowings and capital expenditure are:

Borrowings limits:	Operating Targets	Prudential Limits
Net borrowing as a percentage of equity	<10%	<10%
Net borrowing as a percentage of income	<105%	<150%
Net interest as a percentage of income	<15%	<15%
Net interest as a percentage of annual rates income	<20%	<20%
Liquidity (term borrowing + committed loan facilities to 12 month peak net borrowing forecast)	>110%	>110%
Borrowings funded capital expenditure target	\$45 million over legislative Council triennium	
Borrowings funded capital expenditure limit	\$60 million over legislative Council triennium	

Our proposed financial strategy is detailed in full in part three, section **x** of this document.

¹ For 2012/13 the rates increase target equates to the increase in the Local Government Cost Index (LGCI). For 2013/14 the target is the average of the LGCI and the Consumer Price Index (CPI). From 2014/15 onwards the target is based on CPI.

² The limit on rates increases are set as an indexation based on the LGCI. The base year is the 2011/12 rates income.

³ The limits on rates is based on the increase set by the LGCI annually.

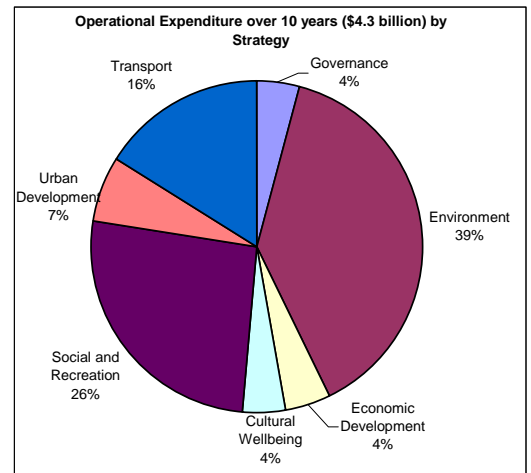
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FINANCES AT A GLANCE

OPERATIONAL EXPENDITURE

Operational expenditure provides for all of our day-to-day operations and services, from waste disposal, water supply and maintaining our roads, to issuing building consents, running our recreational facilities and maintaining our parks and gardens.

The Council plans to spend \$375 million on operational expenditure across our seven strategy areas in 2012/13, and a total of \$4.3 billion during the next 10 years. The graph to the right shows where this operational expenditure will be spent by strategy area over the 10 years of the plan:

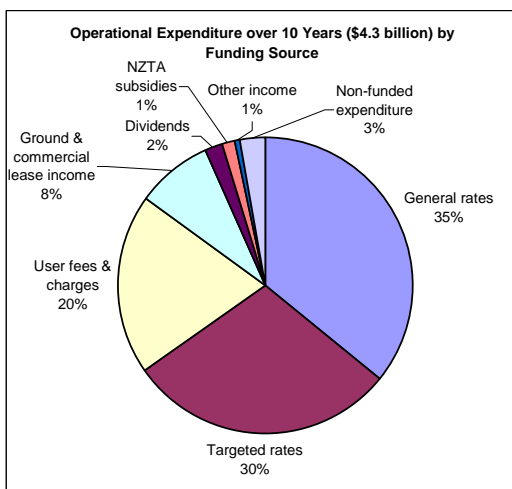


SOURCES OF OPERATIONAL FUNDING

65 percent of our operational expenditure is funded from a combination of general rates (paid on all properties) and targeted rates. The remainder is funded from user charges, ground and commercial lease income, dividends and other revenue such as grants and government subsidies. A small portion is not funded.

The following graph to the right shows how our operational expenditure is being funded over the 10 years of the plan:

Detailed information on all of our rating mechanisms is included on page xx of the plan.



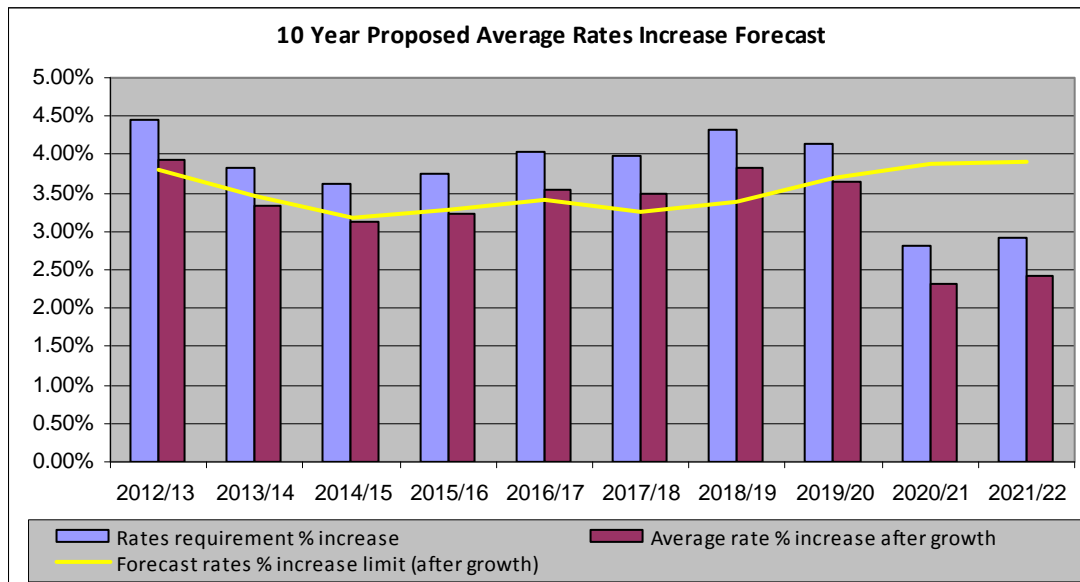
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YOUR RATES

For 2012/13, our total rates requirement is forecast to increase by 4.4 percent (3.9% average ratepayer impact after allowing for growth in the ratepayer base). Total rates are forecast to increase by a further 3.8 percent for 2013/14 and 3.6 percent 2014/15 before allowing for growth in the ratepayer base, but including inflation.

Rates on the average residential property (valued at \$520,642) are proposed to increase by 3.57 percent to \$1,972 in 2012/13. An average rates increase of around 5.2 percent is proposed for commercial properties, including the impact of increases in metered water charges in 2012/13.

The following graph shows the forecast average rates increases across the 10 year long term plan. Currently the planned rates increases (after growth) exceed the rates increase limits in four years. The financial sustainability working party will recommend options to reduce the rates requirement below the limits in those years. The actual impact on each ratepayer will vary depending on the change in their property value compared to the change in the total city valuation base, particularly when the new valuations will be used from 2013/14.



Explaining your rates

Our total rates revenue is split between general rates and targeted rates.

General rates are used to fund activities where the Council is unable to clearly identify a specific group of ratepayers who receive the benefit of that activity, or where it is not possible or appropriate for that group to be targeted to pay. There are two categories of general rates: the base sector general rate (residential) and the commercial sector general rate. The Council has a rates differential in place that decides how the general rate is shared between the residents and businesses in each category.

In 2012/13, the commercial sector general rate per dollar of capital value is proposed to be 2.8 times higher than the base sector general rate for a residential property of the same value. We will review this rating differential again next year after the September 2012 valuation is complete to check whether there is any significant shift in the relative proportion of capital value between the base and commercial sectors. We will consult on any recommended change arising from that review in the 2013/14 Annual Plan.

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Targeted rates are used to fund activities where the Council is able to clearly identify a specific group of ratepayers who receive the benefit of the activity, and where it is appropriate that this group be targeted to pay. The Council sets targeted rates to fund costs associated with the Council's water, sewerage and stormwater systems. Separate targeted rates are also set for our base (residential) sector, commercial sector, downtown commercial sector, Marsden Village and Tawa driveways.

Your total rates bill will be made up of the general and targeted rates that apply to your property.

Property valuations and rates distribution

The Council sets the total amount of rates required to fund its expenditure based on the budgeted costs included in this 10 year plan. For the majority of its rates the Council then uses property valuations as the basis to distribute the total rates requirement proportionally across all properties in Wellington by setting a rate per dollar of capital value on your property.

The Council is on a 3-yearly valuation cycle and for the 2012/13 rating year the September 2009 valuations will be used to distribute the total rates requirement across all properties in Wellington. Therefore the proportional distribution of the total rates requirement to each property will remain relatively unchanged from 2011/12 - except for any growth in the ratepayer base arising from new development or property improvements in the last 12 months. Over the last year the average residential property capital value has increased by 0.2 percent from \$519,802 in 2011/12 to \$520,642 in 2012/13.

The next property valuation will be completed as of 1 September 2012 and will be used to distribute the total rates requirement for the 2013/14, 2014/15 and 2015/16 rating years.

It is important to note that your rates bill does not automatically change when your property value changes. Your rates bill will only be impacted by the change in your property's capital value relative to the change in capital value for the entire city. The final rates bill for an individual property will depend on:

- The overall increase in the Council's rateable budget
- Any changes to the way we fund our activities (as set out in our Revenue and Financing Policy)
- 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 or business premises)
- The change in that property's capital value compared to the average change in the capital value for the entire city

The following table shows the indicative residential property rates exclusive of GST for properties without a water meter for 2012/13:

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Capital Values \$	2012/13 Total Rates \$	Increase over 2011/12 %
200,000	897	3.38%
300,000	1,232	3.39%
400,000	1,568	3.40%
500,000	1,903	3.40%
600,000	2,238	3.40%
700,000	2,573	3.40%
800,000	2,908	3.41%
900,000	3,243	3.44%

PROPOSED CHANGES TO RATES OR RATING MECHANISMS

Funding our Weathertight Homes Liability (also known as leaky homes)

The Council's Weathertight Homes Liability has been estimated by actuarial calculations to be \$68.3 million over the next eight years. Our financial statements as at 30 June 2011 included a discounted provision of \$50.9 million for this liability. To date weathertight homes settlements have been funded through a mix of proceeds from insurance cover and operating surpluses.

For this long term plan, the Council proposes to fund weathertight homes settlements initially through borrowings. We then propose an incremental increase in rates of 0.75% per annum until such time as the Weathertight Homes liability has been settled and the associated borrowings and funding costs are repaid. This is anticipated to be in 8 years (2019/20).

To allow for this funding proposal some changes to our Revenue and Financing Policy have been required (as included in section x of this document);

To provide for the use of borrowings to fund the weathertight homes settlements the following paragraph has been inserted in the "Policy Statement on the funding of operational expenditure" section of the policy (Section 1):

- **Borrowings.** *In general Council does not fund operating expenditure by borrowing. The exception is to fund the impacts on ratepayer's equity from payments associated with liabilities arising from weathertightness payments. Any borrowings associated with the settlement of these liabilities will be repaid over time.*

To allow our rates to be set at a level to repay these borrowings and all associated costs the following paragraph has been inserted in the "Setting the level of revenue from rates" section of the policy (Section 3).

"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:"

- *an amount equal to the projected level of repayment of borrowings associated with the settlement of liabilities for weathertightness payments.*

To ensure that the funding of our Weathertight Homes Liability is fully transparent the associated settlement costs, borrowings and rates funding will be reported annually within our Annual Report.

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Water Rates

We are proposing the following increases to our targeted water rates to ensure the cost increases in the associated water activity are appropriately recovered:

Targeted Water Rating Mechanism	Current (excluding GST)	Proposed for 2012/13 (excluding GST)
Water consumption charge for properties with a water meter	\$1.715 per cubic metre	\$1.784 per cubic metre
Annual administrative charge for properties with a water meter	\$100.00	\$103.50
Annual fixed charge for base (residential) sector properties without a water meter	\$119.75	\$127.25
New connection charges for new residential properties	\$60.00	\$62.00
New connection charges for new commercial properties	\$200.00	\$207.00

Downtown Levy

We are also proposing to introduce a new map detailing the area to which the downtown levy targeted rate is applied. This map (shown on page x) includes some new areas not previously covered by our existing policy and would be effective from 1 July 2012.

RATES REMISSION AND POSTPONEMENT POLICIES

As part of the draft long term plan we are proposing a new rates remission for voluntary residential metered water rates. This remission is to provide some relief to residential ratepayers who have a voluntary water meter for their property and are charged for their water on a usage basis, including water usage arising from a leak from pipes on their property. If this leak were to occur on a neighbouring property without a water meter, no additional charges would be incurred by that property owner.

This remission allows the Council to charge the estimated usage arising from the leak at the GWRC bulk water, rather than the normal WCC usage rate. For details of the remission please refer to section 2.4 of the Remission Policy in Part Three of this document.

FUNDING OUR ACTIVITIES

When we're deciding how to fund an activity, we consider a wide range of factors including:

- who benefits (individuals, an identifiable part of the community)
- can the beneficiary be easily identified
- can the beneficiary be easily excluded from using the service for non-payment
- intergenerational equity (i.e. do the benefits accrue to future generations as well as present ones)

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- the ‘polluter pays’ principle (i.e. people should pay for negative effects they cause)
- fairness/equity of excluding people who cannot afford to pay
- transparency/accountability of a particular funding method
- overall impact on social, economic, cultural and environmental wellbeing.

Our Revenue and Financing Policy outlines how we propose to fund our activities and is detailed in Section x of this document. In 2012/13 we are proposing to make the following changes to how our activities are funded in our Revenue and Financing Policy:

Activity	Comment
3.1.2 Convention Venues	Decrease from 55% to 5% non-rates income, with 95% rates funding to be split 55% general rate and 40% downtown levy, to reflect change in the way this activity is delivered
3.1.7 Destination Wellington	New activity 100% rates funded (50% commercial targeted rate and 50% downtown levy)
4.1.5 Access and support for community arts	Increase from 0% to 10% non-rates income, in line with expected levels of revenue
4.1.7 Regional amenities	New activity 100% rates funded
5.1.8 Municipal Golf Course	New activity 50% user charges
5.2.6 Community Centres and Halls	Increase from 2% to 5% user charges to align with historic and expected revenue levels
7.1.1 Transport Planning	Increase from 0% to 15% non-rates income in line with historic and expected levels of NZTA revenue
7.1.4 Passenger transport network	Decrease from 70% to 65% non-rates funding, reflecting increasing costs but mainly fixed income
7.1.6 Network-wide Control and Management	Increase from 25% to 30% non-rates funding in line with historic and expected levels of income
7.1.3 Cycle Network	Decrease from 5% to 0% non-rates funding
7.1.7 Road Safety	Increase from 25% to 30% non-rates funding in line with historic and expected levels of income
6.2.4 Regulator – Building Control and Facilitation Weathertight Homes	New activity 100% rates funded

USER CHARGES

For 2012/13, we are also proposing to increase user charges in a number of areas. The majority of these increases are minor and reflect cost pressures on the underlying service provided by the Council. Increasing fees by a little each year ensures that ratepayers are not over-subsidising services the Council provides and helps to avoid larger catch up increases in future. Our fees are set in accordance with our Revenue and Financing Policy which is outlined in Section x of this document. Areas where we are proposing to increase fees include:

- Sewage collection and disposal network
- Recycling and waste minimisation & disposal
- City archives
- Libraries
- Sports fields
- Synthetic turf sports fields
- Burials and cremations
- Public health
- Building regulation and facilitation
- Development control & facilitation

The level and extent of proposed fee increases vary and are outlined in greater detail in the appendices of this plan.

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UNDERSTANDING THE COUNCIL'S BUDGETED SURPLUS

The Council is forecasting a net operating surplus of \$37.7 million in 2012/13, \$36.6 million in 2013/14 and \$41.8 million in 2014/15. The majority of this surplus arises from cash funding received for capital purposes (Crown grants for housing, development contributions, NZT subsidies and bequests). This income flows through to the net operating surplus to be available to fund capital expenditure. Offsetting this are some depreciation costs on assets which we have resolved not to fund.

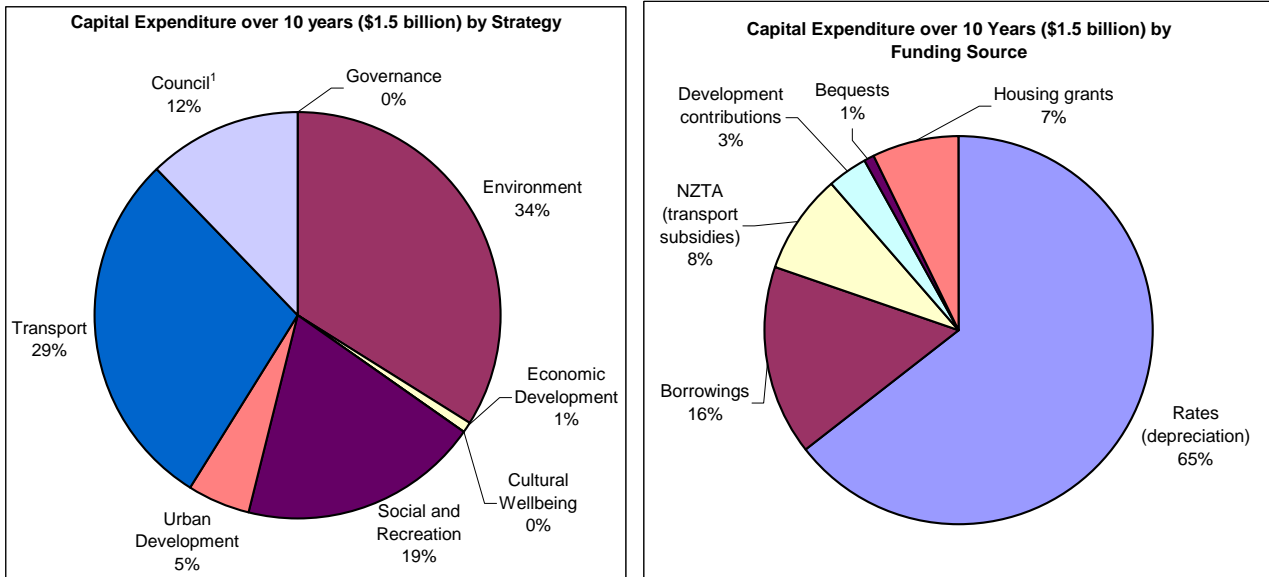
CAPITAL EXPENDITURE

We're continuing to invest in our city's infrastructure while focussing on city resilience.

Capital expenditure pays for purchasing, building or developing the Council's assets (e.g. pipes, roads, libraries, swimming pools). Our capital expenditure (excluding carry forwards and loans to other organisations) is forecast to be \$137 million in 2012/13 and \$1.5 billion, including inflation, over the next 10 years.

We fund capital expenditure from depreciation, borrowings, NZ Transport Agency subsidies, grants and development contributions. For asset renewals, the main funding source is depreciation. For new assets and upgrades, the main funding sources are borrowings, subsidies and grants.

The following graphs show where our capital expenditure programme is being spent by strategy area, and how that expenditure is being funded, over the 10 years of the plan:



¹ Council Projects predominately relate to capital expenditure on our technology infrastructure, replacement of vehicles and equipment and meeting health and safety requirements.

BORROWINGS

Total borrowings are forecast to be \$375.5 million at the end of 2012/13 increasing to \$519.5 million by 2021/22. Over the same period our forecast asset base totals \$6.7 billion in 2012/13, and increases to \$8.3 billion by 2021/22. We have proposed a change to our Revenue and Financing Policy to allow the funding of our Weathertight Homes liability through borrowings, with

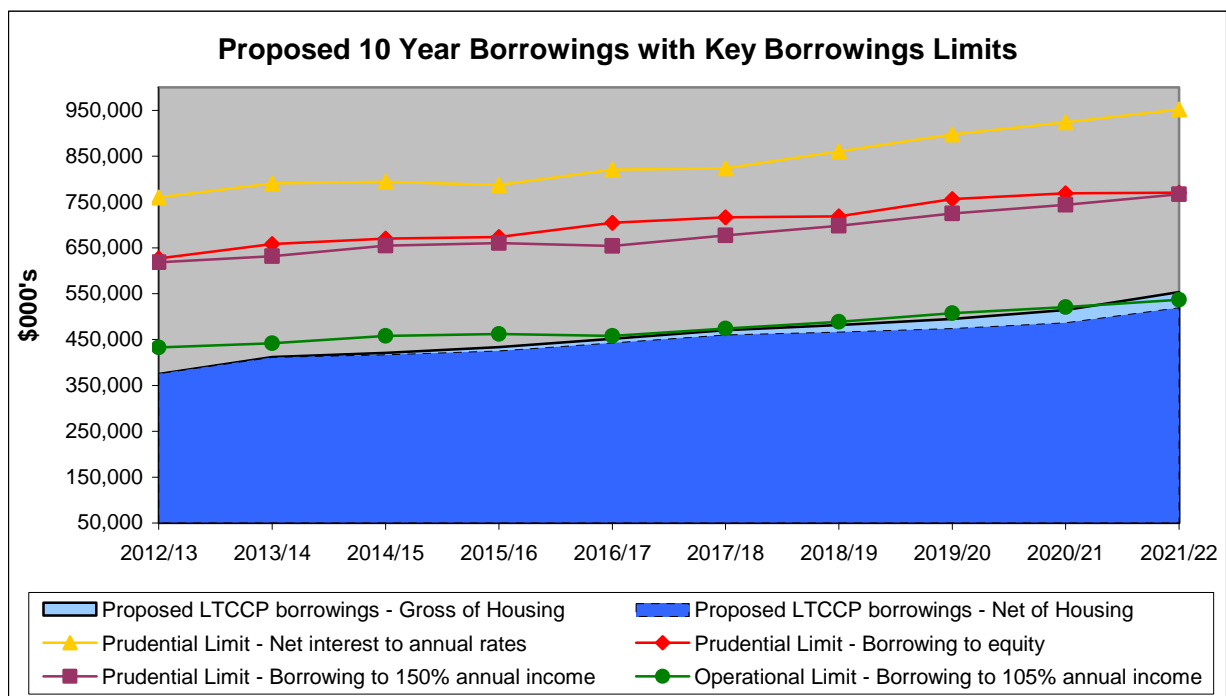
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repayments through annual incremental rates increases until such time as the borrowings and associated funding costs are repaid. Also impacting on our borrowings profile over the next 10 years are the costs to strengthen buildings and other infrastructure so that they can withstand earthquakes.

As borrowings are a consequence of capital expenditure, our financial strategy has also set a 'borrowings funded capital investment target' of **\$45 million** for each 3 yearly Council Triennium, and a 'borrowings funded capital investment limit' of **\$60 million** for each 3 yearly Council Triennium. This will ensure our debt levels remain sustainable and affordable for years to come.

Wellington City Council currently holds an AA credit rating from Standard and Poor's. This credit rating should result in lower borrowing costs for the Council and greater access to debt markets.

The following graph shows our forecast borrowings over the next 10 years against our operational and prudential borrowing limits. We remain compliant with all limits across the life of the plan.



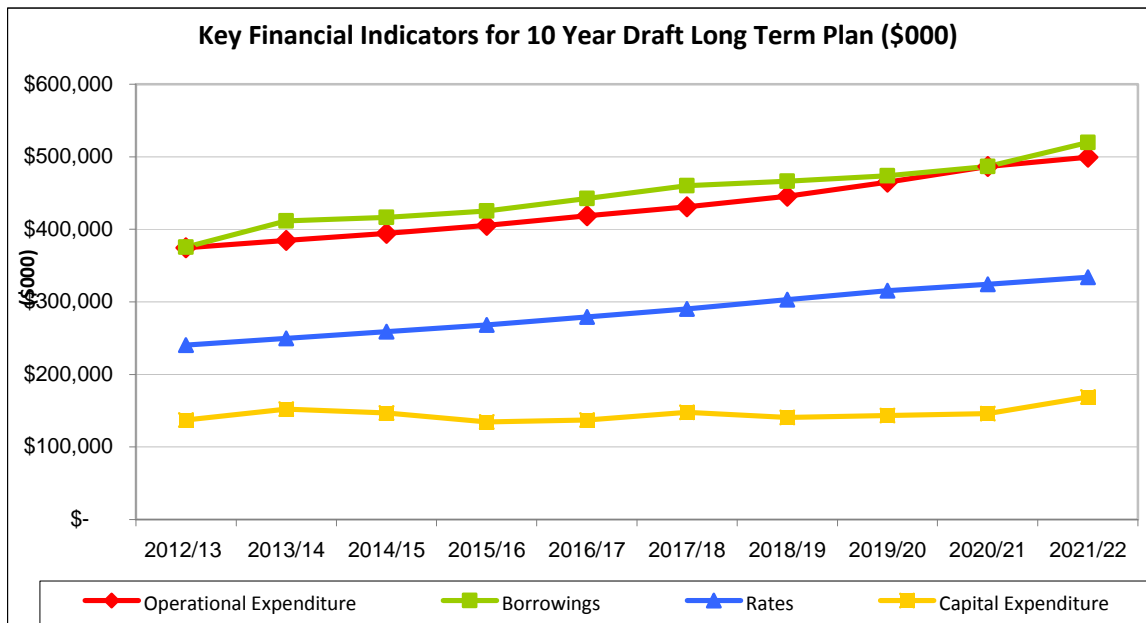
Our Housing activity is forecast to generate a cash surplus over the ten years for re-investment in our housing stock upgrade. This cash surplus is "ring-fenced" in our financial statements, but offsets our total borrowings. The above graph also shows how our borrowings would increase if this cash surplus was excluded from our borrowings profile.

FINANCIAL INDICATORS AT A GLANCE

Over the 10 year plan our forecasts show:

- operating expenditure will increase from \$374.6 million in 2012/13 to \$499.3 million in 2021/22
- capital expenditure will range between \$134 million to \$169 million each year
- total borrowings (net of ring-fenced housing surpluses) will increase from \$375.5 million in 2012/13 to \$519.5 million in 2021/22
- total rates revenue will increase from \$240.1 million in 2012/13 to \$333.9 million in 2021/22

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The key reasons for the increasing trends across our ten year plan are as follows:

- Operational expenditure and rates are impacted by inflationary assumptions around our underlying costs, and the operational impact of our capital expenditure programme
- Rates are also impacted by our annual incremental increase in rates of 0.75 percent to repay our weathertight homes borrowings liability
- Capital expenditure is largely influenced by the renewal profiles within our asset management plans, and our housing upgrade and earthquake strengthening programmes
- Borrowings are influenced by the timing and extent of our capital expenditure programme and estimated timing of payment of our weathertight homes liability

Have your say

We want to hear your views.

Getting the information you need

This plan contains all of the information you'll need to understand our programme. You can get more copies of the full plan or the summary from libraries, service centres, Council offices, or by phoning 499 4444. You can also download copies from our website www.Wellington.govt.nz.

We're holding meetings to discuss our plans, answer questions and hear feedback. These will take place between 16 April and 18 May. Visit our website or watch the Our Wellington page in the Thursday editions of the Dominion Post to find out the closest meeting to you.

Making a submission

There are three main ways you can have a say:

- make a **written submission** — send a letter, write an email, make an online submission, or use the form from this document
- you can come and talk to a panel of councillors between 21 – 24 May 2012.

Submissions can be:

- mailed to Long-term Plan, Wellington City Council, PO Box 2199, Wellington
- emailed to Longtermplan@Wellington.govt.nz
- made online at www.Wellington.govt.nz.

When do submissions have to be in by?

Submissions will be accepted anytime from 16 April to 5pm on Monday 18 May 2012.

Then what happens?

We appreciate the submissions we get, and we do take them seriously.

The mayor and councillors are given copies of all submissions. We also prepare reports on the submissions, so that councillors know things like how many there are, and what issues are coming up often. The Strategy and Policy Committee is scheduled to meet on **XX** June 2012 to discuss the submissions and make recommendations to the Council. Then the Council meets on **XX** June 2012 to make final decisions. We'll publish our final plan in July.

And if you've gone to the effort of making a submission, we'll write to you and let you know what's happened.